

Crawley Borough Council



Overview and Scrutiny Commission 5 October 2015

Review of the Amendments to the Under Occupation Incentive Policy

Report of the Head of Crawley Homes, CH/166

1. Purpose

- 1.1 In January 2015 the Cabinet approved two amendments to the Under Occupation Incentive Policy to ensure it better met the intention of the policy.
- 1.2 Changes to the policy were recommended because the Under Occupation Incentive was already over budget in 2014/2015 and significantly over budget in 2013/2014. In addition the Under Occupation Incentive was not incentivising tenants to move.
- 1.3 This report reviews the effectiveness of the amendments made to the Policy in January 2015, as requested by the Overview and Scrutiny Commission in January 2015 when they reviewed the paper to Cabinet containing the proposed amendments to the Policy.

2. Recommendations

- 2.1 To the Overview and Scrutiny Commission:

That the Commission notes the report and review of the effectiveness of the amended Policy.

3. Reasons for the Recommendations

- 3.1 The Overview and Scrutiny Commission requested the report to review the amendments made to the policy in January 2015.

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 (the Policy) was approved by Cabinet on 10th October 2012 (minute 26 refers). The Policy has been in operation since November 2012, in advance of the introduction of the removal of the spare room subsidy in April 2013.
- 4.2 In January 2015, the Cabinet approved the following amendments to the 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.

The revised Policy is attached as Appendix A.

- 4.3 The Overview and Scrutiny Commission reviewed the paper to Cabinet in January 2015 and requested a review of the effectiveness of the amendments to the Policy later in the year.
- 4.4 The amendments were recommended because the original Under Occupation Incentive budget was overspent. In 2013/2014, £179,308 was paid out against a budget of £50,000. By November 2014, the 2014/2015 budget was already overspent with £65,198 spent from April to the end of November 2014.
- 4.5 There was also concern that the Policy was not incentivising the release of the properties most needed to meet housing need.

5. Review of the amendments – information and analysis

- 5.1 Since the amendments to the Policy in January 2015 the spend on the budget has slowed with £19,433 spent from April 2015 to the end of August 2015, which is just under half the amount for the same period in the last financial year (see below), under the original policy.

Month	2014/2015 financial year	2015/2016 financial year
April	£8,500.00	£3,500.00
May	£9,848.40	£3,000.00
June	£15,600.32	£5,433.36
July	£4,899.68	£5,500.00
August	£4,850.00	£2,000.00
Total	£43,698.40	£19,433.36

- 5.2 For the financial year 2014/2015 the total spend was £89,876 equating to an average of £7489 per month. In 2015/2016 the average spend per month calculated over the first five months is lower at £3886.
- 5.3 Since the amendment to the Policy in January 2015 to the end of August 2015, 32 households have downsized and received the Incentive payment. Of these 32, six have moved to Housing Associations within Crawley and the remainder have transferred to another Crawley Borough Council home.
- 5.4 During the same period in the last financial year (January 2014 – August 2014) under the original policy, 58 tenants received the Incentive payment, which is almost double the 32 tenants that received the Incentive payment in the same period this financial year (January 2015 to the end of August 2015).
- 5.5 Reduction in the number of tenants receiving the incentive can be attributed in part to the exclusion of tenants not transferring to a Council or Housing Association property within Crawley Borough. In addition there has been a reduction in the number of tenants downsizing, with 43 tenants in total downsizing between January 2015 and the end of August 2015 compared to 58 during the same period the previous year.
- 5.6 Since the amendment to the Policy in January 2015 the following properties have been released through the Policy as tenants have downsized to smaller social housing within Crawley.

Month in 2015		2 bedroom	3 bedroom	4 bedroom
January			1	
February		1	1	
March		1	5	1
April		1	3	
May		1	2	1
June		2	2	
July		2	3	1
August		1	3	

- 5.7 As a proportion of all tenants downsizing, those affected by the spare room subsidy has increased.

Period: November 2012 to December 2014 (original policy)

202 tenants downsized and received the incentive in total

59 affected by the removal of the spare room subsidy (or 29%)

143 not affected by the removal of the spare room subsidy

Period: 16 January 2015 to 31 August 2015 (amended policy)

32 tenants downsized and received the incentive in total

13 affected by the removal of the spare room subsidy (or 40%)

19 not affected by the removal of the spare room subsidy

- 5.8 This increase could be due to a number of factors such as; tenants moving to nursing homes or private rented accommodation no longer being eligible for the Incentive payment, the time passed since the removal of the spare room subsidy meaning that some tenants might now be choosing to downsize, and tenants who have been waiting to downsize on the housing register for a while recently finding a suitable home.
- 5.9 In summary, financial information and data on the number of tenants receiving the Incentive payment indicate that the amendments to the Policy in January 2015 have resulted in slower spending of the Incentive budget driven by a reduced number of tenants being eligible for the Incentive payment.
- 5.10 Additional information relating to Discretionary Housing Payment for the removal of the spare room subsidy can be found in Appendix B.

6. Financial Implications

- 6.1 The current budget (2015/2016) for the Policy is £50,000. Spend on the budget has slowed. Between April 2015 to the end of August 2015, £19,433 was spent which is much lower than the same period last financial year (£43698 spent).

7. Background Papers

- 7.1 None

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Appendix A

UNDER OCCUPATION INCENTIVE POLICY

Version 2 January 15 2015

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.
- Give vacant possession of their current home.
- 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.

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 to eligible tenants together with a maximum payment up to £500 to assist with the reasonable costs of moving home.

- 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.

5.0 BUDGET

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.

Appendix B

Background data on Discretionary Housing Payment

1. Discretionary Housing Payment (DHP) to support removal of the spare room subsidy

1.1 In some circumstances, tenants receive DHP to assist with the removal of the spare room subsidy while they remain in their home for various reasons.

1.2 In 2013/2014 financial year, 114 tenants received DHP support for removal of the spare room subsidy. This includes one off of lump sum and weekly DHP.

1.3 Breakdown for 2014/2015

Number of tenants awarded one off lump sum	Total paid one off lump sum	Number of tenants awarded weekly DHP	Total paid weekly DHP
16	£6,422.09	196	£58,235.63

The data in the table above includes only DHP awarded to support the removal of the spare room subsidy.

1.4 In 2014/2015 more than 50% of total DHP awarded to CBC tenants was support for removal of the spare room subsidy.

1.5 From 1st April to 31st August 2014, 94 CBC tenants received DHP for help with rent payments due to the removal of the spare room subsidy. Included in this figure are 9 tenants who received lump sum DHP and some of these tenants also received weekly DHP.

1.6 DHP awarded increased between 2013/2014 and 2014/2015 because tenants in arrears are advised about DHP. Arrears have also had a longer period to accumulate since the implementation of the removal of the spare room subsidy.