

REVIEW OF CASH INCENTIVE SCHEME

Cabinet Member Cllr Ray Stanley
Responsible Officer Housing Services Manager

Reason for Report: In common with other Registered Providers of social housing (RPs), the Council offers an incentive to people wishing to downsize. Members are asked to review the scheme.

RECOMMENDATION(S): To reduce the amount payable in each downsizing case to a maximum of £500 to those giving up one bedroom and £1,000 for those who are giving up two or more bedrooms.

Relationship to Corporate Plan: Relates to 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".

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: RPs are able to provide incentives to tenants who wish to downsize to facilitate the best use of stock.

Risk Assessment: Social housing is a valuable resource and there is a need to manage it efficiently and effectively in order to make best use of stock.

1.0 Introduction

- 1.1 The Council has been offering incentives for people wishing to downsize for some years now. For a long time, the total grant available was £1,000 but in July 2012 the PDG agreed that this should be increased on a sliding scale to reflect the type of accommodation being vacated. In July 2013, the scheme was reviewed and it was agreed to cap the payments available to £1,200.
- 1.2 The budget available for the scheme has remained at £30,000 for this year. In 2012/13, a total of £24,772 was paid to downsizing tenants and in 2013/14, the budget was spent. People who moved to smaller accommodation once the finances had been used up were advised that there were no funds available to assist them. The scheme was suspended at the end of April 2014 pending this review by the PDG.
- 1.3 During 2012/13, 13 households were given assistance through the cash incentive scheme. During 2013/14, 11 households were assisted through the scheme.

2.0 The Current Position

- 2.1 Since the implementation of welfare reform in April 2013, people of working age who are under-occupying their homes and who are in receipt of Housing Benefit have been affected by the removal of the spare bedroom subsidy. If they have one bedroom more than they need, their housing benefit is reduced by 14%, if they have two or more bedrooms more than they need, it is reduced by 25%.
- 2.2 As at April 2014, a total of 193 tenants in the Council's homes were affected by the removal of the subsidy. This represents a decrease in the numbers of people affected from 219 in April 2013. In April 2014, 167 of these households had one bedroom more than they need, 25 had two more than they need and 1 had three more bedrooms than they need.
- 2.3 People living in social housing in Mid Devon, who wish to move, have a number of options. In order to make best use of stock, the Devon Home Choice (DHC) scheme, which the Council uses to allocate homes, gives priority to those who wish to move to smaller accommodation. As at the end of May 2014, 98 households in Mid Devon had been awarded priority for downsizing and were in band B. (It is not possible to say, however, whether or not these are all Council tenants as tenants of other RPs will also be registered for rehousing on the DHC scheme).
- 2.4 From 1 April 2013 until the end of May 2014, 43 households had moved in Mid Devon who had been in band B for downsizing (out of a total of 395 lets).
- 2.5 Social housing tenants can also exchange their homes. The Council subscribes to the Homeswappers website, a national mobility scheme, and encourages people wishing to move to register there. Tenants manage their own moves so it can be difficult to extract meaningful information but our investigations have found that 9 households have swapped since April 2013 and that they were looking for smaller accommodation. However, this may not include all of the cases who downsized as a result of their involvement in the scheme and we cannot confirm that they moved to smaller accommodation. As at the end of May 2014, there were currently 34 households registered for smaller accommodation and they were all looking for one bedroom less than they have.
- 2.6 Our own records show that during the period from March to the end of May 2014, 5 tenancies ended because the tenants were downsizing.

3.0 Changes to the Cash Incentive Scheme

- 3.1 It can be seen that tenants in social housing in Mid Devon are downsizing even if no grant is available to assist them. Members are asked to reduce the amount of grant payable to those tenants downsizing. It is recommended that a payment of up to £500 is made to those who are giving up one bedroom or less and a payment of up to £1,000 is made to those who are giving up two bedrooms or more.

- 3.2 The rationale behind the change is that the budget can be used to help more people. People who are downsizing may be doing so because they are experiencing difficulties paying the rent. Moving can be very expensive and the amount paid can assist them with removal costs. By making smaller payments, the Council can assist more people.
- 3.3 As in previous years, no payments will be made once the budget set aside to pay cash incentives to downsizing tenants has been spent.

Contact for more Information: Claire Fry, Housing Services Manager, Tel: 01884 234920 (cfry@middevon.gov.uk)

Circulation of the Report: Councillor Ray Stanley

List of Background Papers: