

CITY BOARD
18 OCTOBER 2012

ITEM A8

REVIEW OF HOME RELEASE SCHEME

Report of the Director of Housing and Customer Service

1. SUMMARY

- 1.1 On 30 August 2012 the City Board received a report which proposed changes to the current Home Release Scheme.
- 1.2 The City Board agreed that the cash incentive was reduced from £1000 to £500, and asked the Director of Housing & Customer Services to undertake further work to examine the feasibility of replacing the cash payment with a contribution towards carpets, curtains and decoration.
- 1.3 At the Board meeting on 20 September 2012 Roy Webb asked that we also give consideration to undertaking decorating for elderly tenants releasing a family home and moving to ground floor accommodation.

2. RECOMMENDATION

- 2.1 The City board are recommended to approve Option 1 as detailed in paragraph 3.5.
- 2.2 City Board are recommended to approve changes to the Home Decoration Service which would allow elderly tenants moving from family accommodation to ground floor accommodation to have the whole property decorated. Normal phased decoration service to then commence from year three within the scheme. Service charges to apply for the service, currently £4.87 per week.

3. MATTER FOR CONSIDERATION

- 3.1 A small working group comprising of the Allocations Manager, a Local Housing/Neighbourhood Manager and Senior Accountant were asked to look at the implications of replacing the cash incentive with a scheme that provides assistance towards the cost of carpets, curtains and/or decoration.
- 3.2 The general view of the group was that most tenants seem happy with the current cash payment incentive as this allows individuals the freedom to spend the cash as they wish. The group also felt that this would be the case if the incentive was reduced to £500.00.
- 3.3 There are however potential benefits to changing the scheme to one where services are purchased directly on the tenant's behalf. The first benefit is that Derby Homes would be able to re-claim VAT on home release services purchased on the tenants behalf. Similarly a voucher scheme would help to ensure that the payment is spent on items which directly benefited the property.

3.4 The working group have considered the following options for consideration by the City Board.

3.5 **OPTION 1**

To continue to issue home release payments by way of a cash payment up to £500. This is administratively straightforward and does not require a change to current procedures. Any debts are deducted from the home release payment.

3.6 **OPTION 2**

3.6.1 To issue a home release payment by way of a voucher that can be redeemed by tenants in a number of outlets that provide carpets, curtains and decorating materials.

3.6.2 The voucher for £500, less any debts to be recovered would be issued at the point of sign-up by the Housing Officer. This process would mean that the tenant gets the home release voucher at the point of the new tenancy commencing, at the present time the home release payment is not made until sometime later.

3.6.3 Derby Homes would need to set up an agreement with suppliers, this may involve a procurement exercise. A new scheme, operating on this basis, and subject to a procurement exercise to select suppliers would be implemented from early 2013.

3.6.4 Inevitably there would be additional administrative procedures as a result of the issuing and handling of accounts for vouchers. Tenants may also feel that this option restricts their choice by limiting the suppliers with whom they can interact.

3.7 **OPTION 3**

3.7.1 An alternative to providing vouchers would be to advise tenants of the level of home release payment they are entitled and for them to then seek quotes from approved suppliers to the value of the payment due. Derby Homes would then order the work on behalf of the tenant and VAT could be claimed back on these purchases.

3.7.2 If this option is chosen all quotes would be subject to an expiry date, an administrative process would need to be set up within Derby Homes to deal with this function. A contractual relationship would exist between Derby Homes and the suppliers and the tenant would be a third party within the arrangement.

3.7.3 Issues around access and customer satisfaction could provide further administration costs for Derby Homes.

3.8 In evaluation the working group felt that on balance Option 1 should be the option recommended to continue as the chosen method of issuing home release payments. Although it was initially envisaged that provision of vouchers to procure goods would allow Derby Homes to claim back VAT this is not the case. Given the additional administration that Options 2 & 3 would create it is not felt that these are cost effective proposals.

3.9 At the Board meeting held on 20 September 2012 a further request was received to assist elderly tenants releasing family accommodation and moving to smaller

ground floor accommodation, either a flat or a bungalow. It was suggested that where this is the case it would be reasonable to ensure that the accommodation was fully decorated in order to make the transition easier for the elderly tenant.

- 3.10 The average cost of decorating a one bedroom flat or bungalow is approximately £775.00. This is based on an average of 27 hours labour at £25.00 per hour and an average of £100.00 in materials (paint).
- 3.11 During the last twelve months 152 tenants were re-housed through the home release scheme, of which 87 tenants were elderly. To carry out the decoration on all of these properties would have incurred additional expenditure of £67,425 which would have either been costed against the voids budget or reduced the amount of incentive payments available.
- 3.12 It would be possible to carry out this service within the Home Decoration Scheme.
- 3.13 The elderly tenant would be required to sign up to the Home Decoration Scheme at a current cost of £4.87 per week. The charge is eligible for Housing Benefit and the initial costs are recovered within three years. The Scheme operates on the basis of one/two rooms being decorated every 18 months. This would provide for a variation on the normal service whereby at the commencement of the tenancy the whole property would be decorated. After say, 3 years the tenant would then receive the rolling programme of decoration as a member of the scheme.
- 3.14 Carrying out the decoration within the existing Home Decoration Scheme would contain costs and not provide an additional pressure on either the Home Release Scheme, or the general voids budget. Tenants would also receive the support from the specialist liaison officer.

4. FINANCIAL & BUSINESS PLAN

- 4.1 As a result of the under occupation issue, there is a pressing need to move a lot of people to more suitably sized accommodation. There are around 2500 working age current tenants on benefits that appear to be 'under occupying' their homes, with around 20% of these 'double under occupying'. The benefit deductions of 14% and 25% respectively will mean losses of around £11 and £20 a week next year, when these rules come in from April.
- 4.2 The current Home Release fund of £200,000 funded by the HRA for assisting with under occupation moves has now run out. The previous scheme funded by the HRA was for £1000 of compensation to the tenant, plus removal expenses and connection charges being met. In view of the expected huge increase in demand for this service as a result of under occupation deductions, the City Board has agreed to reduce the scheme to £500 plus removal and connections.
- 4.3 We have made a request to Derby City Council that a fund of up to £1m be made available for this scheme, as each move of someone to a smaller property will not only free up a family home but also save the tenant (and potentially arrears and bad debts in the HRA) an under occupation deduction of at least £500 a year.

5. LEGAL & CONFIDENTIAL

Changes to housing benefit will be phased in from April 2013 under the Welfare Reform Act 2012. Working age tenants will incur a reduction in housing benefit for under occupation from April 2013.

6. EQUALITIES IMPACT ASSESSMENT

Amendments to the Home Decoration Scheme would enable elderly people to move house more easily. Providing full re-decoration at the commencement of the tenancy would increase their ability to maintain independent living without unnecessary worry, work and expense the early stages of their tenancy.

The areas listed below have no implications directly arising from this report:

Council
Personnel
Environmental
Health & Safety
Risk
Policy Review

If Board Members or others would like to discuss this report ahead of the meeting please contact:

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Background Information: None.

Supporting Information: None.