

Report of: Corporate Director of Homes and Neighbourhoods  
Cllr O'Halloran Executive Member for Homes and Communities

Meeting of: Housing Scrutiny Committee

Date: 7<sup>th</sup> November 2023

## **Report to Housing Scrutiny Committee**

**Portfolio Holder: Councillor O'Halloran**

**Officer Contact:** Ian Swift Director of Housing Operations

**Date:** 7<sup>th</sup> November 2023

## **Subject: Under-Occupation scheme**

### **Executive Summary**

### **Review of Islington's downsizer scheme**

#### Overview

The lack of housing supply, particularly in London, is a systemic issue facing local authorities. Like other metropolitan authorities, Islington Council is facing challenges in supporting residents to reside in sustainable, long-term accommodation. Housing stock within the borough is limited when contrasted with the size of the Housing Register, but there is a recognition that there is also an under use of existing housing stock. There are currently over 600 social housing tenants who have registered for a housing transfer because their home is too large in Islington. In addition, it is estimated that there may be more than 4000 social housing tenancies in the borough which are under occupied but whose tenants have not registered for a housing transfer.

Downsizer's typically have low housing need to move. As secure tenants they cannot be required to move by their landlord unless they are inherited tenants in very large properties. Demographically, downsizers tend to be older tenants who can be easily put off if they perceive difficulty in managing the moving process. Understandably, most people are also unwilling to move unless they can see clear long-term benefits for themselves in moving.

#### Recommendations

1. Recruit 1 additional officers in the mobility team so that every downsizer can have a named, dedicated officer to help them to move home and to work to engage people in the community by conducting community events on a regular basis to promote and

increase knowledge about downsizing and the benefits of moving as well as how the council can assist.

2. Relaunch the Downsizer scheme with a comprehensive advertising campaign.
3. Prioritise downsizers for a greater pool of lettings so that they are incentivized to move more quickly by including downsizers in council local lettings new build schemes, particularly for downsizers releasing more than 2 bedrooms.
4. Raise the financial incentive from £500 per bedroom given up to £2,000 in certain circumstances e.g., where all household members are aged over 65; where a property with 3 bedrooms or more are given up. All 2-bedroom households moving into a 1-bedroom property will be offered £1,000. Where the older adult in 3-bedroom properties has social care needs, promote downsize to 2 bed properties as part of the Homeshare offer (conditional to implications of recommendation 10)
5. Increase the removal expenses payment from £500 to £750 for all downsizers.
6. Raise awareness among other teams and departments and external partners about the Downsizer scheme so that timely referrals can be made to the mobility team.
7. Crossmatch the under-occupier register with Adult Social Care records to.
  - Identify residents for targeted promotion of the benefits of downsizing via Care Act assessment and review process.
  - Identify under-occupiers with care needs whose informal carers live in council housing to provide incentives to merge households and release a property.
8. Review the council's web pages related to the Downsizer Scheme to ensure residents can locate them and are provided clear information about the council's offer.
9. Create a dedicated phone line and mailbox for the mobility team to be able to field calls about downsizing, thereby enabling immediate action to be taken when a resident expresses an interest in moving.
10. The downsizing payments are restricted to Islington Council tenants and Housing Associations are encouraged to pay for downsizing moves from the budgets controlled by each landlord.
11. Explore the implications of promotion of Shared Lives and Homeshare schemes to under-occupiers. Crossmatching the under-occupier register with Adult Social Care records will identify potential appetite. Consideration must be given to the impact on Housing Benefits and inherited tenancy rights of homesharers.

### What is a downsizer?

A downsizer is a social housing tenant living in either a council or housing association home who have spare bedrooms over and above the number required for their current household. This is because household members of the original tenancy have left the home usually because older children have moved out to live independently or there has been a relationship breakdown and a partner and some or all the children have moved away.

On occasion, a household may request a split move where the tenant and one or more adult children wish to move to a few smaller properties. If more bedrooms are given up by the tenant than are being offered to the family as a whole this can also be treated as a downsizer move for example if a tenant and adult child are in a three-bedroom property and require two, one-bedroom properties the tenant is a downsizer. However, if the same household lives in a two-

bedroom property and are requesting two, one-bedroom properties there is no downsizing, and the tenant is not eligible for the incentives and priority of a downsizer. In effect, there must be a net gain in rooms released for a move to be categorised as a downsizing move.

Inherited tenancies are where the original tenant has died leaving a family member in the tenancy who has succession rights to the tenancy but where the property has at least two bedrooms more than is required to house the remaining household. In these circumstances the landlord can refuse the succession but still has a duty to house the household into a suitable sized property. Islington has approximately 20 inherited tenants waiting to move.

### The benefits of downsizers moving

When downsizers move this can create a “chain” of moves by existing council tenants, typically enabling three or four other households, who may be overcrowded, to move to more suitable accommodation. Alternatively, the move will provide an opportunity for a homeless household to obtain a secure and affordable tenancy, avoiding the need for, and costs of, providing temporary accommodation. There would also be indirect benefits by increasing the supply of stable housing for residents. These include increased access to employment, increased health and wellbeing outcomes, and for children, improved attendance and educational attainment at school.

If the moving downsizer is an older person, it means that they are living in more suitable accommodation which in time may reduce demand for other council services, particularly high-cost services needed to support complex needs such as domiciliary care packages or the need to make costly adaptations. On the other hand, recognising that moving to one bed properties may reduce the opportunities for other solutions that help to prevent, delay and reduce the need for care services.

Downsizer moves are very cost effective when compared to the cost of providing additional social housing through new build or buy back schemes where it can typically cost more than £150k for each additional bedroom provided.

### The Islington Offer

Islington currently have two dedicated under occupation officers within our Mobility team. They work closely with our overcrowding advisor and our mutual exchange officers to try and assist downsizers via direct transfer, mutual exchange, and other options such as Seaside and Country Homes scheme or sheltered housing.

Islington offer £500 per bedroom released and up to £500 towards removal costs which is available to both Islington Council and Islington housing association tenants. The removal incentive can even be taken as a payment, or we can arrange removals through our contracted supplier.

We also offer £750 per bedroom to Islington Council tenants who exchange with an Islington Council overcrowded tenant This scheme is called Smartmove. This is a way of managing our housing stock effectively – helping both downsizing and overcrowded Council tenants.

This type of move is particularly cost effective for the Council as void costs are saved on both properties involved and there is no period of rent loss in addition to both parties being able to enjoy a home more suitable for their housing needs.

For Islington Council tenants downsizing into another Islington Council tenancy, we offer a rent guarantee, so the moving tenant will not pay a higher net rent in their new home than they are paying in their current home. This is important for downsizers who are moving to Council newbuild properties where the rent can on occasion be more than they had been paying in their original tenancy.

We have a flexible fund where we can utilise at our discretion cover for example:

- lumber clearance charge to Council tenants
- an extra 2 weeks overlap in rent allowing additional time to move for Council and HA tenants.
- pay for decorations to be done.
- pay for carpets, white goods or furniture for those in hardship.
- reconnection of white goods
- reassembling furniture
- packing service
- small carpentry jobs

We give a high priority for housing including help to bid for housing or making direct offers for those with specific needs or vulnerabilities.

#### Behavioural science approach findings

Islington recently commissioned a project with EY- a company who specialise in behavioural science and the Warwick Business school to carry out workshops with Islington downsizers to discover what motivates them to move and what put them off pursuing a housing transfer. They found that downsizers rarely moved just to move to a smaller home and were often motivated by other reasons including moving closer to relatives, moving to a better property, moving to a property which better suited their current or future medical needs. They also found that downsizers were easily put off pursuing a transfer if they were not given help to navigating the application, allocation and moving process.

They found that the most important time for the council to engage with downsizers is when they first applied. This is when they were most receptive to moving. This may be because they may have experienced a significant life event like a bereavement, having difficulties with a neighbour or have spotted a property which they would like to move to.

Critically, it was deemed that officers needed to engage at this time before the opportunity was lost. The research found that although the cash incentive was welcome to cover moving costs, the most important factor that encouraged people to move was to have a dedicated officer who could offer a hand holding approach to support downsizers through the moving process. The recommendations from that project have been incorporated into this report.

#### Benchmarking with other local authorities

Islington's approach to downsizing has consistently been recognised as an example of best practice that has been successful in facilitating a large number of moves over several years.

A recent benchmarking exercise with comparable local authorities noted most had a downsizer service and dedicated officers providing the service. Incentives ranged from £500 per bedroom given up to £5000 per room given up. However, it should be noted that those giving large incentives were no more successful in yielding greater numbers of downsizer moves than those providing smaller incentives. In fact, the authority providing the largest incentive achieved the smallest number of moves per 1000 units of stock.

Borough	Stock size	Moves	Years	Average moves per year	Moves per 1,000 units/year	Incentive per room given up
Encompass (Sutton)	6000	152	3	51	8.4	500
Islington	24000	676	5	135	5.6	500-750
Hillingdon	10000	149	3	50	5.0	2,000
Barnet	10000	207	5	41	4.1	1,000
Enfield	10000	166	5	33	3.3	500-1250
Camden	23000	228	3	76	3.3	1,500-3000
Hammersmith & Fulham	11500	172	5	34	3.0	2,000
Haringey	15000	218	5	44	2.9	1,000
Kingston	5000	62	5	12	2.5	750
Wandsworth	17000	202	5	40	2.4	2,000
Westminster	11000	89	5	18	1.6	1,000-3,000
Richmond	10000	63	5	13	1.3	2,500
Hackney	22000	136	5	27	1.2	750
Waltham Forest	10000	34	3	11	1.1	500-1000
Brent	8000	36	4	9	1.1	5000

#### Benchmarking with Registered Providers

A survey was circulated to the largest 7 registered providers (RPs) in Islington to ask what their approach to downsizers was and whether they were interested in aligning their approach with ours. Four responses were received with the replies summarised below:

- One RP has a dedicated Downsizer team.
- Two RPs offer financial incentives to downsizers.
- Only one RP was able to share data on successful moves (ISHA had four downsizer moves in the last two years)
- Mutual Exchange is encouraged by all RPs that responded.
- Two RPs are willing to align their approach to ours
- Two RPs were not willing to align their approach to downsizers to ours; one said that this was because they were already offering higher incentives than ours and the other said that they were undergoing a restructure following a merger and were unable to make any commitments at this time.

### Alternative uses for underoccupied properties.

Aligned with the Islington Together 2030 Plan, Adult Social Care's vision is for Islington to be a place made up of strong, inclusive and connected communities, where regardless of background, people have fair and equal access to adult social care support that enabled residents to live healthy, fulfilling and independent lives.

There may be some circumstances where underoccupied properties can represent a resource which helps to meet council and Adult Social Care priorities to tackle inequality through prevention and early intervention.

Home Share - Some under-occupiers, in particular older people, will have support needs that can be met by a homesharer, who is an individual looking for affordable accommodation and is willing to provide companionship and practical support around the home. The relationship helps to improve the quality of life and wellbeing of the householder while providing a source of much needed affordable accommodation to the homesharer. It provides low level and preventative support at very low cost and reduces the use of care services, reduces the risk of falls, promotes safety, health and wellbeing for older people. It reduces the burden of high housing costs for younger people helping to recruit to lower paid roles or making higher education more affordable.

Novus Homeshare, the London broker, estimates that one match can prevent costs of around £4,800 per annum on average on social care and overall could represent an average of £20,000 savings to health and social care.

Shared Lives - Islington's inhouse Shared Lives scheme supports adults with learning disabilities, mental health problems or other needs that make it challenging to live on their own. Service users are matched with Shared Lives carers, who are ordinary people from within the community who open their own family home to the person needing support. The service is typically lower cost than alternative care services.

Both Homeshare<sup>1</sup> and Shared Lives<sup>2</sup> schemes have documented positive outcomes around community cohesion and social connectedness. Social isolation is known to negatively affect mental health and physical wellbeing and is a risk factor for early mortality.<sup>3</sup>

Only a small number of under-occupiers will meet the criteria for the Homeshare and Shared Lives schemes. It is anticipated that uptake will be relatively very small compared to the overall number of under-occupiers. The current caseload for Shared Lives is 30 matches. There is, therefore, scope to explore the feasibility of promoting these schemes including understanding implications for Housing Benefit and inherited tenancies without a significant impact on the impact on general needs housing availability.

### Findings and recommendations

It is clear from both the Behavioural Science research and the benchmarking with other social housing landlords that the most important factor in achieving downsizer moves is having a

sufficiently resourced team available to provide a named dedicated officer for each downsizer to help them through the moving process.

There are two officers currently dedicated to downsizers, with a current caseload of 600 downsizers who have registered for a housing transfer. They are therefore only able to provide a hand holding service for the most vulnerable applicants. It is proposed therefore to increase the team by one officer at an additional cost of £58,835,000.

It is also important that the downsizer offer is advertised and promoted as widely as possible both within the council across departments as well as externally in the wider community so that tenants are aware that if they are considering downsizing, they know how to get in contact with the council and are put in touch with the Mobility team as seamlessly as possible. With additional staff, the mobility team will be able to hold regular training events with colleagues in the housing department who come into regular contact with tenants as part of their work such as caretakers, repair operatives, tenancy officers who carry out tenancy audits as well as raising awareness among other teams and departments within the council such as Adult Social Care, occupational therapy and other Access teams. They can also raise awareness with our external partners such as GPs and other health professionals, Housing Associations etc. so that timely referrals may be made to the Mobility team.

Although it is the council's aim to get customers to self-serve digitally where possible it is recognised that this cohort of residents tend to be older and have generally indicated that their preferred method of contact is to be able to speak directly with someone. It is therefore proposed to that a dedicated telephone line and mailbox for the Mobility team is implemented so that downsizers can be directed to the team without having to navigate the various council call centres.

Before Covid, the Mobility Team held regular events throughout the borough where the scheme could be promoted, and tenants could find out what was on offer. These events obviously had to be suspended during the various lockdowns, but it is now a good opportunity to refresh the offer, generate an extensive advertising campaign, re-introduce these events and hold them regularly throughout the borough.

The allowance to help pay for the costs of moving home such as furniture removals, disconnection and reconnection of white goods redirecting mail etc has remain at £500 for several years. While this amount used to be ample to cover moving costs, the mobility team have found that downsizers are struggling to find removal companies who will move them within this limit. It is proposed therefore to increase the allowance for removals to £750.

Increasing the per bedroom released incentive across all moves would obviously be popular, however there is no indication from the research that was carried out or the benchmarking with other local authorities that this would greatly increase moves and would be very expensive for the council as this would increase costs even if no additional moves where achieved.

However, some local authorities do have a higher rate for pensioner households as it is recognised that poorer pensioners on fixed incomes may be encouraged to move if they could see a clear financial benefit to themselves. It is also noted that the council receives the most benefit from stock churn and chain moves when properties with four bedrooms or more become available. There is also an extreme shortage of large family sized properties required for

families living in overcrowded conditions or waiting in temporary accommodation for a move, therefore, sadly, families waiting for properties with four or more bedrooms often must wait the longest. It is proposed therefore to increase the incentive for each bedroom given up from £500-£2000 for all pensioner households and for households giving up properties larger than two bedrooms and releasing a property which is a 2-bedroom property will receive a £1,000 incentive payment.

The service recognises that a moderate increase to the financial incentive may not necessarily lead to greater downsizing moves. Instead, unintentionally it could lead to greater financial pressure on the Housing Revenue Account (HRA). It is for this reason that the recommendation to increase the incentive is a nuanced proposal that specifically targets those who are able to release more than 2 bedrooms. All other households would be offered £1,000 per bedroom released again a modest increase.

Downsizers will only move if they can see an improvement in their housing situation. The most desirable type of accommodation is new build. Downsizers are given a high priority for a move reflected in the number of points they are awarded under the Housing Allocation Scheme; however, all new build property is let under the local lettings scheme where priority is given to housing applicants living on the estate or ward. This often means that downsizers miss out on properties they would have successfully bid for and have often expressed an interest in. It is proposed to treat downsizers releasing more than two bedrooms the same as housing applicants living on the estate or ward for new build properties. The council has recently approved a new Housing Allocation scheme which will be implemented shortly. The new scheme will enable the council to devise a Lettings Plan for each new build scheme which will provide a greater scope to consider downsizers for new properties that hasn't previously been possible.

In view of the benefits of Homeshare and Shared Lives for residents with care and support needs balanced against the relatively small impact on the reduction of under-occupiers, there is scope to explore the implications and feasibility of promoting these schemes to council tenants.

#### Cost of options

Recruit one additional Mobility officer at SO2 which will cost £50,835,000. All mutual exchange officers are currently 95% funded by the HRA.

Cost of Furniture removals increase to £750. This would equate to an additional £250 per move. With the average number of moves per year of 135, this would be an average increase of £33,750 per year.

The cost of the incentive per bedroom given up will vary from year to year depending on take up. In 2022/23, 114 bedrooms were given up by applicants who transferred to an empty property and 25 bedrooms were given up by downsizers exchanging with an overcrowded household. This cost £75,750 last year. If the incentive per bedroom given up were to increase across all downsizers moves to £2000 for transfer cases and £2500 for exchangers this would have cost £303,000 last year.

The cost of increasing the incentive payment for pensioner households where all residents are aged 65 or over to £1000 would have cost an additional £34,450 in 2022/23 for the 41



households applicable in incentive payments. To increase the incentive for the same group to £2,000 would have cost an additional £68,900.

### Conclusion

Recruit 1 additional officer, increase the removal payment and increase the incentive payment for all downsizers to £2000 for transferers and £2500 for exchangers will cost an additional £348,000.

Some of the proposed additional costs on incentives will be absorbed by not making payments from our flexible fund, however there is a risk when increasing the incentive per bedroom given up that the marginal gains are very expensive and can be counterproductive. If the raising of the incentives do not result in substantial increases in take up, then they are very expensive. If there is an increase in take up which results in all of the budget being used before the end of the year, then the team may have to close the scheme. Adopting a phased increase in the incentive will allow us to evaluate the benefits of the increased incentive payment and to keep the flexibility in the scheme. We can then make a decision to increase the incentive at a later date if successful in increasing downsizer moves.

Explore the feasibility of targeted promotion of the Shared Lives and Homeshare schemes to under-occupiers to meet the council's prevention and early intervention priorities.

### Comments from the Finance Team

The current total expenditure budget for Mutual Exchange is £730,800. The majority of this budget is funded by the HRA – 95% for salaries and over 90% in most years for grant payments (95% at budget setting) (actual % dependent on if tenants exchange are in HRA properties). Currently, the budget provides £351,900 for staff and £378,900 for grants (payments include incentive payments/removals/ and other discretionary costs to aid the process of movements – referred to collectively as grants in this FI). The budget for grants has not been utilised in full for some years, in FY22/23 £173,846 was spent, 46% of the available budget.

This proposal will seek to increase incentives and removal payments to increase property exchanges and hire an additional staff member to support the process. The staff member based on current S02 paygrades would cost £50,835 cost, 95% funded by the HRA. It is not possible to predict the additional utilisation resulting from increased incentives and removal costs but estimates based on existing exchange levels remaining the same suggest at a minimum grant cost will rise by £261,000. The total additional cost from the additional staff member and the minimum additional grant costs would be £311,835. Based on spend in FY22/23 this additional level of costs would create a budget pressure of £106,781.

If exchanges were to rise by 10% then costs would be £132,881 more than budgeted and similarly by 25%, they would be £158,981 more. 95% of the budgeted cost increase would be met from the HRA, being £126,236 and £151,032 respectively.

While other Councils do pay more in grants than Islington, it is not necessarily on a comparable scale of exchanges, meaning overall costs are not analogous. The department runs the risk that by increasing the grant payments there could only be a marginal increase in uptake, yet

resultant costs are 4x more than before. This would not be a good value for money for the Council. Moreover, if the Council were to limit the number of exchanges to the maximum of the existing budget level the proposal could be counterproductive, as the proposals exceed the budget based on the existing number of exchanges.

Cases are primarily between HRA tenants, but occasionally involve housing association tenants (<10%). Each year, the % of HRA tenants exchanging properties used to calculate the charge to the HRA has always been over 90% with minor variations each year. Agreement would need to be made with the HRA and HGF to ensure budgetary control each financial year.

There will be a pressure not to lower the grant payments once raised, but the department can take steps to reduce the flow and any discretionary payments to control budgets. This could result in idle periods for staff members involved or bottlenecks where funding shortfall results in the suspension in operation, resulting in complaints and reputational damage.

The consideration of Finance is that this runs financial and value for money risks to the Council which cannot readily be contained within existing budgets. Therefore, additional budgetary provision through the Housing Revenue Account will be required.