

EXETER CITY COUNCIL

SCRUTINY COMMITTEE - COMMUNITY 28 MAY 2013

EXECUTIVE
18 JUNE 2013

DOWNSIZING INCENTIVES FOR COUNCIL TENANTS

1. PURPOSE OF REPORT

- 1.1 To seek Members' agreement to amending the existing downsizing scheme for tenants to help mitigate the impact of the recent welfare reforms.

2. BACKGROUND

- 2.1 In March 2007, Members agreed a policy to encourage tenants who were under-occupying their Council home to downsize to more suitable accommodation. The policy outlined a number of incentives that would be provided, including cash payments, help, advice and support services.
- 2.2 In the first few years following its implementation, the policy proved popular with tenants seeking to transfer to smaller properties and since its introduction a total of 210 tenants have taken advantage of the scheme. These moves have released around 260 bedrooms for use by families with a housing priority. At the beginning of the scheme it was very popular, but interest has levelled off over the last few years. Appendix 1 gives details of the number and incentives paid to tenants over the period of the current scheme.
- 2.3 The downsizing budget is currently £50,000 per year. Under the present scheme, a tenant moving from a three bedroom to a one bedroom property receives a maximum payment of £2,000, including any removal fees. A tenant downsizing by one bedroom receives a maximum payment of £1,500.
- 2.4 The total amount actually paid to the tenant will depend on any rent arrears or any repairs recharges on the property after the tenant has moved. However, there is an element of officer discretion in order to facilitate appropriate family accommodation being made available.
- 2.5 Currently any tenant downsizing into new purpose built accommodation – such as the new Council own-build properties - is not eligible for a cash incentive payment but does qualify for removal costs of a maximum of £500 and advice and assistance from housing staff.
- 2.6 Tenants wishing to downsize within Devon must be registered with Devon Home Choice. They are automatically banded in B Band (high need) and properties are advertised with priority for downsizers.
- 2.7 There are currently 131 Exeter City Council tenants registered as having downsizing priority on Devon Home Choice:
- 101 wish to downsize by one bedroom
 - 27 wish to downsize by two bedrooms
 - 2 wish to downsize by three bedrooms
 - 1 has four extra bedrooms.

The recent STAR survey showed that 20% of the respondents wanted to move. Of these, 14% wanted to move to smaller accommodation. If this is applied across all Exeter City

Council homes, we could anticipate that approximately 140 current tenants wish to downsize.

- 2.8 In light of the Welfare Reform changes, 326 families of working age renting Council properties will be subject to benefit deductions for every spare bedroom over and above their needs. Social tenants under-occupying by one bedroom will see a 14% reduction in their Housing Benefit and those under-occupying by two or more bedrooms will lose 25% of their Housing Benefit. It is predicted that those affected by this policy will lose, on average, £14 per week.
- 2.9 The Welfare Reform will not impact on tenants who are not of working age. However, it is possible that there will be an increase in the requests to downsize and that greater stress will be put on this budget and the staff responsible for carrying out these duties. It could be argued that the need to provide an incentive to downsize is no longer required, although the deductions in benefit will only impact on those of working age.

3. OPTIONS

- 3.1 The Portfolio Holder for Housing and Communities, in conjunction with officers, has considered a number of options to address what changes are required to the downsizing scheme to mitigate the impact of the welfare reforms. These options are as follows:
- 3.2 **Option One.** Larger financial incentives are removed completely and the £50,000 downsizing budget is used to fund a post dedicated to helping tenants downsize. This post would provide proactive approaches to those affected by the changes, help them find a new property, deal with removals and guide them through the process. Work could also be done to approach those of pensionable age living in family-sized homes to free up larger accommodation.

This would be an additional post dedicated to downsizing and could be trialled initially for one year to assess service demand and its success. There would not be an additional cost to the Council as the money currently used as incentive payments would fund the post. This new post would have comparable responsibility and skills required as a Neighbourhood Assistant within the Housing Service paid at grade 5. The start of the grade 5 salary scale is £17,585. With on-costs based on 29.5% of salary, this would work out to be around £22,773 per annum on a full time basis.

The remaining £27,227 could be used to fund removals at £500 a time, funding approximately 54 removals (excluding rent arrears and rechargeable repairs).

- 3.3 **Option Two.** Reduce downsizing incentives to £500 towards removal costs for tenants of working age but retain the downsizing support as provided currently by the Voids Coordinator. The annual £50,000 budget would fund 100 tenants to move home (excluding rent arrears and rechargeable repairs).

Remove all incentives for anyone of pensionable age wishing to downsize as they will not be affected by the changes, but retain the downsizing support as provided by the Voids Coordinator.

- 3.4 **Option Three.** Offer incentives at the same levels as the current scheme to people of pensionable age. Tenants of this age may not have enough savings to enable them to move to more suitable accommodation. This will help to free up family-sized homes for those on the Devon Home Choice register.

Exeter City Council would be able to help 25 tenants at £2,000, 33 tenants at £1,500 each, 100 tenants at £500 each or a combination of the above.

General needs tenants of working age would not receive any incentives except downsizing support as provided by the Voids Coordinator.

- 3.5 **Option Four.** The downsizing budget to be increased to £75,000 to account for the 326 Exeter City Council tenants of working age who have extra bedrooms.

Reducing the financial incentive to £500 would enable the service to help 150 Exeter City Council tenants. If the current incentive rates remained in place, Exeter City Council would be able to help 25 tenants at £2,000 each, 33 tenants at £1,500 each, 100 tenants at £500 each or a combination of the above.

In all cases the downsizing support will be retained as provided by the Voids Coordinator.

- 3.6 The benefits and potential negative impacts of each of the options are set out in Appendix 2 of this report for Members to consider.

4. PROPOSAL

- 4.1 Option one is recommended. In order to reduce any potential negative impact to this policy change, officers would wish to introduce the changes from 1 October 2013 on a trial basis for 12 months. Officers would report back to Members in September 2014 with the outcomes. This will allow time to publicise the changes directly with those it would potentially impact upon before the changes come into force and help to ensure all tenants are notified of the changes. It will also allow time to recruit to the temporary post and ensure all systems are in place to be effective from the start of the scheme.

5. FINANCIAL IMPLICATIONS

- 5.1 An annual budget of £50,000 will continue to be made available within the Housing Revenue Account to assist in ensuring we continue downsizing and maximising best use of our housing stock. Failure to take any action may result in a higher demand for downsizing and the budget being overspent.

6. RECOMMENDED:

- 1) that Scrutiny Committee – Community supports and Executive agrees to:
 - Implement an amended downsizing incentive scheme for Council tenants to improve the management of the housing stock, taking into account the Governments changes to tenants who have additional bedrooms which are not occupied.
 - Introduce a temporary fixed term Downsizing Officer post for 12 months to assist tenants downsizing by identifying the most appropriate properties and giving them support throughout the move.

ASSISTANT DIRECTOR HOUSING AND CONTRACTS

S:PA/LP/ Committee/513SCC13
22.4.13

Local Government (Access to Information) Act 1985 (as amended) Background papers used in compiling this report:

None