

Crawley Borough Council

Report to Overview and Scrutiny Commission 12 January 2015

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Report to Cabinet 14 January 2015

Amendments to the Under Occupation Incentive Policy

Report of the Head of Crawley Homes, report number CH/160

1. Purpose

- 1.1 Following a review of the operation of the Under Occupation Incentive Policy there are some proposed changes to ensure it better meets the intention of the policy.
- 1.2 Changes to the policy are recommended because the under occupation incentive is already over budget this financial year by £15,000 and was over budget last financial year by nearly £130,000.

2. Recommendations

- 2.1 To the Overview and Scrutiny Commission:

That the Commission consider the report and decide what comments, if any, it wishes to submit to the Cabinet.

- 2.2 To the Cabinet

Cabinet is recommended to:

Approve the following changes to the Under Occupation Incentive Policy:

- a) Exclude tenants not transferring to a Council or Housing Association property within Crawley Borough.
- b) Replace the £500 per room released payment with a payment of £500 for downsizing (regardless of home size) and up to £500 to assist with moving costs if appropriate.

3. Reasons for the Recommendations

- 3.1 The incentive is overspent. In 2013/14, £179,308 was paid out against a budget of £50,000. This current financial year 2014/15 the budget is already overspent with £65,198 spent from April to the end of November 2014.
- 3.2 The intention was to incentivise people to downsize who under occupy their property, but the incentive is paid to households who are moving for a variety of reasons.

4. Background

- 4.1 An Under Occupation Incentive Policy was developed in order to support tenants affected by the removal of the spare room subsidy and to encourage tenants that are significantly under occupying to move to smaller accommodation. The Under Occupation Incentive Policy was approved by Cabinet on 10th October 2012 (minute 26 refers). The Policy, with recommended amendments, is attached as Appendix A.
- 4.2 The Incentive Policy has been in operation since November 2012, in advance of the introduction of the removal of the spare room subsidy in April 2013. The current Under Occupation Incentive Policy offers £500 per bedroom released for a tenant downsizing to a smaller property. An additional £500 is available to help with moving costs.
- 4.3 The Under Occupation Incentive Policy is tenure neutral so the incentive is paid to tenants who move into smaller accommodation, regardless of tenure, or their motivation. For example tenants who are moving to nursing homes currently receive payment when their motivation to move is age and vulnerability. This is leading to overspend and the payment is acting as a reward rather than an incentive
- 4.3 In June 2013, Cabinet Member for Housing at the time approved a minor amendment to the Under Occupation Incentive Policy relating to mutual exchanges. As a result, the incentive payment is also paid to the person under-occupying their property where the exchange is “a perfect fit”; that is where all parties involved in the exchange subsequently occupy a property that they would qualify for under the Council Allocation Policy.
- 4.4 The Cabinet Member for Housing has received regular reports on the impact and the effectiveness of the Policy.

5. Description of Issue to be resolved

- 5.1 The Incentive Policy was aimed to support tenants affected by the removal of the spare room subsidy and to encourage tenants that are significantly under occupying to move to smaller accommodation.
- 5.2 Since the implementation of the Incentive Policy started in November 2012, 202 tenants have downsized and received the incentive payment. Of these 202 tenants only 59 tenants were affected by the spare room subsidy.
- 5.3 Data from the 5th December 2014 indicates that there were 52 tenants affected by the removal of the spare room subsidy on the housing register waiting to downsize. This is a small proportion of the total 544 tenants affected on the same date (please note the number of tenants affected by the removal of the spare room subsidy fluctuates from around 630 to 545 people based on figures from October, November and December 2014) .
- 5.4 Part of the reason for households not downsizing may be the support from Discretionary Housing Payment (DHP). The following table shows the number of tenants affected by the removal of the spare room subsidy who have received DHP.

Year	Number of tenants awarded DHP to support with removal of the spare room subsidy
2013/14	114
2014/15	124 (12 of which have received lump sum, one off DHP payments)

Please note each tenant counted in the above figures could have received subsequent awards in the financial year. Data for 2014/15 runs until the end of November and further awards may be made. The data includes only DHP awarded to support the removal of the spare room subsidy.

- 5.5 Work was undertaken by Age UK with older Crawley Homes tenants under occupying their homes. From August 2012 to March 2014 contact was made with approximately 340 single tenants under occupying 3, 4 and 5 bedroom properties to discuss housing need and benefits using a mix of letters, phone calls and some home visits. The large majority of tenants did not want to move. At the end of the project, six tenants were waiting to move but were very specific about property type and location so had not yet found a property, two had moved out of Crawley and one tenant had moved into a bungalow in the area. This demonstrates that even with direct support these older tenants under occupying were disinclined to move.
- 5.6 Considering those that are significantly under occupying their homes and not affected by the removal of the spare room subsidy, data from December 2014 indicates there are still a large number of tenants significantly under occupying, particularly three bedroom properties.

Number of tenants over 63 years of age under occupying two and three bedroom Crawley Homes properties on 9th December 2014

Number of occupants in household	3 bedroom property	4 bedroom property
1	342	24
2	339	21

- 5.7 A further issue for consideration by the Cabinet is the budget overspend. In 2013/14, £179,308 was paid out against a budget of £50,000. This financial year 2014/15 the budget is already overspent with £65,198 spent from April to end of November 2014.
- 5.8 One reason for the overspend is that the Policy is tenure neutral meaning that the incentive supports tenants who move into smaller accommodation, regardless of where they move to, their motivation to move or if they are affected by the removal of the spare room subsidy.
- 5.9 Since the Incentive Policy has been in operation (November 2012), twenty eight tenants have moved into a nursing home and received a payment. Their motivation to move is likely to be age and vulnerability, so the incentive payment is not required.
- 5.10 The current incentive is paying tenants transferring out of Crawley Homes and those moving to another Crawley Homes property. Since November 2012 when the Incentive Policy commenced, 108 out of 202, or 54%, of tenants downsizing and receiving the Incentive payment were transferring into another Crawley Homes property, 18 tenants or 9% moved to another social housing tenancy within Crawley, with the remainder of tenants moving either into nursing homes or moving for example into private rented or in with family or friends.
- 5.11 Currently the incentive pays £500 per bedroom released. A tenant downsizing from a 4 or 3 bedroom to a 1 bedroom property would receive more than a tenant downsizing from a 2 to a 1 bedroom property. In these cases the incentive pays more to tenants releasing the larger homes there is lower demand for on the housing

register and less for the two bedroom properties with the higher demand on the register.

6. Information & Analysis Supporting Recommendation

- 6.1 The proposed recommendation is for the continuation of the Under Occupation Incentive Policy in order to maintain support for tenants affected by the removal of the spare room subsidy and to encourage tenants that are under occupying to move to smaller accommodation.
- 6.2 Proposed changes will reduce overspend by excluding tenants not transferring to a Council or Housing Association property within Crawley Borough, such as those moving to nursing homes or into private rented.
- 6.3 Reducing the payment to £500 for downsizing regardless of home size will reduce overspend and avoid the situation where more incentive is paid to those in the larger three bedroom properties that there is less demand for on the housing register.
- 6.4 The other option, to stop the incentive scheme altogether, was rejected because it offers no support to those affected by the removal of the spare room subsidy and no encouragement to downsize.

7. Financial and Other Implications

- 7.1 The current budget per annum for the Under Occupation Incentive Policy is £50,000. The budget was overspent last financial year by nearly £130,000 and is also overspent this financial year by £15,000.
- 7.2 The proposals would reduce the possibility of future overspends. However, it is still likely, based on current demand, that the existing budget of £50,000 would be exceeded.
- 7.3 In terms of non financial impact, Crawley Homes tenants that are downsizing and not transferring to a Council or Housing Association property within Crawley Borough will be impacted as they will no longer be eligible for the incentive payment. An Equality Impact Assessment has been carried out. The Assessment can be found here <T:\! Cross Directorate Shared Data Area\Web Team\Crawley Homes\EIA Report name: EIA Under Occupation Incentive Policy.doc>

8. Background Papers

Report for portfolio 29 September 2014.

<G:\Housing Operations\Service Development\Research & Projects\Underocc incentive\Reports>

Report name: Updated Sept 2014 Portfolio under occupation incentive

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Appendix A

UNDER OCCUPATION INCENTIVE POLICY

1.0 AIM

The aim of the Under Occupation Incentive Policy is to offer an incentive payment to:

Support Council tenants that are affected by the removal of the spare room subsidy
Encourage Council tenants under occupying their home to downsize into a smaller property.

The benefits of the policy include;

- Reducing the impact of a reduction in benefits which would result from a household under occupying their home.
- Reduce the impact of tenants being unable to meet their rental payments and thereby reduce the likelihood of rent arrears.
- Reduce the need for tenancy enforcement action as a result of rent arrears and the subsequent increase in homeless applications to Crawley Borough Council.
- Make best use of the Council's housing stock by releasing larger, family sized accommodation which could then be reallocated to local families in housing need.

2.0 OTHER SUPPORT

The current Housing Allocations Scheme makes a provision to allow tenants downsizing to receive an offer of accommodation outside the Choice Based Lettings Scheme. Council tenants who wish to downsize will be assessed on the Housing Register as;

Band A+

Any tenant wanting to downsize by at least three bedrooms.

Band A

Any tenant wanting to downsize by one or two bedrooms.

3.0 ELIGIBILITY

In order to qualify for the scheme applicant/s must meet certain eligibility criteria. Applicants must;

- Hold a Secure, joint or sole, tenancy of their home. Insecure and Introductory tenancies will not qualify. A minimum length of tenancy is not required.
- Under occupy their current home by at least one bedroom.
- Have a clear rent account. (Tenants in arrears could be allowed to move with the cash incentive being used to offset their debt).
- Leave their current home in a clean, well maintained condition.
- Not be subject to any legal proceedings for breach of tenancy conditions.
- Be moving into another Council property or social housing (Housing Association) property in Crawley Borough. *Proposed amendment for Cabinet January 2015*
- Give vacant possession of their current home. ~~(The applicant does not need to be moving into another CBC property to be eligible for the incentive. The scheme is tenure neutral & the applicant can be moving to the private rented sector, Registered Provider etc).~~ *Proposed deletion/amendment for Cabinet January 2015*

- Be a Council tenant under occupying that has exchanged properties with another Council tenant or social housing tenant in Crawley Borough where the exchange is “ a perfect fit “; that is that all parties involved in the exchange subsequently occupy a property that they would qualify for under the Council Allocation Policy. If two households involved in a multiple exchange are under occupying and the exchange achieves a “Perfect fit” then both households would qualify for the incentive payment. *This amendment was made by the Cabinet Member for Housing in June 2013 under delegated powers.*

4.0 INCENTIVE

It is recognised that for many people, the idea of moving is a daunting prospect and support, both financial and practical, may be required to help facilitate the move and remove the barriers preventing mobility. A cash incentive **of £500 is offered through this Policy** together with a maximum payment up to £500 to assist with the reasonable costs of moving home. (Examples below). **Proposed amendment for Cabinet January 2015.**

- Removals
- Disconnection and reconnection (this could include telephones, cookers, washing machines and other items requiring plumbing in or reconnection).
- Redirection of mail.
- Removal and re-erection of TV aerials & satellite dishes.

For those tenants identified as vulnerable, additional support may be required to assist with facilitating these areas either in house or by referral to external support agencies.

- **CASH INCENTIVE**

~~* A cash incentive of £500.00 will be offered for each bedroom released. Therefore, a tenant releasing a four bedroom property & moving to a two bedroom property would receive a cash payment of £1,000 & also receive assistance with the actual move up to £500. Text to be deleted under proposal to Cabinet January 2015~~

A cash incentive of £500 will be offered to a Council tenant eligible for the incentive payment releasing any size of property. *Proposed amendment for Cabinet January 2015*

The table below shows how the proposed payments would work on some example properties;

Current Property	Proposed Property	Bedrooms Released	£ for Released Bedroom(s)	Maximum Additional Payment for Help with Removal	Total £
2 bed	1 bed	1	£500	£500	£1,000
3 bed	2 bed	1	£500	£500	£1,000
3 bed	1 bed	2	£1,000	£500	£1,500

~~* Research undertaken with other social landlords suggest that this approach would be in line with the incentives offered by other landlords. Above table and text and to be deleted under proposal to Cabinet January 2015~~

5.0 BUDGET

~~We are aware that most affected tenants are under occupying by one bedroom only, therefore, the average payment will be up to £1,000 per case. (£500 for the bedroom released & up to £500 for the associated costs). Text to be deleted under proposal to Cabinet January 2015.~~

An annual budget of £50,000 will be allocated to fund this scheme. The budget will be reviewed annually and outcomes of the Policy reported back.

6.0 APPROACH

- Develop a targeted marketing strategy to raise awareness and persuade under occupiers to move, focussing on those households affected by the benefit changes.
- Work collaboratively with external agencies (e.g. CABx) to co-ordinate the message.
- Review and adjust accordingly the Allocations Policy to minimise the volume of future households being affected.
- Promote other means of moving such as mutual exchanges.
- Ensure tenants have information to enable them to make informed choices such as advice on the implications of taking in a lodger.

7.0 REVIEW

The Under Occupation Policy will be reviewed on an annual basis to assess the effectiveness of the Policy and review how many properties have been released, how many households have been assisted and how much the scheme is costing to administer.