

 <b>Executive November 4<sup>th</sup>, 2015</b>		<b>Agenda Item No.</b>  <b>6</b>
<b>Title</b>	<b>Tenants Incentive Grant Scheme</b>	
<b>For further information about this report please contact</b>	Jacky Oughton Sustaining Tenancies Manager Housing and Property Services <a href="mailto:jacky.oughton@warwickdc.gov.uk">jacky.oughton@warwickdc.gov.uk</a> 01926 456433	
<b>Wards of the District directly affected</b>	All	
<b>Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?</b>	No	
<b>Date and meeting when issue was last considered and relevant minute number</b>	Exec 10 <sup>th</sup> December 2007	
<b>Background Papers</b>		

<b>Contrary to the policy framework:</b>	No
<b>Contrary to the budgetary framework:</b>	No
<b>Key Decision?</b>	No
<b>Included within the Forward Plan? (If yes include reference number)</b>	Yes - 687
<b>Equality Impact Assessment Undertaken</b>	No

<b>Officer/Councillor Approval</b>		
<b>Officer Approval</b>	<b>Date</b>	<b>Name</b>
Chief Executive/Deputy Chief Executive		Chris Elliott/Bill Hunt
Head of Service		Andy Thompson
CMT		Bill Hunt
Section 151 Officer		Mike Snow
Monitoring Officer		Andy Jones
Finance		Mark Smith
Portfolio Holder(s)		Peter Phillips
<b>Consultation &amp; Community Engagement</b>		
<b>Final Decision?</b>		Yes
<b>Suggested next steps (if not final decision please set out below)</b>		

## **1. Summary**

- 1.1 This report relates to a review of the Tenants Incentive Grant Scheme and the Resettlement Service.

## **2. Recommendation**

- 2.1 That Executive approves that the Tenants Incentive Grant Scheme closes on November 30<sup>th</sup>, 2015.
- 2.2 That Executive approves the introduction of the revised Resettlement Service (see Appendix 1) from December 1<sup>st</sup>, 2015.
- 2.3 That the Executive approves the following budget changes
- Reducing the Tenant Incentive Grant Scheme budget by £24,500 in 2015/16, £95,000 for 2016/17 onwards
  - Increasing the Resettlement Service Grant budget by £7,500 in 2015/16, £20,000 for 2016/17 onwards
  - Introducing a budget to fund a new Financial Inclusion Project Officer post, subject to the Employment Committee agreeing to the creation of the post. £14,000 in 2015/16, £28,000 for 2016/17 onwards
  - Contributing the net saving due to these changes to the HRA Capital Investment Reserve, £3,000 in 2015/16 and £47,000 for 2016/17 onwards
- 2.4 That Executive approves an amendment to the terms of reference of the Housing Appeals and Review Panel as follows:
- ‘Appeals against a decision not to award payments under the Resettlement Service and appeals against a decision not to award payment under the Tenants Incentive Grant Scheme’ is amended to ‘Appeals against the decision not to award support from the Resettlement Service’.

## **3. Reason for the Recommendation**

- 3.1 In December, 2007, the Executive approved the introduction of a Tenants Incentive Grant Scheme (TIGS). This provides a financial incentive for tenants of the Council who under-occupy a property to downsize to smaller accommodation. This scheme was introduced to help the Council better match the use of its housing stock to the housing need prevailing at that time.
- 3.2 The scheme allows tenants aged 60 years or over to receive a payment of up to £5,000 if they transfer from a three bedroom or larger property to a one or two bedroom property designated for occupation by the elderly, or a one bedroom general needs property.
- 3.3 The scheme also allows for tenants aged less than 60 years of age to receive a payment of up to £5,000 if they transfer from a three bedroom property or larger to a one bedroom general needs property.
- 3.4 These payments are awarded regardless of the costs incurred by the tenant in moving home. No practical support, such as helping to manage utility changes or removal arrangements is provided by the Council to help with the management of the home move.

- 3.5 The number of transfers that have taken place under the Tenants Incentive Grant Scheme since its inception in 2007 has year-on-year remained relatively constant.

Year	Number of Transfers of tenants 60 years plus	Number of Transfers of tenants under 60 years	Total	Total Cost
2008/09	9	1	10	£113,215
2009/10	12	4	16	£80,223
2010/11	11	1	12	£64,412
2011/12	16	2	18	£90,569
2012/13	10	5	15	£94,816
2013/14	9	2	11	£55,627
2014/15	16	4	20	£80,525
Total	83	19	102	£579,387

- 3.6 Historically the Council has had high demand for family sized accommodation, in particular three and four bedroom houses. While the Council has never suffered from hard-to-let properties, properties in lower demand were usually concentrated in homes designated for people aged 60 years and over, usually one bedroom upper floor flats or small bedsit bungalows. This remains the case but the Council now has much higher demand for smaller one bedroom general needs homes rather than three or four bedroom homes.
- 3.7 In 2012 the Government introduced the under occupation charge as part of its changes to the social security system. This meant that working age tenants, who have a bedroom or bedrooms in excess of need, and who are in receipt of housing benefit have their benefit reduced by 14% for one bedroom in excess of need and 25% for two or more bedrooms in excess of need. Tenants of state pension age are not affected by the under-occupation charge.
- 3.8 As a result of these changes some tenants have moved from homes that they were under-occupying using the Mutual Exchange (Home Swap) scheme or by requesting transfers to smaller homes. Some have chosen to make the necessary additional payments and stay in their homes. However, there are those who can't or do not want to make the payments and want to move but are unable to do so as a suitable, smaller home has not been available for them to move to.
- 3.9 One consequence of these changes has been the increase in current demand for housing in Warwick District for smaller general needs homes.

Table One: Affordable Housing demand – By Property Size (October 2015)

<b>Property required</b>	<b>Number of applicants</b>	<b>Number of Voids in the period 1<sup>st</sup> October 2014 to 31<sup>st</sup> September 2015</b>
1 bed	2,248	139
2 bed	884	206
3 bed	297	114
4 beds	50	3
5 beds	10	0
Total number of applicants on HomeChoice	3489	462

- 3.10 Under-occupation of family homes amongst older people is however still not unusual in Warwick District.

Table Two: Number of people aged 60 years and over occupying three and four bedroom 'family homes' (October 2015)

Total number of tenancies	70
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- 3.11 While there 70 Warwick District Council tenants who are aged 60 years or more under-occupying their home not all are registered on Home Choice. There may be many reasons why older people are choosing to remain in their home – local connections to the area, space for visiting relatives, emotional attachment to their family home and concern about being able to successfully manage a move to a new home.

3.12

Table Three: Number of people aged 60 years and under occupying 'family homes' (October 2015)

Total number of tenancies	379
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- 3.13 Not all people aged under 60 under occupying a home will be affected by the under-occupation charge (that in itself arguably provides a financial incentive to down size) and many will have similar reasons for remaining in their home as older people.
- 3.14 That TIGS is available but has not prompted a higher registration of older people to apply for moves suggests that its continued value as a major incentive for people to move is limited. It is for this reason that the recommendation to close TIGS is made in this report. Doing so will reduce expenditure that has little obvious benefit to the overall sustainability and effectiveness of the Council's landlord service.
- 3.15 However, what has become apparent from discussions with tenants is that there is a need from some people who wish to move practical help and for support in making the actual move, with some limited financial help to cover the actual costs of the move. Practical help while not on its own offering an incentive to move, may help people make that final decision to apply for a move or, even if they have already applied, ease that transition and reduce the risk of them not following through on an allocation.

- 3.16 The Council already has in place a Resettlement Service offered primarily to applicants aged over 60 on the Housing Register who successfully bid for a specified low demand property advertised on Home Choice. The objective is to help ease the cost of moving and provide a small but helpful and practical incentive to help influence decisions that will be of benefit to tenants and those who are waiting for the offer of a municipal tenancy.
- 3.17 Expanding the range of clients for whom this service is available may help more people make the decision to downsize and moreover improve in a practical way the service the Council is able to offer to its tenants. Appendix A to this report includes details of both the current and the revised Resettlement Service, the latter having been designed to meet these objectives.
- 3.18 At the same time as helping people to downsize, which in itself can help people reduce their housing costs – such as heating and decoration – there is increasingly an apparent need to help people better manage their finances. This is a result of changes in part of changes to national social security policy in respect of tax credits, continued growth in the use of zero hours contracts and the continued implementation of a rigorous social security sanctions scheme that will embrace low paid working households receiving Universal Credit.
- 3.19 The roll out of Universal Credit, which is now picking up pace in Warwickshire, will reduce the number of people whose housing support is paid directly to the Council. People who are not used to managing all of their finances may need help to cope with the changes. Pilots for Universal Credit have shown that rent arrears increase as do personal financial problems.
- 3.20 From April 2017, the Council will also be required to introduce Pay-to-Stay. While the detail of this new policy are still to be confirmed, the essence of the policy is that tenant households with an income in excess of £30,000 will be required to pay a rent at or close to market rent. For a typical Council owned family size house in Warwick District, that could represent a rent increase of between £75 and £100 a week. A household with two full time earners, paid the National Living Wage, will have an annual income of circa £27,000, putting them very close to threshold at which they may face a substantial increase in rent that may exceed any increase in their income.
- 3.21 It will therefore be prudent for the Council to consider increasing its Bad Debt Provision for the HRA to allow this to be accounted for but clearly the Council will need help where it can tenants falling behind with their rent payments.
- 3.22 The Council has established a Financial Inclusion Group to bring together and encourage a coherent approach across all our services and those of our core partners towards helping people manage their finances and identify and take advantage of opportunities to increase their income. The work of this group includes establishing a level of competition within the affordable credit market by attracting additional Credit Unions to the area, signing up to the Rental Exchange project which is a national initiative designed to improve tenants' credit ratings and so reduce the cost of finance and supporting the Breathing Space, a partnership between housing associations to provide confidential advice on debt and money management.
- 3.23 When the first tranche of social security changes were introduced in 2012 the Council supported the introduction of a Financial Inclusion Officer. Working alongside the Income Recovery team, this officer has worked closely with those

tenants affected by either the under-occupation charge or the social security changes introduced at that time. In addition, the Council has supported the development of capability in this role - the current officer is now a member by examination of the Institute of Money Advisors. The demand for the service has increased from circa five referrals a week to circa twenty, for a variety of reasons including the changes to social security policy, the growth in the use of zero-hours contracts and limited increases in wages and salaries for some workers. To continue to provide a good service that has allowed the Council to maintain control over its rent arrears and avoid the waiting period that clients of other advice agencies may experience, additional capacity is needed to both deliver day-to-day services and to encourage the provision of additional complementary services.

- 3.24 The scale of changes that will begin in April 2016 is expected to present more challenges to low and middle income households managing their incomes than those hitherto introduced. In turn, this will present risks to the Council as a landlord in securing sufficient income recovery to maintain investment in housing repairs, maintenance and estate management.
- 3.25 Employing a dedicated Financial Inclusion Project Officer would:
- Provide practical support for the work of the Financial Inclusion Group
  - Manage the development and implementation of financial inclusion projects
  - Work with other agencies to help tenants be better able to find and make the most of employment opportunities.
  - Liaise with the Housing Benefits team and the Department for Work and Pensions (DWP) to make sure that sufficient support is available to those tenants affected by the changes to social security, rent policy and any future changes such as possible reductions in eligibility to housing benefit for younger people.
  - Manage the Re-settlement Service.
  - Provide additional day-to-day capacity to help the Financial Inclusion officer maintain current levels of service.
  - Help tenants manage the transition to Universal Credit.
  - Help tenants maintain compliance with social security regulations to reduce the risk of their income being reduced as a result of sanctions.
- 3.26 This in turn would help reduce the risk to the Council of high rent arrears impacting adversely on the HRA Business Plan, which has also got to accommodate an annual decrease of 1% per year for four years in its rent roll. In-house analysis of the existing Financial Inclusion Officer role indicates that for every £1 the Council has spent on the post, the community has benefited by £5.
- 3.27 The Housing Appeals and Review Panel currently hears appeals against decisions not to award TIGS payments. Closing TIGS will therefore mean that, to maintain consistency across the Council's bodies, a change will be needed to the terms of reference of the Housing Appeals and Review Panel. This can be secured by amending the current section: 'Appeals against a decision not to award payments under the Resettlement Service and appeals against a decision not to award payment under the Tenants Incentive Grant Scheme' to 'Appeals against the decision not to award support from the Resettlement Service'.

## 4. Policy Framework

- 4.1 **Fit for the Future** –The recommendations in this report are designed to support the vision of making Warwick District a great place to live work and visit as set out in the Sustainable Community Strategy.
- 4.2 Extending the Resettlement Support Service to more people regardless of their age and with greater consideration of their need, vulnerability and personal circumstances will help people be better able to match their housing to their household circumstances.
- 4.3 The post of Financial Inclusion Project Officer will provide support to additional tenants and their families by helping them better manage their financial situation to remain in their homes and take advantages of the opportunities that will arise as the district grows.
- 4.2 **Impact Assessment** - These policy changes would not have a negative impact in respect of Equalities and Fairness.

## 5. Budgetary Framework

- 5.1 The current annual budget for the Tenants Incentive Grant Scheme (TIGS) is £95,000 – sufficient resource to enable 19 moves under the terms of the current scheme. The current resettlement scheme budget is £5,000. These grants are funded from HRA revenue income.
- 5.2 Bringing costs down to the actual cost of moving home would be achieved by reducing the payment to a maximum of £1,000. Tenants who are accepted for the proposed Resettlement Support Service would choose from a menu of services up to this value. The menu of services is laid out in Appendix One to this report. A budget of £25,000 would support a minimum of 25 tenants a year to move home.
- 5.3 Tenants Incentive Grant Scheme (TIGS) grants have been paid to 7 tenants in 2015/16 to date. In addition there are currently 10 tenants who have been accepted for TIGS, some of whom have been waiting since 2010 for an appropriate property. Therefore a sum will need be set aside to pay these tenants once a suitable property has been found for them. Any of this legacy 'TIGS' budget not spent in 2015/16 will need to be carried forward to meet this commitment.

<b>Current Annual Budget</b>	<b>2015/16</b>	<b>Ongoing</b>
Carried forward from 2014/15	£19,500	£0
TIGS	£95,000	£95,000
Re-settlement Scheme	£5,000	£5,000
Financial Inclusion Project Officer	£0	£0
<b>Total Current Annual Budget</b>	<b>£119,500</b>	<b>£100,000</b>

<b>Proposed Annual Budget</b>	<b>2015/16</b>	<b>Ongoing</b>
TIGS paid 2015/16 to date	£35,000	£0
Outstanding TIGS agreed for applicants(i)	£55,000	£0
Re-settlement Scheme	£12,500	£25,000
Financial Inclusion Project Officer	£14,000	£28,000
<b>Total Proposed Annual Budget</b>	<b>£116,500</b>	<b>£53,000</b>

<b>Summary of Changes</b> (-ve = saving)	<b>2015/16</b>	<b>Ongoing</b>
Saving on TIGS Budget	-£24,500	-£95,000
Increase in Re-settlement Budget	+£7,500	+£20,000
New Financial Inclusion Officer Budget	+£14,000	+£28,000
<b>Overall Proposed Annual Saving</b>	<b>-£3,000</b>	<b>-£47,000</b>

*(i) To be carried forward each year until all approved TIGS grants are paid*

*(ii) The post will be recruited part way through 2015-2016 so the full annual salary cost will not be required in that financial year.*

- 5.4 There would be an annual saving to the HRA of £47,000 for year from 2016/17 which represents a positive impact on the HRA Business Plan.

## **6. Risks**

- 6.1 There is a risk that there will be a change to the housing need within the district in the future with, for example, demand falling for smaller properties. To manage demand risks, Housing and Property Services continually review housing demand within the district and make sure that the support available to encourage people to match the size of their home with the properties available remains effective and relevant.
- 6.2 Failing to help people manage changes to their income represents a risk to the HRA Business Plan and to tenants' ability to sustain their tenancies. The Financial Inclusion Project Officer represents a positive response to these changes and risks.

## **7. Alternative Option(s) considered**

- 7.1 The Transfer Incentive Grant Scheme and the Resettlement Service could be retained in their current form. However there is little evidence to show that these incentives are encouraging people to move from larger properties. The cost of the scheme has little relationship to the actual costs of moving home.
- 7.2 Resources saved by removing the Tenants Incentive Grant Scheme and not creating the post of Financial Inclusion Project Officer could allow for additional funds to be retained within the HRA for alternative investment. However by deploying a portion of these resources to fund the Financial Inclusion Project Officer the Council will be in a better position to help manage the effects of changes to social security on our tenants and so improve the resilience of the HRA Business Plan.



## **Appendix 1**

### **Resettlement Service (Current)**

The current Resettlement Service Resettlement Service is offered to applicants on the Council's Housing Register who successfully bid for a specified low demand property advertised under the Homechoice Scheme.

The resettlement package comprises:

- arranging removals (up to a cost of £400)
- decorating the property throughout
- fitting of carpets and curtains
- assistance with connection of services
- re-fitting (but not purchase of) a washing machine and dishwasher
- assistance with the completion of a Housing Benefit application form
- assistance with change of address notifications.

A specified low demand property is one which is designated for occupation by tenants of 60 years of age or above.

A property is specified as eligible to be included in the scheme if:

- it is a designated older persons dwellings and;
- there is no successful bid under the Homechoice scheme after one advert or;
- if, after one advert, all successful bidders refuse a formal offer.

Where an existing tenant is offered a specified low demand property as a priority transfer the resettlement package will not be offered.

### **Proposed New Resettlement Service**

The proposed Resettlement Service will be available to applicants who meet the following criteria, but each person's own individual circumstances will be considered.

- A tenant of the Council who is affected by the under-occupation charge and is downsizing to a smaller or lower cost property.
- A person with a disability who is moving to a property that is already adapted to suit their needs.
- There will be no age restrictions on who can apply for help from the Resettlement Service.

The Resettlement Service package will allow a tenant who fulfils the definitions set out above to can benefit from services up to £1,000, drawn from the following menu:

- Arranging removal, including cost of removal and packing service if required.
- New carpets and/or curtains (including fitting).
- Decoration of property.
- Re-fitting (but not purchase of) washing machine, dishwasher, cooker.

The tenant will also be able to receive the following support:

- Assistance with completion of relevant benefit and other forms.
- Assistance with registering for Council Tax, electoral registration, change of address with the DVLA and any other necessary administrative matters arising from their move.
- Assistance with the disconnection and connection of utilities and other services.