

REVIEW OF CASH INCENTIVE SCHEME

Cabinet Member Cllr Ray Stanley
Responsible Officer Housing Services Manager

Reason for Report: The amount of cash incentive payable to tenants wishing to downsize to smaller accommodation was amended last year and this report sets out a number of changes together with the justification for these.

RECOMMENDATION(S): That the PDG approves the following and recommends the Cabinet to approve the scheme:

- Reducing the amount payable in each downsizing case to a maximum of £1250
- Making the grant payable to those Council tenants who are downsizing to alternative accommodation belonging to another Registered Provider within Mid Devon

Relationship to Corporate Plan: Relates to the pledge entitled: "Better Homes", where the long term vision is: "To ensure that the housing needs of our residents are met through the provision of affordable homes and good quality housing in both the public and private sector". As part of this pledge, the Council needs to ensure that our own tenants have access to any aids and adaptations they need and that this service is managed efficiently and effectively to deliver the specific outcome expected by the regulator and value for money.

Financial Implications: The budget for the downsizing incentive scheme is £30,000 this year. This is a budget which sits within the Housing Revenue Account (HRA).

Legal Implications: Although the Housing Service now issues flexible tenancies in most instances, those Council tenants whose tenancies commenced before 1 April 2013 have security of tenure and cannot be compelled to move to smaller accommodation even if they are under-occupying. Given the fact that a large proportion of Council tenants are under-occupying our housing stock (516¹ were estimated to be under-occupying in 2011), therefore this is a significant issue which impacts upon the availability of larger homes.

Risk Assessment: Social housing is a valuable resource and failure to manage it efficiently and effectively and, also, failure to address the issue of under-occupation could result in there being too few larger homes available to accommodate those families which need them.

¹ Mid Devon District Council formally commissioned DCA in March 2011 to carry out a Housing Needs Survey. The core of this project was to identify a robust evidence for future base to support the targets to be set in the Local Development Framework Documents, and local housing and planning policies for delivery at local level.

1.0 Introduction

- 1.1 At the meeting on 17 July 2012, the PDG discussed the cash incentive scheme available to tenants who are downsizing and agreed that the amounts payable should be increased on a sliding scale to reflect the type of accommodation being vacated. It was agreed that the PDG should review the scheme after a year.
- 1.2 The budget available for the scheme was set at £30,000 last year and has remained at the same level for this year. In 2012/13, a total of £24,772 was paid to downsizing tenants and a total of £25,097 has been paid out this year, since 1 April 2013.
- 1.3 Since the scheme was amended, a total of 9 tenants have been assisted. 1 family has moved from a 2 bedroom house and 8 have moved from 3 bedroom houses.

2.0 Factors affecting the decision to downsize

- 2.1 The Officers managing the scheme are of the opinion that the incentive was not a factor in persuading those, who benefited from it in the last year, in wanting to move. There were other reasons behind their decision to re-locate.
- 2.2 Just over 200 Council tenants have been affected by the spare bedroom deduction of Housing Benefit because they are under-occupying their homes. These people now have a strong incentive to downsize in order to reduce their housing costs.
- 2.3 A small number of Council tenants will be affected by the benefit cap where the income of households on benefits cannot be any more than £500 per week. This is likely to result in people affected wanting to move in order to reduce their housing costs.
- 2.4 We are seeing interest in mutual exchanges increase. Tenants have a right to exchange with other tenants in social housing. The Council subscribes to the Homeswapper Service and is a partner in the Devon Home Choice scheme which also operates a mutual exchange module. Tenants can register with these schemes, which provide a free service to them, to find people with whom they can swap their homes.
- 2.5 Last year, there were 9 mutual exchanges in the first quarter from April until June 2012. Up until 13 June 2013, there had been 13 mutual exchanges, which suggests that more people are trying to use mutual exchanges to resolve their own housing problems.
- 2.6 The cost of moving can be sufficient to deter some people from wanting to leave their current accommodation which is why the scheme was changed last year. However, officers have recommended reducing the amount payable to those people who are downsizing because £1250 would still provide a substantial grant to help with removal costs, the purchase of new carpet and curtains, and the redirection of post and other such expenses.

3.0 Changes to the cash incentive scheme

- 3.1 Council tenants are required to bid for alternative accommodation through the Devon Home Choice scheme. They are able to bid for

Council homes and those belonging to other Registered Providers through the scheme. Given that the Housing Service wishes to encourage tenants to downsize, Officers have recommended that the revised amount of £1250 can be paid to those Council tenants who move into smaller accommodation belonging to another provider within the District as they will still experience the same problems moving as those who move to another property within our own stock; and will also still free up a larger home within our own portfolio.

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Circulation of the Report: Councillor Ray Stanley, Cabinet Member for Housing