

18 January 2017

**Report of** Head of neighbourhood housing services

**10**

**Subject** Mutual exchange incentives – better outcomes for tenants

---

## **Purpose**

This report proposes a change to the current mutual exchange incentive scheme that Norwich City Council currently offers in order to make it more cost-effective and targeted to help the most vulnerable.

## **Recommendation**

To agree to:

1. Note the findings of the review of the Mutual Exchanges incentives scheme
2. Retain the key elements of the incentives policy including the qualification criteria and payment levels as a guideline originally set and added to in April 2014
3. Change the emphasis from a mandatory 'entitlement' scheme to a discretionary scheme offering incentives and payments ONLY where to do so will help the exchange to happen to the mutual benefit of both the tenants involved AND the council. I.e. where finance (rent arrears) or lack of prohibits the exchange from taking place.
4. Augment the existing scheme and to offer a discretionary payment to tenants who mutually exchange in circumstances that meet the following criteria:
  - a) Where at least one of the properties in a mutual exchange has had disabled adaptations.
  - b) Where one of the parties in a mutual exchange is fleeing domestic abuse or is a victim of hate/mate crime
  - c) In other extenuating circumstances for vulnerable persons (e.g. where the position or condition of the property is exacerbating health issues)
5. Cap payments at £1500 per tenant or £2500 for one exchange procedure.

## **Corporate and service priorities**

The report helps to meet the corporate priority a healthy city with good housing

## **Financial implications**

The proposed scheme will be resourced from the existing budgetary provision of £25,000 allocated to the current mutual exchange scheme.

**Ward/s:** All Wards

**Cabinet member:** Councillor Harris - Deputy leader and council housing

**Contact officers**

Tracey Fordham, housing operations manager	01603 213581
Grant Lockett, tenancy services and income manager	01603 212180
Phyllida Molloy, service development officer	01603 212817

**Background documents**

None

# Report

## Background

### Supporting tenants to mutually exchange

1. Section 92 of the Housing Act 1985 states that a tenant in a secure tenancy may, with the written consent of the landlord, assign the tenancy to another secure tenant who satisfies the conditions.
2. In February 2014, the Department for Communities and Local Government (DCLG) set out seven steps to guide local authorities and social landlords in how to promote mobility through mutual exchange. One such step was to make mutual exchange a viable and attractive proposition, for example by introducing financial incentives, undertaking repairs as an incentive or providing flexibility to the grounds on which consent for a mutual exchange is withheld.

### Council policies

3. Norwich City Council's Tenancy Policy states that eligible tenants can exchange their home with another council tenant or housing association tenant.
4. Mutual exchanges are essentially tenant led process which can be an effective and simple way to find a new home of a more appropriate size and in a preferred location. From a Council point of view this can help with better use of stock, help ensure affordability, may help resolve a local issue and reduce void cost as no costs are involved in preparing the properties for re-letting (beyond utility safety checks) that would ordinarily be incurred by the Council during a transfer process via the Council's waiting list.
5. On 18 May 2005 Cabinet concerned at low take up of mutual exchanges agreed to implement a mutual exchange incentive scheme with the aim of encouraging mutual exchanges and making them easier and more attractive to tenants.
6. The scheme incentivised tenants for exchanging a house for a flat or maisonette, and giving up 2 or more bedrooms if they are under-occupying (ensuring best utilisation of housing stock) and a 'pick list' of services were also offered to boost the incentive, for example cooker reconnection, washing machine reconnection etc.

The scheme is detailed below:

A tenant would qualify for an incentive payment provided:-

- They are 'giving up' a house (except for a 1-bedroom house) in exchange for a flat or maisonette

*and/or*

- They are 'giving up' 2 bedrooms or more and moving to a flat or maisonette

Contributions to Removal Expenses and Cash Incentive

Removal costs            £150 for all qualifying tenants

*plus*

Incentive 1            £250 if exchanging from house to a flat or maisonette

*plus*

Incentive 2            £250 if 'giving up' 2 bedrooms or more

## Services

Each tenant would also be offered services from the 'pick list' below if required to facilitate the exchange, up to a maximum value of £130: -

Cooker reconnection	Cost =	£68.33 (max)
Washing machine reconnection	Cost =	£19.99 (max)
New door locks	Cost =	£56.58
New WC seats	Cost =	£29.83 ea
Use of a skip	Cost =	£111.11
Garden vegetation clearance	Cost =	£124.40

Only tenants of the Council would be eligible for the incentive payments, not tenants of other landlords who exchange into Council accommodation. Additionally, tenants who have received the incentives would be disqualified from receiving the incentives should they exchange again within 5 years.

## Policy reviews

In April 2014 a review of the incentive scheme was undertaken due to the implications of the bedroom tax where tenants were under-occupying and therefore housing benefit did not cover the full rent. Whilst there was no overall change to the policy, the scheme was amended to incentivise the giving up any number of bedrooms and an additional element incorporated where £150 was awarded to anybody who exchanged to a property that they could have been offered under the choice based lettings (CBL) allocations scheme with minor amendments approved to the pick list of services offered.

7. The financial incentive was introduced to reduce the number of people transferring and in turn reduce the associated high void costs. A mutual exchange allows secure council tenants to exchange with another council or housing association tenant whilst a transfer is managed through the Choice Based Lettings (CBL) allocations scheme and involves properties being void for a period of time.
8. Following concerns of a high spend in this area the incentive scheme was reviewed again in October 2016 to see if it was meeting its original aims.
9. The review covered the exchanges that had taken place during 2015/16 and found:

10. 200 of our properties were mutually exchanged during 2015/16. Of these, 107 were exchanged between Norwich City Council tenants and 93 exchanged with a registered provider or other local authority tenants.
11. Of the 200 properties that were mutually exchanged, 57 properties were downsized, 50 upsized and 93 exchanged to a property of the same size.
12. 98 exchanges received an incentive payment. The value of the incentives totalled £32,234.43.
13. There are three elements of the cash reward incentive and tenants can potentially receive 0, 1, 2 or all 3 elements. The table below shows the number of payments made in 2015/16 as a result of meeting each incentive criteria. The largest number of payments made were to tenants who exchanged to a property that they could have been offered under the CBL allocations scheme.

Incentive	2015/16
1) £150 to anybody exchanging from a house to a flat or maisonette	19
2) £250 for each bedroom given up, regardless of the type of property the tenant moves from or to	53
3) £150 to anybody who exchanges to a property that they could have been offered under the CBL allocations scheme	71

6. During the review it was affirmed that although mutual exchange remained an attractive option to facilitate a move and that there are many more benefits to both the tenants and the council for a mutual exchange to proceed compared to a transfer, tenants who are affected by the bedroom tax are sometimes hampered from downsizing as they may have accrued rent arrears and/or are not able to afford the costs associated with moving.
7. Further analysis of the expenditure revealed that *there is no compelling evidence* to suggest that the mutual exchange incentive was the motivation of the exchanges completed.
8. Indeed, what was envisaged as an incentive was being operated as an 'entitlement' and could be viewed as rewarding tenants for moving largely as a result of their own personal choice. A number of payments have been made even when tenants have moved to a property of the same size and where their subsequent housing need has been met by another registered provider or local authority.
9. Research of other housing providers shows that most organisations do not offer any incentive, and those that do, offer a discretionary fund focused on specific circumstances or tenants. For example the London Borough of Wandsworth make discretionary payments to support tenants to move only if the exchange is a perfect fit.

## Using a discretionary incentive

10. It is anticipated that, in order to help tenants to downsize as a result of the bedroom tax, up to £300 per payment should be sufficient to clear arrears and help with moving costs. In 2015/16, 53 of those who mutually exchanged downsized and of these only 11 received payments to help clear their arrears.
11. There are currently 1990 tenants who have a weekly reduction in their housing benefit entitlement but` it is difficult to predict how many tenants may wish to downsize via mutual exchange as a result of being subject to the bedroom tax.
12. For tenants with disabilities, it can be expensive for the council to adapt a property and there is not always a supply of properties with existing adaptations available for a transfer. If the needs of both parties can be met by mutual exchange, this should be encouraged and incentivised in order to secure a suitable property and potentially save the council significant sums of money required for adaptations. An example would be a tenant no longer requiring adaptations in their home and is able to find an exchange with someone who does require them. Each tenant may then qualify for a discretionary payment in order to help fund and incentivise the move.
13. Tenants who have arrears are not normally allowed to exchange. The council may consent to an exchange where there are special circumstances that means an exchange should be allowed to take place (for example where a resident is the victim of domestic abuse or hate crime) and a discretionary payment may be made to help clear some/all of the tenant's arrears and help with moving costs. In circumstances where not all arrears are cleared, the rent arrears will be transferred to the new tenancy providing an agreement has been reached with the tenant to clear them over a reasonable time.
14. Following this review, it is therefore proposed to:
  - a) Retain the key elements of the incentives policy including the qualification criteria and payment levels as a guideline originally set and added to in April 2014
  - b) Change the emphasis from a mandatory 'entitlement 'scheme to a discretionary scheme offering incentives and payments ONLY where to do so will help the exchange to happen to the mutual benefit of both the tenants involved AND the council. I.e. where finance (rent arrears) or lack of prohibits the exchange from taking place.
15. It is further proposed to augment the existing scheme and to offer a discretionary payment to tenants who mutually exchange in circumstances that meet the following criteria:
  - a) Where at least one of the properties in a mutual exchange has had disabled adaptations.
  - b) Where one of the parties in a mutual exchange is fleeing domestic abuse or is a victim of hate/mate crime
  - c) In other extenuating circumstances for vulnerable persons (e.g. where the position or condition of the property is exacerbating health issues)
16. The payments will be capped at £1500 per tenant or £2500 for one exchange procedure.

17. By implementing these recommendations, payments to facilitate mutual exchanges in the future will be more cost-effective and are focused on the most vulnerable tenants.

## Integrated impact assessment



**NORWICH**  
City Council

### Report author to complete

<b>Committee:</b>	Cabinet
<b>Committee date:</b>	18 January 2017
<b>Director / Head of service</b>	Head of neighbourhood housing services
<b>Report subject:</b>	Mutual exchange incentives – better outcomes for tenants
<b>Date assessed:</b>	28 November 2016
<b>Description:</b>	



	Impact			
Economic (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Finance (value for money)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Expenditure will be more cost effective and will help the most vulnerable to move to accommodation that is suitable and more affordable
Other departments and services e.g. office facilities, customer contact	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
ICT services	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Economic development	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Financial inclusion	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Social (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Safeguarding children and adults	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<u>S17 crime and disorder act 1998</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Human Rights Act 1998	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Health and well being	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Equality and diversity (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Relations between groups (cohesion)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Eliminating discrimination & harassment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Advancing equality of opportunity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<b>Environmental (please add an 'x' as appropriate)</b>	<b>Neutral</b>	<b>Positive</b>	<b>Negative</b>	<b>Comments</b>
Transportation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Natural and built environment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Waste minimisation & resource use	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Pollution	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Sustainable procurement	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Energy and climate change	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<b>(Please add an 'x' as appropriate)</b>	<b>Neutral</b>	<b>Positive</b>	<b>Negative</b>	<b>Comments</b>
Risk management	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

<b>Recommendations from impact assessment</b>	
<b>Positive</b>	
Value for money	
<b>Negative</b>	

<b>Neutral</b>
<b>Issues</b>