

DIRECTOR DECISION – DD 186

Title: Renewal of Licence for CACI Paycheck Data

Executive summary

OPDC is seeking to better understand household incomes and consequent housing affordability in the OPDC area. This will enable officers to analyse and determine the likely affordability of different housing types to people living locally; and particularly for intermediate housing products (such as Shared Ownership and Discount Market Rent) for people not eligible for social housing and emerging co-living housing products, which are primarily aimed at younger single person households.

CACI Limited has developed a bespoke data solution which provides gross household income estimates at a postcode level. OPDC entered into a licence agreement with CACI Limited in August 2021 to provide data for three years through Director Decision DD145.

This Decision seeks approval for expenditure of up to £35,000 to procure this bespoke data solution for a further three years via the Transport for London Reseller and Associated Service Framework Agreement.

Decision

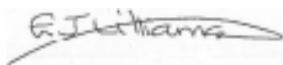
The Director approves:

- i. Expenditure of up to £35,000 to access Paycheck, Paycheck Equivalised and Paycheck Equivalised Lifestage data for three years from 2024/25 financial year to 2026/27 financial year.
- ii. Procurement via the Transport for London Reseller and Associated Service Framework Agreement number: ICT12833.

Authorising Director

I do not have any disclosable interest in the proposed Decision. It is consistent with OPDC's priorities and has my approval.

Signature:



Date: 23.04.2024

PART 1: NON-CONFIDENTIAL FACTS AND ADVICE

1. Background and context

- 1.1 In assessing planning applications OPDC is required to assess the affordability of the proposed housing tenures to ensure that it can adequately meet local housing needs. This is particularly relevant for intermediate affordable housing tenures such as Discount Market Rent / London Living Rent and Shared Ownership. These tenures have broad affordability parameters set in the Mayor of London's 2021 London Plan in that the properties need to be affordable to households with household incomes of not more than £60,000 and £90,000 respectively.
- 1.2 There are several free to use statistics on household earnings and income, such as the Annual Survey of Hours and Earnings (ASHE) published by the Office for National Statistics and Households Below Average income (HBAI) published by the Department for Work and Pensions. These data sources can provide mean and median household and individual incomes, but they are limited in the geography they cover, which are generally at a regional or sub-regional level and not a local postcode level. They also do not provide estimates on the number of households within local areas on different incomes, different types or ages of households and how this is reflected in incomes.
- 1.3 CACI Limited has developed the bespoke Paycheck data series to provide consistent and reliable gross household income estimates at full postcode level across the UK. It uses information from CACI's bespoke lifestyle database, in conjunction with data from the Average Weekly Earnings and Living Costs and Food Survey published by the Office for National Statistics to build a consistent and statistically reliable model. Paycheck data is used by several local authorities and housing providers to understand household income and affordability.
- 1.4 Income reflected by the Paycheck directory is gross household income from all sources including earnings, benefits and investments. As well as providing the lower quartile, mean, median and mode income for each postcode, the data also breaks down the population into £5,000 bands up to £200,000 plus per annum and provides estimates of the number of households in each postcode within each income band. The standard directory is complemented by equivalised directories.
- 1.5 Paycheck Equivalised provides an adjusted gross income scale which takes account of the size of a household in each postcode. It reflects the idea that a larger household will need a larger income than a smaller household in order to achieve an equivalent standard of living. In outline, the OECD-modified equivalisation scale sets the equivalised income of a married or cohabiting couple with no children as equal to their actual income. The equivalised income of larger households is less than their actual household income, while the equivalised income of a single-person household is greater than its actual income. The scale considers both the greater income needs of larger families and economies of scale achieved when people live together.
- 1.6 The Equivalised Paycheck Lifestage Directory gives a summary of the estimated equivalised income distribution split by broad lifestage within each postcode. Paycheck Lifestage uses a multi-level classification developed by CACI Limited that considers age of household reference person, working status and family

structure. The classifications include single people under 35, working couples, families with children, empty nesters and retired people.

- 1.7 Paycheck data can assist OPDC in understanding the affordability of different housing products to local people, particularly co-living and intermediate housing types. This will be done by comparing local incomes with data on house prices and rents. Paycheck data can also help OPDC develop a greater understanding of the working status and family structure of local people.

2. The proposal and how it will be delivered

- 2.1 OPDC originally entered into three-year licence agreement with CACI Limited for the supply of Paycheck, Paycheck Equivalised and Paycheck Lifestage data in August 2021 through Director Decision DD145. This current licence comes to an end on 23 August 2024 with a requirement to serve notice to renew on or before 23 May 2024.
- 2.2 A new three-year licence agreement will be secured via the Transport for London Reseller and Associated Services Framework Agreement number: ICT1283 which will provide a compliant route to market. The cost per year to OPDC will be £9,870 plus RPI; VAT is expected to be wholly recoverable.
- 2.3 This will enable OPDC to access and use Paycheck, Paycheck Equivalised and Paycheck Equivalised Lifestage data directories for the years 2024, 2025 and 2026. All datasets are updated on an annual basis.
- 2.4 Following receipt of the above data, income data will be compared with housing costs from data from the Land Registry, Right Move website and private rental market statistics from the Valuation Office. This information will be used by the OPDC Planning team in assessing the affordability of housing proposed in planning applications and to inform future planning policy work looking at bespoke planning guidance for different housing typologies.
- 2.5 The licence terms and conditions allow OPDC to analyse, reference and publish Paycheck data in its own reports.

3. Objectives and expected outcomes

- 3.1 The core objective is to understand local household incomes and how these impact on housing affordability. By understanding incomes at a more granular level, OPDC will be able to make informed decisions about the types of housing needed to meet local needs and at a price that local people can afford.
- 3.2 OPDC will be able to demonstrate through Paycheck data how affordable the housing tenure mixes proposed in planning applications are to local people. This will be by comparing incomes with the projected costs of buying or renting a home in the proposed development.
- 3.3 In addition, the Paycheck data will provide valuable information about the income and working status of local people which can be used to develop OPDC's employment and skills initiatives.

4. Strategic fit

- 4.1 Building the right number and the right mix of new homes, and addressing the consequences of the housing crisis, are part of the Mayor of London's vision for Good Growth, ensuring that every Londoner has access to a good quality home that meets their needs and at a price they can afford. This vision is encapsulated in the Mayor's London Housing Strategy and the London Plan 2021.
- 4.2 OPDC has adopted an overarching target to deliver 50 per cent affordable housing and apply the London Plan's threshold approach to viability. OPDC's Local Plan tenure policy is to provide a minimum of 30 per cent affordable housing as either social rent or London Affordable Rent and the remainder as a range of social rent level housing or London Affordable Rent, Intermediate housing, including London Living Rent and London Shared Ownership. Intermediate housing should be affordable to people on median earnings in the host local authorities.
- 4.3 Paycheck data will provide the tools to enable OPDC to assess the affordability of different housing types, including co-living and Intermediate housing, against local incomes. It will complement information already available as part of the Local Plan evidence base, such as the Strategic Housing Market Assessment which provides a broad area wide analysis of affordability.

5. Project governance and assurance

- 5.1 The Transport for London Reseller and Associated Services Framework Agreement number: ICT12833 will be used as the compliant route to market for the required data solution. OPDC officers will continue to have day to day contact with Paycheck Limited.
- 5.2 This will be managed by the Principal Housing Officer and overseen by the Head of Planning Policy and Director of Planning.

Risks and issues

- 5.3 The main risk to this decision is that Paycheck data does not provide robust income data from which analysis of housing affordability can be made. This is unlikely as the data is widely used by local authorities and is based on data produced by the Office for National Statistics.
- 5.4 Housing affordability is regularly raised as an issue at Planning Committee. Paycheck data will enable OPDC to demonstrate the extent to which proposed affordable housing tenures are affordable to local people.

6. Equality comments

Under Section 149 of the Equality Act 2010, as a public authority, OPDC must have 'due regard' to the need to eliminate unlawful discrimination, harassment and victimisation as well as to the need to advance equality of opportunity and foster

good relations between people who share a protected characteristic and those who do not.¹²~~[[OBJ]]~~

- 6.1 OPDC officers have given due regard to their duty in respect of section 149 of the Equality Act 2010. When determining planning applications, OPDC is required to consider the affordability of the proposed housing offer and the impact on people with protected characteristics. The decision to procure postcode level household income data will enable OPDC to ensure that housing proposed in planning applications is affordable for different types of households within the local area. This will include people with protected characteristics.

7. Other considerations

Contracts and Funding Code

- 7.1 The Transport for London Reseller and Associated Services Framework Agreement number: ICT12833 is being used to contract the supply of CACI Paycheck data for a further three years.

8. Conflicts of interest

- 8.1 No one involved in the preparation or clearance of this Form, or its substantive proposal, has any conflict of interest.

9. Financial comments

- 9.1 Expenditure of up to £9,870 plus RPI per year for 2024/25, 2025/26 and 2026/27, up to a cumulative maximum of £35,000 to purchase the licence detailed in the body of the report will be funded from the Planning Policy budget in each of those years. This sits within the overall Planning Directorate Budget.
- 9.2 Any further expenditure is subject to the Corporation's decision-making process.

10. Legal comments

- 10.1 The report above indicates that the decision requested of the Director falls with the OPDC's object of securing the regeneration of the Old Oak and Park Royal area and its powers to do anything it considers appropriate for the purpose of its objects or purposes incidental to those purposes, as set out in the Localism Act 2011.

¹ The protected characteristics and groups are: age, disability, gender reassignment, pregnancy and maternity, race, gender, religion or belief, sexual orientation and marriage/ civil partnership status. Fulfilling this duty involves having due regard to: the need to remove or minimise any disadvantage suffered by those who share a protected characteristic or one that is connected to that characteristic; taking steps to meet the different needs of such people; and encouraging them to participate in public life or in any other activity where their participation is disproportionately low. Compliance with the Equality Act may involve treating people with a protected characteristic more favourably than those without the characteristic. The duty must be exercised with an open mind and at the time a Decision is taken in the exercise of the OPDC's functions.

- 10.2 In taking the decisions requested, the Chief Executive Officer must have due regard to the Public Sector Equality Duty, namely the need to eliminate discrimination, harassment, victimisation and any other conduct prohibited by the Equality Act 2010, and to advance equality of opportunity between persons who share a relevant protected characteristic (race, disability, gender, age, sexual orientation, religion or belief, pregnancy and maternity and gender reassignment) and persons who do not share it and foster good relations between persons who share a relevant protected characteristic and persons who do not share it (section 149 of the Equality Act 2010).
- 10.3 Any services the subject of the expenditure should be procured in accordance with the OPDC's Contracts and Funding Code (Code). The report above indicates that the proposed supplier will be engaged through a competitively procured TfL framework agreement in compliance with the Code. OPDC Officers should ensure that appropriate contractual documentation is to be executed by any service provider engaged by OPDC before the commencement of any services subject to the expenditure requested under this decision form.

Summary timeline

Activity	Date
Sign contract	May 2024
Delivery of datasets	From May 2024

Appendices

None

PUBLIC ACCESS TO INFORMATION

Information in this Form (Part 1) is subject to the Freedom of Information Act 2000 (FoIA). OPDC aims to publish the Form within three working day of approval.

If immediate publication risks compromising the implementation of the Decision (for example, impacting a procurement process), it can be deferred until a specific date (when it will be published). Deferral periods are kept to the shortest length strictly necessary.

Part 1 – Deferral

Publication of this Part 1 is to be deferred: **Yes**

The deferral is until: 25 May 2024

This is because: after the procurement

Part 2 – Confidential information

Only the facts or advice that would be exempt from disclosure under FoIA should be included in or attached to any separate Part 2 Form, together with the rationale for withholding the information at this time.

There is a separate and confidential Part 2 Form: **No**

DECLARATIONS

Drafting officer: Chloe Horner has drafted this Form in accordance with OPDC procedures, including for handling conflicts of interests, and confirms that:



Advice: The Finance and legal teams have commented on the proposal.



CONFIRMATIONS

Section 106 funding: This use of S106 to fund the expenditure proposal was approved via a Section 106 spend proposal form on N/A.

Senior review: This Decision was circulated for **Senior review** on 18/04/2024.

Chief Finance Officer

Financial and legal implications have been appropriately considered in the preparation of this Form.

Signature:



Date: 23.04.2024