

## DIRECTOR DECISION – DD145

### Title: 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. This data is procured by CACI Limited on a three-year licence agreement, with the data updated on an annual basis. This Decision seeks approval for expenditure of up to £25,000 to procure this.

#### Decision

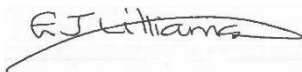
The Director approves:

- i. Expenditure of up to £25,000 to access Paycheck, Paycheck Equivalised and Paycheck Equivalised Lifestage data for three years from 2021/22 financial year to 2023/24 financial year.
- ii. A single source exemption from the requirement in OPDC's Contracts & Funding Code to enter into an arrangement with CACI Limited for the above without the need for a competitive procurement exercise.

#### 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: 18 August 2021

## **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 is currently a lot of interest from developers in purpose-built shared co-living housing for single people. Purpose built co-living provides small private studio units together with shared communal facilities, such as communal kitchens and dining spaces, a spa, a gym, a games room, a cinema, a library, a launderette and a co-working space. The incomes required to afford co-living housing is in the region of £40,000 per single person, according to research from CBRE.
- 1.3 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.
- 1.4 CACI Limited has developed the 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.
- 1.5 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.
- 1.6 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.

- 1.7 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's, working couples, families with children, empty nesters and retired people.
- 1.8 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 It is proposed to enter into a three-year licence agreement with CACI Limited at a cost of £6,650 per annum plus RPI and VAT. This will enable OPDC to access and use Paycheck, Paycheck Equivalised and Paycheck Equivalised Lifestage data directories for the years 2021, 2022 and 2023. All datasets are updated on an annual basis.
- 2.2 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.
- 2.3 The Principal Housing Officer will hold a workshop summarising the key findings and analysis from the data, and how the data can be accessed and used for data analysis by the wider team.
- 2.4 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 done 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 new London Plan.
- 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 OPDC will enter into a three-year licence agreement with CACI Limited to access and use the Paycheck directories. This will be managed by the Principal Housing Officer and overseen by the Head of Planning Policy.
- 5.2 CACI Limited will provide the 2021 Paycheck directories within three working days of the signing of the licence agreement and provide updated directories thereafter for the years 2022 and 2023.
- 5.3 There are no other free to use data sources available that provide gross and contextualised income data at a postcode level.

##### *Risks and issues*

- 5.4 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.
- 5.5 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**

- 6.1 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.<sup>1</sup>~~[OBJ]~~

- 6.2 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 reason OPDC is seeking an exemption from the Contracts and Funding Code is that there are no other suppliers that can provide gross and contextualised household income estimates at a postcode level in the form required. As per OPDC's Contracts and Funding Code, exemptions from the normal procurement process are requested when there is complete absence of competition. This is a bespoke service provided by CACI Limited and the datasets are built according to OPDC's specific geography and requirements.
- 7.2 No other organisation provides gross and contextualised household income data at postcode level. Free to use data sources 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 do not provide estimates on the number of households within local areas on different incomes or different types or ages of households and how this is reflected in incomes.
- 7.3 Notwithstanding this, OPDC has sought to obtain value for money in the contract by signing for three years. This enables OPDC to take advantage of a discount.
- 7.4 The data will enable OPDC to understand how many households can afford different housing types within different postcode areas.

### *Data Protection*

- 7.5 There are no data protection issues as the data being provided by CACI Limited is anonymised and does not include identifiable personal or household characteristics.

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<sup>1</sup> 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.

## 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 The expenditure of up to £25,000 required to purchase the licence detailed in the body of the report will be funded from the Planning Directorate Budget.

## 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.
- 10.2 In taking the decisions requested, the Director 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). To this end, the director should have particular regard to section 6 (above) of this report.
- 10.3 Section 4 of OPDC's Contracts and Funding Code (the "Code") requires that OPDC to seek a call-off from a suitable framework, where possible, or if not, undertake a formal tender process which will be managed by TfL in respect of the services/supplies. However, the director may approve an exemption from this requirement under section 5 of the Code upon certain specified grounds. One of those grounds is that the approval of the exemption for complete absence of competition. Officers have indicated at paragraph 7.1 to 7.3 of this report that this ground applies and that the proposed contract provides value for money.

## 11. Summary timeline

Activity	Date
Sign licence agreement	August 2021
Delivery of datasets	August 2021
Analysis of datasets	August 2021
Workshop	September 2021

## Appendices

- None

## Other supporting papers

- 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: **No**

The deferral is until: N/A

This is because: N/A

#### 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:** N/A

**SMT review:** This Decision was circulated to the **Senior Management Team** for review on Friday 13<sup>th</sup> August 2021.

#### Chief Finance Officer

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

**Signature:** 

**Date:** 18 August 2021