



\*

**[No.]**

Agenda item:

Cabinet		13 October 2009
Report Title.	Tenancy Termination Incentive Scheme	
Report authorised by	Niall Bolger, Director of Urban Environment <i>Niall Bolger</i> . 13 October 2009	
Contact Officer :	Nick Powell, Head of Housing Strategy, Development & Partnerships, 020 8489 4774 Lorraine Woodhead, Homes for Haringey x4485	
Wards(s) affected: All	Report for: Key	
<b>1. Purpose of the report (That is, the decision required)</b>		
1.1 That a new tenancy termination incentive scheme attached as Appendix 1 be introduced.		
<b>2. Introduction by Cabinet Member (if necessary)</b>		
2.1 The introduction of this policy will encourage and reward tenants to support Homes for Haringey and the Council in maintaining their properties to an acceptable standard. Receiving 4 weeks notice on all tenancy terminations will assist in reducing the time taken to relet these properties. Concerns regarding vulnerable tenants have been addressed in this report.		
<b>3. State link(s) with Council Plan Priorities and actions and /or other Strategies:</b>		
3.1 The report links with the Councils Priority 5 Delivering excellent, customer focused, cost effective services.		

### 3.2 Council Plan 2007-10

#### 4. Recommendations

4.1 That the Cabinet is asked to approve the new tenancy termination incentive scheme.

4.2 That the Cabinet note that the new incentive scheme will be reviewed in January 2011. The review will look at the financial aspects of the scheme, the impact the scheme has had on void turnaround times and costs and the impact it has had on vulnerable tenants. Changes may be made to the scheme based on the results of the review.

4.3 The information from this review will be also be used to make a further decision on whether a rechargeable repairs policy should be introduced for leaseholders and tenants in residence.

4.4 That the Cabinet note the actions outlined in paragraph 7.16.

#### 5 Reason for recommendation(s)

5.1 The Audit Commission have highly praised the incentive scheme run by Homes for Islington (a 3 star ALMO). Homes for Haringey's proposed incentive scheme is based on this scheme. Comment is contained in paragraph 14.1

5.2 The benefits of the proposed incentive scheme are:

- Tenants who are being transferred to another Haringey Council property would be included and so would be motivated to leave the property in a good condition.
- Tenants do not have to apply for the scheme; all tenants are assessed against the criteria and paid automatically.
- Homes for Haringey will have access to information on how many tenants did not qualify for the payment and the grounds that they were refused on.
- Homes for Haringey will have access to more information on the type and amount of rechargeable repairs that need to be carried out.
- The results re payments made, etc can be easily publicised to the residents to act as a further incentive/warning.
- The payment will be split into two parts with each part having different conditions to be met. The first part (£150) will be paid if the tenant leaves the property in good condition. The second part (£100) will be paid if the tenant allows an officer to visit the property to carry out an inspection and for prospective tenants to view the property while the tenant is still in occupation. Viewing times will be kept to a minimum to cause the least disruption possible to the tenant.
- That the inspection and viewings of the property is not a condition of the first

payment means that tenants who are unable to satisfy the visits requirement will still have incentive to leave the property in a good condition.

- Tenants are more likely to give a forwarding address to ensure they receive their incentive money.
- 4<sup>th</sup> tier managers will have the discretion to waive charges for tenants that have been identified as vulnerable. This could be on the grounds of age, disability, mental health or domestic violence.
- When charging an outgoing tenant for costs related to cleaning the property, etc Homes for Islington charge extra rent for the property on the grounds that this work extends the period the property was not available to rent. By doing this the costs are chased through the former tenants system rather than setting up a new payment system.
- Void turnaround times and costs should decrease.

## 6. Other options considered

6.1 n/a

## 7. Background analysis

7.1 The last Audit Commission inspections suggested that Homes for Haringey should consider implementing a rechargeable repairs policy and procedure but no specific recommendation was made.

7.2 Homes for Haringey undertook a project to investigate the feasibility of introducing a rechargeable repairs policy for all tenants and leaseholders.

7.3 It was estimated that it would cost Homes for Haringey £40,000 per year to run a rechargeable repairs scheme.

7.4 Benchmarking with other organisations showed that collection rates for rechargeable repairs tended to be low as illustrated in Table 1 see 14.2.

7.5 It was found that 74% of tenants were on a low income as they are in receipt of Housing Benefit.

7.6 Taking the above into account it is probable that Homes for Haringey's collection rates for a rechargeable repairs scheme would be low and it is unlikely that the costs of running the scheme would be recouped.

7.7 The residents expressed concerns over the costs of a rechargeable repairs scheme and stated that they would not be in favour of the introduction of a scheme if it would not pay for itself.

7.8 On 1<sup>st</sup> June 2009 the Homes for Haringey Board agreed that the adoption of a

rechargeable repairs scheme is not currently feasible. This position is to be reviewed after January 2011.

7.9 Homes for Haringey is able to refuse to undertake repairs that are the tenants' responsibility while the tenant is in occupation. However, these repairs need to be completed if the property is a void. Homes for Haringey needs to encourage tenants to leave the property in a ready to let condition when giving up their tenancy.

7.10 Homes for Haringey currently run a tenancy termination incentive scheme where tenants can apply and receive a payment if they:

- give four weeks written notice;
- leave the property clean and clear of refuse;
- let the Voids Surveyor carry out an inspection of the property;
- and hand in all keys.

7.11 Tenants who are moving through the transfer system are not given four weeks notice of this move. As they are unable to give four weeks written notice they are ineligible for the scheme which gives them little reason to leave the property in a ready to let condition.

7.12 Tenants may be put off the scheme if they have a problem being at home for an inspection due to work or other commitments as they must meet this requirement before they can receive any money.

7.13 It was found that few tenants have actually applied for the scheme.

7.14 There is no information to show whether the tenants applying for the scheme left the property in a better condition than they would have without it. It may be the case that the tenants who apply for the scheme may have left the property in a good condition regardless.

7.15 Due to the low take up the current scheme has little or no impact on what state the tenants leaves the property in.

7.16 As well as proposing that a new tenancy termination incentive scheme be introduced the following actions were agreed:

- Recharging for work would continue to be publicised in the Tenancy Agreement, Repairs Handbook and Charters.
- A new guide to tenants' responsibilities would be produced clearly stating repair responsibilities and giving advice about home contents insurance.
- That all Contact Centre, Repairs and Tenancy Management staff are fully aware of tenants' repairs responsibilities.
- That tenants' responsibilities and the tenancy termination incentive scheme are publicised regularly in Homes Zone and on Homes for Haringey's website.
- That a new leaflet is produced detailing the new incentive scheme.

## **8. Chief Financial Officer Comments**

8.1 The Homes for Haringey Board is recommending to the Council that a new incentive scheme be introduced to encourage tenants who are moving out to leave the property in good condition. A payment of up to £250 will be sent to tenants if they meet a number of conditions; if the conditions are not met, they will incur a charge related to the work carried out to bring the property up to the required standard.

8.2 The purpose of the proposal is to decrease void turnaround times and costs. Information on rechargeable repairs in void properties and their likely cost will be collated, along with the outgoing tenant's financial status. This information will help develop future approaches to void properties and rechargeable repairs.

8.3 The scheme requires no budgetary changes as Homes for Haringey already have a budget provision for payment of tenants incentives within the managed HRA. The £250 payment proposed is the same amount as is paid out by the current incentive scheme.

## **9. Head of Legal Services Comments**

9.1 The Head of Legal Services has been consulted in the preparation of this report.

9.2 There is no specific statutory provision which empowers the Council to create this type of cash incentive scheme, however the Council has a wide power to manage, control and regulate our housing stock under section 21 Housing Act 1985. In addition to that power, the Council has the power to do anything (whether or not involving expenditure, borrowing or lending of money...) which is calculated to facilitate or is conducive or incidental to, the discharge of any of our functions (section 111 Local Government Act 1972). If the statutory power under the Housing Act 1985 is not wide enough to allow for this incentive scheme, the power under the Local Government Act 1972 is wide enough to do so.

## **10. Head of Procurement Comments – [ Required for Procurement Committee]**

10.1 [click here to type]

## **11. Equalities and Community Cohesion Comments**

11.1 The Council supports the decision to use discretion on whether or not to charge a tenant depending on their personal circumstances.

11.2 Homes for Haringey's best value review of the Tenancy Management Service has recommended that there should be further specialisation of the service. It is

proposed that:

- one of the areas of work to be specialised is voids and new tenancies.
- these officers will work with outgoing tenants (and their representatives) giving them support and advice especially around the tasks that need to be undertaken to receive the incentive payment.
- periodic inspections will take place to ensure that tenants are keeping to their tenancy conditions and to also identify any tenants that are in need of extra support.

11.3 The Council supports these actions and feel that the introduction of this work will mean that vulnerable tenants will be able to easily access support to help them meet the conditions of the incentive scheme.

## 12. Consultation

12.1 Homes for Haringey consulted its Board, the Residents Consultative Forum, the Residents Repairs Panel and its Executive Management Team. A working group of residents was also formed to discuss rechargeable repairs in more detail. The outcome was to introduce a new incentive scheme to all tenancy terminations.

## 13. Service Financial Comments

13.1 The policy will be operated by Homes for Haringey and any monies collected should be credited to the repairs account.

## 14. Use of appendices /Tables and photographs

14.1 The Audit Commission stated in the September 2008 report on Homes for Islington that:

“A successful incentive scheme has improved the condition of properties vacated by tenants. Payments worth £150 are given to tenants who leave the property to a specified standard; so far 77 people have received this payment. HFI has estimated that the scheme has saved £10,000 in a year after costs Tenants whose property does not reach this standard can be charged up to £290. In the last 18 months 180 tenants have been recharged; 16 of these have paid in full, 25 are still paying and 100 are being actively pursued. HFI is saving money and helping tenants to understand their responsibilities through these schemes.”

14.2 Table 1 - Benchmarking

Organisation	Star rating	No. of properties	Collection rate for general repairs	Proportion of rent collected (BV66a) 07/08
West Lancashire DC	3*	6,500	15%	98.6%
Wolverhampton Homes	2* promising	24,075	7%	99.4%
Bristol City Council	2* Improving	28,903	8%	97%
Homes for Haringey	2* promising	15,370	N/A	96.8%

15. Local Government (Access to Information) Act 1985  
15.1

## Appendix 1 – Tenancy Termination Incentive Scheme Policy

- 1.1 The purpose of the scheme is to encourage tenants who are moving out to leave the property in good condition and to allow an inspection and viewings to be held while they are still in occupation. This will decrease void turnaround times and costs.
- 1.2 The criteria for the first part of the payment is that the tenant must:
- have no rent arrears or other monies owing;
  - give vacant possession;
  - give four weeks notice (tenants moving through the transfer system are exempt from giving 4 weeks notice);
  - return all keys;
  - remove all belongings and rubbish from the property and garden; and
  - leave it clean, in good repair and in reasonable decorative order.

The criteria for the second part of the payment is that the tenant must while still in occupation:

- allow an officer to visit the property to carry out a survey
  - allow viewings to be held so that prospective tenants can be shown the property
- 1.3 Tenants will be automatically assessed against the criteria and payment will be sent to them if they meet the conditions. If the tenant is deceased the payment will be made to their Executor or appropriate next of kin.

- 1.4 If money is owed by the tenant the reward will be used to offset these arrears. If the debt is less than the reward the remainder will be sent to the tenant.
- 1.5 If a tenant fails to meet the conditions they will incur a charge related to the work carried out to bring the property up to the scheme's required standard. This charge will be added to the former rent account.
- 1.6 The tenant may be recharged for:
  - not returning a full set of keys or for not returning keys on time;
  - leaving behind belongings or rubbish;
  - not leaving the property clean and in good repair and reasonable decorative order;
  - for leaving the garden untidy; or
  - not removing improvements or alterations made without permission.
- 1.7 The vulnerability and other personal circumstances of the tenant will be taken into account when deciding if they should be recharged. This will be carried out at the discretion of the appropriate 4<sup>th</sup> tier managers.
- 1.8 There will be no appeal process.