



Cabinet
16 August 2021

**Report from the Strategic Director
of Community Wellbeing**

Maximising Use of the Housing Stock

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| Wards Affected: | ALL |
| Key or Non-Key Decision: | Key |
| Open or Part/Fully Exempt: (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act) | Open |
| No. of Appendices: | One: Appendix A – Equality Analysis |
| Background Papers: | None |
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1. Summary and Purpose of Report

- 1.1 The Council has made great progress in meeting housing demand in the borough, reducing the number of homeless households living in temporary accommodation
- 1.2 However, the demand for affordable housing remains high, and it is therefore imperative that we make the best use of the limited Council housing stock that is available.
- 1.3 This report sets out some key initiatives to increase the availability of the housing stock, as well as tackling overcrowding.

2. Recommendations

Cabinet is asked to:

- 2.1 Agree the proposed schedule of incentive payments for households currently under-occupying their Council homes, to move to a smaller Council home, as set out in table 4 in paragraph 4.21 of this report.

- 2.2 Agree that all households who are under-occupying and transfer to a smaller Council property pursuant to the proposed financial incentive scheme will only pay a social rent or rent not higher than their current property.
- 2.3 Agree to alter the proportion of lettings to homeless households from 70% to 60%, as set out in paragraphs 4.35 – 4.46 of this report.
- 2.4 Agree that the Council will offer financial support to Council tenants who wish to either rent or buy in the private sector, as set out in paragraphs 4.42 and 4.43 of this report.

3. Background

- 3.1 The Housing Crisis, driven by lack of affordable homes, income levels not in line with housing costs, and an increasing population, is one of the greatest challenges Brent residents face. Following the implementation of the Homelessness Reduction Act in April 2018, and more recently the economic impact of the pandemic, the demand for homelessness services is increasing, and are forecast to increase further.
- 3.2 The Council is committed to do everything it can to support residents in housing need, and reduce the number of homeless people who need to live in Temporary Accommodation. We have a well established approach to preventing homelessness, with services tailored to assist single people and families, linking to a range of other health and care services to ensure we can better meet people's needs.
- 3.3 The Council's approach to preventing homelessness resulted in 77% of the 5,786 households who approached the Council in housing need in 2020/21, being successfully prevented or relieved from being homeless. This has contributed to the significant reduction in the number of homeless households living in Temporary Accommodation from 3,162 in April 2015 to 1,696 in April 2021.
- 3.4 We have set an ambitious Council house building programme, which will deliver 1000 new Council homes over five years to 2024. To date we have delivered 262 new homes, with a further 579 on site, and we expect to exceed this target.
- 3.5 We are looking at every way to increase supply in order to meet the housing need.
 - Identifying new development opportunities on existing Council owned land and new sites
 - Working with partner Registered Providers and I4B to maximise the amount of affordable housing they are able to provide and tailoring this to housing need in Brent

- Being aware of new private developments and the proposals for Affordable Housing and working with Planning colleagues to maximise the amount.
- 3.6 However, the Council is now considering how better use might be made of existing stock, in particular identifying current tenants whose needs can be better met by moving to more appropriate accommodation. This has led to:
- Working with Private Housing Services to ensure that Adaptations meet housing need and that Empty Properties brought back into use also meet the housing need
 - Analysing cases of overcrowding with a view to considering whether extending the property is a practical solution to alleviate the issue.
 - Analysing identified under occupied Council homes and working with residents to identify the type of offer that will help and encourage them to downsize, thereby freeing up larger homes for families who need them
 - Analysing cases where Council tenants are receiving care support and whether their circumstances can be improved by moving to newly built homes, including NAIL homes.
 - An initial pilot of a downsizing project led to 15 properties being made available, therefore, there is comparatively small, but still significant, opportunity to focus on by developing an improved "movers" offer / support plan to encourage downsizing, which responds to practical barriers to downsizing and adapts incentive proposals to alleviate them
- 3.4 This paper and the activity and incentives outlined in this are another key part of this programme, which seeks to make best use of our council housing by helping people who want to move to accommodation that is more suitable, thereby freeing up other properties for people who are currently overcrowded or living in Temporary Accommodation.

4. Detail

- 4.1 Work has recently been undertaken to build a 5 year forecast (to 2025) to predict future demand for housing and map this against the current understanding of supply to assess the gap that we still need to fill.
- 4.2 The forecast has been broken down by bedroom size, to show the forecast gap in supply in 2025 for each bedroom category. Table 1 below illustrates that despite the significant increase in supply, we still have a projected shortfall in 2025. The model also illustrates that the biggest gap in supply is in the larger, 3 and 4 bedroom plus properties, and therefore emphasises the need to increase supply of these larger properties to help meet the demand.

Table 1: Forecast Shortfall in Supply in 2025

| Bed Size | Demand in 2015 | Forecast Demand | Forecast Supply | Forecast Shortfall of Supply in 2025 |
|----------|----------------|-----------------|-----------------|--------------------------------------|
| 1 | 553 | 3853 | 3697 | 156 |
| 2 | 1286 | 3695 | 3673 | 22 |
| 3 | 1394 | 2802 | 2166 | 636 |
| 4 + | 581 | 1075 | 695 | 380 |

- 4.3 This report, therefore, considers the options through which the Council can make the most effective use of its affordable housing stock to help bridge this gap. A dedicated housing officer working with under-occupiers has already achieved some impressive results. Over a 12 month period 31 households were successfully supported to transfer into smaller properties, releasing 1 X 6 bed, 2 X 5 bed; 3 x 4 bed, 16 x 3 bed and 9 x 2 bedroom properties.
- 4.4 Additional incentives and tools would help to scale this work up through a targeted approach. The aim is to deliver up to 85 properties a year through this approach, which equates to a third of the New Council Homes Programme and will, therefore, make a significant contribution to the broader objective of reducing the number of people in temporary accommodation. In parallel, we are also proposing that we test this approach with Registered Providers (RP's) to increase the scope for making more affordable properties available to those in the greatest need.
- 4.5 It may be helpful to outline what is meant by effective use of stock. Investment in maintenance and improvement existing and delivering new homes to meet need are part of the picture but not the main concern for this report. Rather, the intention is to identify and address factors that may impact on the following principles:
- Homes should be appropriate to household size, neither overcrowded nor under-occupied.
 - Homes should be occupied lawfully in line with allocations made by the Council or RP.
 - Mobility within and beyond the rented stock should be supported, with movement between larger or smaller homes or into other tenures and with regard to the affordability of different products.
 - The Council's allocation and lettings policies should support best use and mobility and partners should be encouraged to adopt consistent approaches.
- 4.6 The following sections consider the specific issues, barriers and options for action to address them, proposing significant changes to current policy and practice. Work is already underway on the majority of these and further action will be taken if the proposals are approved.

Tackling Under Occupation to Increase Supply of Larger Properties

4.7 If the Council can decrease the high volume of Council tenants who are currently under-occupying their homes, there will be more larger properties available to alleviate the pressure on families living in overcrowded housing. Current levels of overcrowding in the Council stock are:

- Band B (statutory overcrowding) – 23
- Band C (lacking two bedrooms) – 48
- Band D (lacking 1 bedroom) - 380

4.8 Currently, only those households lacking two or more bedrooms have priority under the Allocations Scheme to transfer to larger accommodation. Building new homes and increasing the proportion of larger homes within new supply will be key in tackling overcrowding but better use of the existing stock and managing under-occupation form the other side of the equation. Recent analysis indicates that there are 1703 under-occupied homes in the Council's stock, as shown in Table 2.

Table 2: Under-Occupation

| No of Beds currently | No of Beds required | No of Households | Total of households | Percentage |
|----------------------|---------------------|------------------|---------------------|------------|
| 6 Beds | 3 Beds | 1 | 5 | 0% |
| | 2 Beds | 1 | | |
| | 1 Bed | 3 | | |
| 5 Beds | 4 Beds | 1 | 27 | 2% |
| | 3 Beds | 3 | | |
| | 2 Beds | 5 | | |
| | 1 Bed | 18 | | |
| 4 Beds | 3 Beds | 36 | 175 | 10% |
| | 2 Beds | 32 | | |
| | 1 Bed | 107 | | |
| 3 Beds | 2 Beds | 371 | 827 | 49% |
| | 1 Bed | 456 | | |
| 2 Beds | 1 Bed | 669 | 669 | 39% |

4.9 Currently, only 89 households have registered via Locata to downsize within Brent - 5% of the households known to be under-occupying. These households are not obliged to move, although some may choose to do so for a variety of reasons including the cost of renting a larger home, or issues relating to age or ill-health. Factors influencing a decision to remain in a home include:

- Mobility or health, for example not wishing to leave a ground floor property
- Financial reasons, for example where a tenant is receiving a Discretionary Housing Payment (DHP) or occupies a home at a social rent and does not wish to move to a new home where the rent may be higher

- Locality, for example where a tenant has a long connection with a neighbourhood and has family, friends and support networks there
- Tenants are using spare bedrooms for other purposes such as a home office, nursery or to accommodate regular visitors or, either with or without the Council's consent, sub-letting a part or all of the property, potentially in breach of the tenancy agreement.

4.10 These and other factors underlie the apparent low demand for moves among under-occupiers. However, we have seen what results can be achieved by having a dedicated officer to work with these families to offer a tailored service, to identify an appropriate smaller property to meet their housing needs. The Housing service is increasing capacity to work with tenants who are under occupying, by creating a dedicated team of three officers, who will work with these tenants to increase the number of transfers

4.11 At present, the Council offers financial Incentives for downsizing as follows;

- £2,000 per bedroom released, to a maximum of £6,000 per household
- Free removal, disconnection and reconnection of white goods service
- £500 towards the cost of moving out of borough

4.12 This level of incentive is broadly in line with levels in other London boroughs, with typical amounts ranging from £500 to £2000 per bedroom and similar contributions to removal costs. Much larger incentives are offered by some councils to assist tenants to move into owner-occupation and these are considered in the section on home ownership below. Note that incentives are not made available to tenants who surrender their tenancies other than for downsizing moves into smaller council accommodation.

4.13 The potential benefits of moving to a smaller property include lower utility costs or, lower rent, in cases where a tenant moves to a social rent or target rent property. However, for households currently paying social rent or target rent, moving into a new build at London Affordable Rent (LAR) may not offer a financial benefit compared to Social Rent, as illustrated in Table 3 below.

Table 3: Rent Figures 2020/21

| Beds | Social Rent (Brent) | Target Rent | LAR Rent |
|-------------|----------------------------|--------------------|-----------------|
| 1 Bed | £102.30 | £145.96 | £159.32 |
| 2 Beds | £118.16 | £154.53 | £168.67 |
| 3 Beds | £129.63 | £163.12 | £178.05 |
| 4 Beds | £141.41 | £171.69 | £187.42 |
| 5 Beds | £154.20 | £180.28 | £196.78 |
| 6 Beds | £177.74 | £188.86 | £206.15 |

- 4.14 Research undertaken by a number of organisations has suggested that financial incentives alone are unlikely to increase take-up of downsizing opportunities, even where increased payments are offered (although, in most cases, increases have been relatively modest). More importance is often attached to the type, location and long-term running costs of an alternative home, as well as help with the process of moving. There are just over 1700 potentially qualifying households, only 5% of whom are actively seeking to move at present. By increasing the number of dedicated officers working with under-occupiers, the service will have more capacity to not only work with those who have registered for a move, but also those households who are known to be under occupying, to advise them of the downsizing options available.
- 4.15 Work will also be done to secure updated household details and conduct an analysis of tenant needs and aspirations. This will coincide with an analysis of available properties and of planned developments, to determine how well they match these aspirations. This will include analysis of the need for and availability of specialist provision, for example for older people. While final decisions on priorities should be based on the findings of these exercises, possible options are considered below.
- 4.16 It is proposed that, to make incentive payments genuinely attractive and useful in meeting demand, the following factors should be taken into account.
- The size of the property occupied and any new property (this is already a component of Brent's scheme)
 - The desirability of the current property, e.g., location, property type, floor level, accessibility
 - The cost of building an equivalent property
 - The cost of supporting a household in temporary accommodation
 - Whether the tenant will be moving into another council property or into owner-occupation, the PRS or out of the borough
- 4.17 Support for moves into the private sector is considered further below, but for other moves it is proposed that a scale of payments should be adopted based on the above factors. This would provide for a sliding scale of payments based on property size so that, for example, a household moving from a five-bed home to a one bed, sheltered or NAIL property would receive the highest payment. Payment would be further enhanced where the household is leaving a home considered particularly attractive, for example located in a popular area, and/or particularly valuable to the council in terms of future letting, for example a ground floor property or one with disabled access. .
- 4.18 It is proposed to target under occupation of larger 3 and 4 bedroom plus properties, paying a larger incentive based on the number of rooms that are being released. This is already a component of Brent's under-occupation incentive scheme. The current stair casing of incentive payments, paying more money to release larger properties will continue. Even though the

supply of two bedroom properties is forecast to satisfy demand by 2025, they will still be included in this scheme, to make the best use of stock.

- 4.19 Some properties are particularly desirable to help meet demand, due to the location, property type, floor level, and accessibility. The incentive package offered on individual properties should therefore reflect these factors. For example a property which is level access and has or can be adapted for wheelchair use, will attract a higher incentive than a property of the same size which cannot be adapted.
- 4.20 Recent analysis identified that there are 221 current Council tenants, living in 200 council properties, who are receiving 7 or more hours of care weekly. 147 of these properties are two bedroom or larger, and 140 of the tenants are over 60 years old, and would therefore qualify for sheltered accommodation. Housing officers will work with colleagues in Adult Social Care to facilitate moves into NAIL or sheltered accommodation for these tenants, if appropriate.
- 4.21 Tenants who wish to downsize will be paid an incentive of £5K per room released plus a 20% premium for 4 bedroom plus, and a premium of 10% for a 3 bedroom property. An additional premium of 10% will be paid for properties that have been adapted or are suitable for adaptation for wheelchair use. Tenants who are identified as needing to transfer to Sheltered Accommodation, or a NAIL property, following a Community Care Assessment, will be paid an additional “Welfare Premium” of £200. This is to differentiate moves made for welfare purposes on adult social care grounds, rather than moves that are wholly due to down-sizing. A summary of the incentives available in the proposed new scheme is in Table 4 below

Table 4: Under Occupation Incentives

| No of Beds currently | No of Beds required | Incentive payment per room | Large Property Premium | Wheelchair Use Premium | Welfare Premium |
|----------------------|---------------------|----------------------------|------------------------|------------------------|-----------------|
| 6 Beds | 5 Beds | 5,000 | 1,000 | 500 | 200 |
| | 4 Beds | 10,000 | 2,000 | 1,000 | 200 |
| | 3 Beds | 15,000 | 3,000 | 1,500 | 200 |
| | 2 Beds | 20,000 | 4,000 | 2,000 | 200 |
| | 1 Bed | 25,000 | 5,000 | 2,500 | 200 |
| 5 Beds | 4 Beds | 5,000 | 1,000 | 500 | 200 |
| | 3 Beds | 10,000 | 2,000 | 1,000 | 200 |
| | 2 Beds | 15,000 | 3,000 | 1,500 | 200 |
| | 1 Bed | 20,000 | 4,000 | 2,000 | 200 |
| 4 Beds | 3 Beds | 5,000 | 1,000 | 500 | 200 |
| | 2 Beds | 10,000 | 2,000 | 1,000 | 200 |
| | 1 Bed | 15,000 | 3,000 | 1,500 | 200 |
| 3 Beds | 2 Beds | 5,000 | 500 | 500 | 200 |
| | 1 Bed | 10,000 | 1,000 | 1,000 | 200 |
| 2 Beds | 1 Bed | 5,000 | n/a | 500 | 200 |

- 4.22 The maximum amount of incentive payment one household could receive is £32,700. This amount would be paid to a household downsizing from a 6 bedroom, wheelchair adapted property, to a one bedroom NAIL property or Sheltered Accommodation, following a Community Care Assessment. However, as illustrated in table 2 above, there are only five known households who are currently under occupying 6 bedroom properties. The largest cohort is 827 households currently under occupying a 3 bedroom property (371, of whom require a 2 bed and 456 require one bedroom). The maximum incentive payments these households could receive is £6,200 for downsizing to a 2 bed and £12,200 for downsizing to a 1 bed.
- 4.23 Another incentive could be to offer a guarantee of social rent or rent not higher than current where a household moves to a more expensive new build, although this would have longer-term financial implications.
- 4.24 It is worth noting that a higher level of incentives may be difficult to apply in cases where a household has rent arrears, in which case the incentive may be used to offset these rather than meet other costs.
- 4.25 It is difficult to assess the extent to which a more generous incentive regime might increase demand, and careful monitoring of take up will be required to ensure that the number of moves in any year would not grow to an extent that exceeded the budget available and made the approach unmanageable. .
- 4.26 Although further analysis is needed to obtain a full picture, it is likely that many under-occupiers will be older households and special attention should be given to their needs and aspirations.
- 4.27 In this context, a range of options will be considered. The council owns blocks designated for those over 65 and RPs in the borough manage a range of sheltered and extra care housing. Promotion of these alternatives will be undertaken, including direct engagement with individual households. Some properties will be designated solely for older people or those with mobility issues, for example bungalows, which would increase available options while also restricting the Right to Buy in these homes.
- 4.28 The GLA's Seaside and Country Homes scheme remains popular and will be promoted to appropriate tenants, alongside other mobility schemes such as Homefinder and the GLA Housing Moves Scheme.
- 4.29 Finally, an increased level of intensive support will be provided to tenants, particularly older people. Currently support is offered with removal costs, disconnection, and reconnection of domestic appliances. Going forward, additional support will be provided to help with arranging removal companies, measuring for carpets and curtains or assistance with managing a change of address with services such as gas or electricity, redirection of post, registering with a GP and so on.

Tackling Overcrowding

- 4.30 Problems of overcrowding and under-occupation will be shared by all providers in the borough. Given this, the role of nomination protocols will be considered, for example to assess whether acceptance of a smaller number of Council nominations to some schemes could increase opportunities for relevant moves, with some element of reciprocation.
- 4.31 Local, London-wide and national mutual exchange schemes are in place but are often difficult for tenants to negotiate. Better information and support for tenants will be provided, although the number of moves other than like-for-like exchanges is likely to be low. Similarly, the Mayor's Housing Moves scheme, in which Brent is an active participant, allows tenants to transfer from one borough to another, although it is based on a principle of no net loss of lettings and the numbers involved are small. This scheme is currently under review and criteria may change in the future.
- 4.32 Council tenants who are registered for a transfer are already given priority to bid for new properties that become available on their estate, to enable them to remain on the estate and avoid having to relocate to another area. As part of the review of the Council's Allocation Scheme, It is proposed that existing council tenants who are registered for a transfer should be given priority to bid for all new build council properties, as opposed to only those new build properties that become available on their estate. There are currently 68 families who are registered for a transfer, due to being overcrowded by 2 bedrooms or more. By ring-fencing all new build properties to existing council tenants, these families will have priority access to secure 3 and 4 bedroom properties, and so resolve their overcrowding. This will result in fewer properties being available to homeless families, particularly those requiring larger properties, immediately.
- 4.33 The review of the Allocation Scheme also proposes to automatically place families living in a council property, who are overcrowded and lacking 3 bedrooms into Priority Band B, for a transfer. Currently only families who meet the definition of statutorily overcrowded, as per The Housing Act 1985, Part X, are automatically placed in Band B.
- 4.34 The review of the Allocation Scheme also proposes to allocate Council tenants the appropriate size accommodation to meet all of their housing needs, including overcrowding. Currently families are only offered accommodation on a like-for-like basis in terms of the number of bedrooms in the new property. This is because the reason the household has been awarded an emergency management transfer is to address the issue of personal safety, often related to domestic abuse, gang related violence, hate crime or threats to kill, as opposed to their overcrowding. By making this change the family's overcrowding will also be resolved.
- 4.35 Currently, 70% of all available social housing is allocated to accepted homeless people. This was agreed at a time when 70% of the Housing Register (priority bands A_C) was made up of these households. It has been

a major contributing factor in the Council's success in reducing the number of homeless households living in temporary accommodation. However, there has been a negative impact on Council tenants registered for a transfer to alternative accommodation, and is a contributing factor to council tenants remaining in overcrowded accommodation.

- 4.36 Accepted homelessness households now make up approximately 60% of the Housing Register (priority bands A-C), and it is therefore proposed that the proportion of lettings should be changed to reflect this and increase the percentage of available social housing which is allocated to existing Council tenants who require a transfer.

Increase Supply by Supporting Families to Move into the Private Sector

- 4.37 Promotion of home-ownership options among tenants and their families has a role to play. Government continues to invest heavily in this area, with around half of the Affordable Housing Programme devoted to various ownership options. A significant proportion of the 5,000 new homes planned for Brent in the next few years will be shared ownership or similar products and tenants of the Council and RPs or their family members should be a priority. While this report is mainly concerned with better use of the housing stock and, therefore, with options for existing tenants, supporting and encouraging home ownership for those on the Housing Register should also form part of any approach. The focus here is on low-cost home ownership (LCHO) products rather than outright market purchase.
- 4.38 Clearly, affordability is a significant barrier for many households and even households in employment may struggle to find a deposit on a new home or manage mortgage payments. In addition, while shared ownership options offer lower mortgage costs, households will also need to pay rent on the share they are not purchasing and, in most cases, pay service charges.
- 4.39 Current options include:
- Help to Buy Equity Loans – available on new build property up to £600,000 with a 5% deposit and government loan of 40% of the purchase price. Less likely to be affordable to most tenants, who would still need to provide a mortgage for 55% of the value.
 - Government backed 95% mortgages for first time buyers or current homeowners, on both new and existing properties. This may reduce the upfront cost of home ownership, however high property prices may still limit the affordability of this option to many tenants.
 - Lifetime ISA – saving up to £4,000 each year with a 25% government bonus when used towards a deposit on a first home. Available for first time buyers aged 18-40. Again, unlikely to be an attractive proposition for low income households.

- Shared Ownership – purchase of 25-75% of the equity for people earning up to £90,000 with rent paid on the remaining share and ability to purchase further shares through stair casing.
- First Dibs for Londoners – voluntary scheme limiting sale of new homes up to £350,000 to London residents. No discounts apply.
- Discount Market Sale – offering a lower purchase price. Availability and conditions vary from scheme to scheme.
- London Living Rent – offers a low rent to enable households to save for purchase, including shared ownership. Tenancies for a minimum of three years and up to ten, after which the household will be expected to buy

4.40 While even the lowest cost options may be out of the reach of low-income households, there is potential to increase take-up through targeted marketing and provision of advice and support. While it should be expected that tenants will continue to prefer the RTB option, given the still generous discounts available, two possible target groups may be worth focusing on. First, working households or under-occupiers seeking a move or able to afford ownership options that would fit their needs. Second, adult children or other household members living in overcrowded households or applying through the housing register in their own right.

4.41 As well as promoting the options and providing information, it is proposed that additional financial and practical support is offered. Lewisham Council offer incentive grants ranging from £44,000 for households surrendering a five-bed home to £21,000 for a one bed. Grants increase by £5,000 if the property is a house. Southwark Council offer grants starting at £45,000, rising to £56,000 to take account of removal and associated costs for a five-bed home or £30,000 rising to £36,000 for a two-bed.

4.42 It is proposed that a Brent scheme of this kind, would be targeted to address overcrowding and under-occupation and release homes in line with wider strategic priorities. It is proposed that tenants, who wish to buy a property, including through shared ownership schemes, will be paid an incentive of 10% of the purchase price of the property they are buying, capped at £50K. Tenants who wish to rent privately will be paid an incentive equivalent to 24 months of the rent due on the property they are moving to, also capped at £50K. Or be given the option of the Council directly meeting their rental payments for 24 months.

4.43 If the amount of the incentive offered, based on the above formula does not exceed the limit of £50K an extra premium will be paid for 3 and 4 bedroom properties, or properties which have been adapted or are suitable for adaptation for wheelchair use. The amount of this premium will mirror the premiums paid in the under-occupation scheme, although may be reduced so as not to exceed the £50K cap.

Increase Supply Through Improved Action on Tenancy Fraud

- 4.44 Although tenancy audits have been undertaken in the past, it is difficult to quantify the extent of illegal occupation of social housing. This will most commonly arise where a tenancy is wholly sublet by the lawful tenant, although related issues include the use of homes for unlawful or criminal purposes, including cases where tenants are exploited, for example the practice of “cuckooing”, as well as fraudulent applications for housing or for the Right to Buy. The key concern for this report is the impact of fraud on the Council’s ability to let and manage its homes effectively and to meet genuine housing need.
- 4.45 The Council adopted a new Tenancy Strategy and tenancy management policy in June 2020, including a commitment to tackle tenancy fraud across all Council owned and managed homes. However, referrals to the Council’s Counter Fraud Team had dropped over the past two years and a new approach has been agreed as part of the Tenancy Management Policy with a view to increasing activity in this area, not only within the Council but among the 56 RPs operating in the borough.
- 4.46 The policy sets out four main priorities:
- Identifying the scale of potential fraud, where Brent Housing Management has started work and a Tenancy Audit and Insight Action Group has been established.
 - Re-setting the culture within the service, identifying any knowledge or skills gaps and developing mandatory enhanced training to identify and improve reporting. Training will also be offered to RPs.
 - Raising awareness through a combination of high impact campaign materials, virtual roadshow sessions and embedding nudge principles into template letters sent by the service.
 - Taking action, committing all officers to participating in tenancy audits and offering a borough wide key amnesty.
- 4.47 As an indicator of the potential value of tackling fraud, in the period 2014/15 to quarter two of 2020/21, 183 properties were recovered. There is therefore potential to make a significant impact on best use of the stock.

5. Financial Implications

- 5.1 The cost of incentive payments to downsize will depend on a variety of factors, including the level of demand to downsize and the number of bedrooms being offered by tenants.
- 5.2 Incentive payments to downsize into independent living or sheltered accommodation will be funded from existing Housing Needs budgets within General Fund. Downsizing moves that include tenants relinquishing their

tenancy and moving to private rented sector or home ownership will be funded from the Housing Revenue Account (HRA) in accordance with guidance set out within the Housing Act 1989.

- 5.3 Incentive payments are anticipated to be recovered in the long term through cost avoidance within the Housing General Fund, as more households are able to move out of costly Temporary Accommodation.
- 5.4 Larger Households within Temporary Accommodation are typically accommodated within Housing Association Letting Scheme (HALS) properties. The rental charges for these properties are covered by Housing Benefit, with the Council paying an additional £60/week in management fees and £10/week in nomination fees.
- 5.5 The current indications are that a small proportion of households who are eligible to move currently wish to do so. If 5% of current eligible tenants wish to move, the proposed incentives could lead to 85 households choosing to move. This could potentially result in annual savings of £0.3m on HALS accommodation payments.
- 5.6 Assuming an average incentive payment and related costs of £0.01m per resident, the cost of incentive payments to the HRA will be £0.85m, for 85 households. The annual cost is expected to be profiled over a number of years.
- 5.7 Limited funding availability within the HRA means that offsetting savings will be required to be found within the HRA in order to fund this scheme. Once the offsetting savings are identified, incentive payments will be profiled in order to avoid any risk of over committing to tenants.
- 5.8 Tenant appetite for home ownership incentives with a cap of £0.05m are uncertain. The offer will be subject to annual funding availability during budget setting process. An indicative budget of £0.1m in 2021/22 is estimated to allow pilot incentive payments for two households. Success of this scheme will determine future budget prioritisation.
- 5.9 Home ownership grants based on RTB discount rates can go up to £0.11m per household in 2021/22, twice the cost of recommended option above which has a cap of £0.05m per household.

6. Legal Implications

- 6.1 Under section 74 of the Local Government and Housing Act 1989 (“the 1989 Act”), the Council is required to keep a separate Housing Revenue Account (HRA) of sums falling to be credited or debited in respect of its housing stock. Sections 75 and 76 of the 1989 Act set out the rules for establishing and maintaining that account. Paying financial incentives to council tenants to downsize or leave social housing altogether will normally have to come within the HRA as the “*management of houses and other property*” comes under the item of “*Expenditure on repairs, maintenance and management*” which is one of nine items that must be debited to the HRA (as set out in Schedule 4, Part

II of the 1989 Act). The exception to this rule is if the primary benefit of such financial incentives is for welfare purposes eg moving the council tenant to sheltered accommodation following a community care assessment and in that scenario, the financial incentive can be paid from the General Fund. The Housing (Welfare Services) Order 1994 specifies welfare services which must be accounted for outside the HRA and those services are assistance with personal mobility, assistance at meal times, assistance with personal appearance or hygiene, administration of medication and nursing care (these are adult social care functions).

- 6.2 Under section 166A(14) of the Housing 1996 Act (“the 1996 Act”), a local housing authority shall not allocate social housing accommodation except in accordance with their allocation scheme. In other words, if a Council pursues allocation policies that are outside its scheme, then it will be deemed to be unlawful.
- 6.3 Section 166A(3) of the 1996 Act outlines priorities to which the Council’s allocation scheme must give reasonable preference. These categories are outlined in detail within the scheme, and they include amongst other things:
- People living in overcrowded or unsatisfactory housing;
 - People who need to move on medical or welfare grounds (including any ground relating to a disability).
- 6.4 A local housing authority must have regard to its tenancy strategy in exercising its housing management functions (section 150(3) of the Localism Act 2011).

7. Equality Implications

- 7.1 The public sector equality duty, as set out in section 149 of the 2010 Act, requires the Council, when exercising its functions, to have “due regard” to the need to eliminate discrimination, harassment and victimisation and other conduct prohibited under the Act, and to advance equality of opportunity and those who do not share that protected characteristic.
- 7.2 The “protected characteristics” are: age, disability, race (including ethnic or national origins, colour or nationality), religion or belief, sex, sexual orientation, pregnancy and maternity, and gender reassignment. Marriage and civil partnership are also protected characteristics for the purposes of the duty to eliminate discrimination.
- 7.3 A full Equality Impact Assessment has been carried out to determine the impact of the proposed changes set out in this report, specifically for the following groups: (i) council tenants who need a transfer due to overcrowding; (ii) the accepted homeless households living in temporary accommodation and (iii) council tenants who are under occupying. A copy of the equality analyses are set out in the appendix to this report which Members are asked to note.

- 7.4 The outcome of these assessments confirms that the potential impact of the proposals on groups with each protected characteristic is neutral, and that an increase in available stock for Council tenants who need a transfer due to overcrowding and Homeless households, will have a positive impact for a significant number of households.

Report sign off:

Phil Porter

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