

<b>Executive decision required by</b>	Housing Select Committee		
<b>Report Title</b>	Cash Incentive Scheme (CIS) 2013/14		
<b>Key Decision</b>	Yes		
<b>Wards</b>	All	<b>Item No.</b>	6
<b>Contributors</b>	Executive Director, Customer Services		
<b>Class</b>	Open	<b>Date</b>	6 <sup>th</sup> March 2013

## 1. Summary and Purpose of this report

- 1.1 This report sets out the proposed changes to the Cash Incentive Scheme grant allowance for 2013/14. The changes to the scheme are proposed in order to assist Lewisham Council tenants to buy a property of their own on the open market.

The proposals will focus on making the scheme a more attractive product particularly in light of the increase in Right to Buy (RTB) incentives. The 2013/14 budget would be used to support the introduction of a revised scheme. This report seeks approval for the Cash Incentive Scheme (CIS) for 2013/14.

- 1.2 This report also presents information regarding CIS moves and RTB moves in the first three quarters of 2012/13 (to the end of December 2012). It also shows the current demand position for both schemes.

## 2. Policy Context

- 2.1 The aim of this report links to Lewisham's Sustainable Community Strategy 2008-2020 which contains the shared priorities for the borough. It sets out a framework for improving the quality of life and life chances for all who live in the borough. This approach works towards meeting the 'Clean, green and liveable' priority to enable people to live in high quality housing and care for and enjoy their environment.

## 3. Recommendations

The Members are recommended to:

- 3.1 Note the proposed changes to grants provided through the Cash Incentive Scheme.

## 4. Background

- 4.1 The Cash Incentive Scheme can help Lewisham council tenants who are just short of the money they need to buy a home in the private sector. If an application is successful, a cash grant is available to help buy a property on the open market anywhere in the United Kingdom. By helping Council tenants become homeowners their empty Council home will be let to a family in priority housing need. There is no restriction on what type of property the tenant will be releasing.

- 4.2 The grant must be used to purchase a property and the payment of the grant is made on the date that the purchase is completed. The grant cannot be used to buy:

- a mobile home or houseboat
- a property sold at auction
- a business or part business property
- the applicant's current Council property under the RTB scheme

- a property abroad

4.3 The Cash Incentive grant cannot be combined with Homebuy, Shared Ownership or any similar scheme. The grant cannot buy into an existing mortgage.

4.4 History of Cash Incentive Scheme Completed Moves:

- 08/09 8
- 09/10 12
- 10/11 16
- 11/12 10
- 12/13 1 to date

4.5 At present the level of the grant depends on:

- the type and size of a property
- whether the property purchased is in the London Borough of Lewisham
- the length of time the occupant has been a public sector tenant

<b>Type of property returning to the Council</b>	<b>Buying within the Lewisham borough</b>	<b>Buying outside the Lewisham borough</b>	<b>Fast mover bonus*</b>
4 bed (or larger) ground floor flats and houses	£29,000	£27,000	£1,000
3 bed ground floor flats and houses	£25,000	£23,000	£1,000
2 bed ground floor flats and houses	£22,000	£20,000	£1,000
3 bed (1st, 2nd, 3rd floor) with lift	£20,000	£18,000	£1,000
2 bed (1st, 2nd, 3rd floor) with lift	£19,000	£17,000	£1,000
2 and 3 bed other	£16,000	£15,000	£1,000
1 bedroom	£14,000	£12,000	£1,000

\* *Fast Mover bonus* – If an application is successful and the applicant moves within 4 months of the application being accepted they are eligible for this bonus.

3.6 There are currently 5 approved applications on the CIS register, all of which have been rolled over from last year.

3.7 7 approved applications withdrew as they have been unable to secure a mortgage.

3.8 The CIS grant allowance has not changed since the inception of the scheme despite the economic changes and subsequent difficulties in households obtaining mortgages.

3.9 The CIS has an annual budget of £200,000. The scheme has been permitted to roll forward unspent balances from previous years which means that the scheme currently has £565,869 available to spend in 2013/14.

3.10 The introduction in April 2012 of the revised Right to Buy Scheme saw some major policy changes including the maximum discount allowed increased from £16,000 to £75,000 depending on the type and size of property purchased.

3.11 The RTB scheme gives tenants the opportunity to buy the Council home they currently live in.

3.12 Since the new RTB discount rules were applied Lewisham Homes have received 155 applications (as at 8<sup>th</sup> January 2013), compared to 58 applications received for the whole of 2011/12 an increase of 167%.

- 3.13 In 2011/12 there were 18 RTB completions, to date there has been 12 completions and 13 cases with Legal that are likely to complete by the 31<sup>st</sup> March 2013. Of the 12 completions 11 have been for the purchase of flats and 1 for a house.
- 3.14 Despite the increase of the RTB grant there is still a drop in the number of completions from 31.03% in 2011/12 to 16.13% 2012/13 (this is based on the 12 completions and the 13 cases currently with Legal and expected to complete this financial year). This is largely due to rising property prices, high deposits required by mortgage lenders, difficulty getting a low interest mortgage, unable to get a mortgage on the type of property they want the RTB for i.e. high rise and job insecurity.
- 3.15 The advantages of the CIS versus RTB scheme are that the Council retain their housing stock, the CIS applicant can locate anywhere within the UK, meeting their housing need and in an area where they are more likely to secure a mortgage.

#### 4. Proposal and Plan

- 4.1 The proposal is to increase the CIS to approximately 15% of the average market value based on the size of property they are releasing. The amount of grant would no longer depend on whether the property purchased is a house or flat or within the borough or not. An extra £4,000 has been added in addition to the 15% to the 4 bedroom property to reflect that value of this size property to Lewisham compared to a 3 bedroom.
- 4.2 The grant will continue to be used as assistance to bridge the shortfall for a household to buy a property on the open market.
- 4.3 There will be a maximum grant level of £44k, to maximise the number of moves from the available budget. The total number of CIS moves will depend on the size of the properties released.
- 4.5 An average market value has been taken from flats currently for sale - as at 8<sup>th</sup> January '13 in the SE6 area. ([www.zoopla.co.uk](http://www.zoopla.co.uk))

Property Type	1 bed	2 bed	3 bed	4 bed	5 bed
Flat	£142k	£175k	£197k	£200k	None for sale

- 4.6 Based on the above sample, the proposal is to award a CIS mover the following grant based on the property returning to the Council.

Type of property returning to the Council	Grant for releasing a flat	Additional £5,000 grant if releasing a house
5 bed	£39,000	£44,000
4 bed	£34,000	£39,000
3 bed	£29,000	£34,000
2 bed	£26,000	£31,000
1 bed	£21,000	£26,000

- 4.7 The CIS mover will be liable for all disbursements costs.
- 4.8 There will be planned targeted advertising promoting the scheme.
- 4.9 A new CIS policy and procedure will be drafted.
- 4.10 If necessary, priority will be given to households in the first instance releasing larger properties and secondary priority will be property type, e.g. a 4 bed house will take priority

over a 4 bed flat, but a 4 bed flat will take priority over a 3 bedroom house. The number of bedrooms is what is most valuable to Lewisham.

## **5. Financial Implications**

- 5.1 The CIS has an annual budget of £200,000. The scheme has been permitted to roll forward unspent balances from previous years which means that the scheme currently has £565,869 available to spend in 2013/14.
- 5.2 Increased grant values, without a corresponding increase in budget means that, in the long term, there is the potential to issue less grants. The broadening of the eligibility criteria and the impact of Housing Benefit regulations in respect of under occupation may increase demand. The additional demand will, therefore, need to be managed to ensure the scheme stays within the allocated budget.
- 5.3 The increased grants may result in greater availability of Council housing properties for families with a priority need and may also reduce temporary accommodation costs

## **6. Legal and Human Rights Implications**

- 6.1 The Equality Act 2010 (the Act) introduced a new public sector equality duty (the equality duty or the duty). It covers the following nine protected characteristics: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
- 6.2 In summary, the Council must, in the exercise of its functions, have due regard to the need to:
  - eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.
  - advance equality of opportunity between people who share a protected characteristic and those who do not.
  - foster good relations between people who share a protected characteristic and those who do not.
- 6.3 The duty continues to be a “have regard duty”, and the weight to be attached to it is a matter for the Mayor, bearing in mind the issues of relevance and proportionality. It is not an absolute requirement to eliminate unlawful discrimination, advance equality of opportunity or foster good relations.
- 6.4 The Equality and Human Rights Commission has recently issued Technical Guidance on the Public Sector Equality Duty and statutory guidance entitled “Equality Act 2010 Services, Public Functions & Associations Statutory Code of Practice”. The Council must have regard to the statutory code in so far as it relates to the duty and attention is drawn to Chapter 11 which deals particularly with the equality duty. The Technical Guidance also covers what public authorities should do to meet the duty. This includes steps that are legally required, as well as recommended actions. The guidance does not have statutory force but nonetheless regard should be had to it, as failure to do so without compelling reason would be of evidential value. The statutory code and the technical guidance can be found at: <http://www.equalityhumanrights.com/legal-and-policy/equality-act/equality-act-codes-of-practice-and-technical-guidance/>
- 6.5 The Equality and Human Rights Commission (EHRC) has previously issued five guides for public authorities in England giving advice on the equality duty:
  1. The essential guide to the public sector equality duty
  2. Meeting the equality duty in policy and decision-making

3. Engagement and the equality duty
4. Equality objectives and the equality duty
5. Equality information and the equality duty

6.6 The essential guide provides an overview of the equality duty requirements including the general equality duty, the specific duties and who they apply to. It covers what public authorities should do to meet the duty including steps that are legally required, as well as recommended actions. The other four documents provide more detailed guidance on key areas and advice on good practice. Further information and resources are available at: <http://www.equalityhumanrights.com/advice-and-guidance/public-sector-equality-duty/guidance-on-the-equality-duty/>

## **7. Crime and Disorder Implications**

7.1 There are no crime and disorder implications.

## **8. Equalities Implications**

8.1 The changes being recommended to the Cash Incentive Scheme (CIS) will enable more Lewisham residents living in social housing to buy their own home, either within the borough or elsewhere. This will provide them with more stability and choice in where they live whilst also freeing up valuable social housing for those in need, supporting vulnerable residents currently living in temporary or unsuitable homes to access settled accommodation for themselves and their families.

8.2 This is likely to have a positive equalities impact for the majority of protected characteristic groups within the Equality Act 2010, particularly ethnicity, gender and disability (previous equality analysis assessments have demonstrated that residents on Lewisham's Housing Register, for example, are more likely to be female, from a black/minority ethnic background and to have a disability/life-limiting illness) as well as positive benefits in wider socio-economic terms.

8.3 A full EAA has not been undertaken at this stage as there are no negative equalities impacts anticipated, but officers will collect equalities data from successful and unsuccessful applicants in order to monitor the outcomes of the revised CIS on an ongoing basis, undertaking action to mitigate any adverse effects as required.

## **9. Environmental Implications**

9.1 There are no environmental implications.

## **10 Conclusion**

10.1 In conclusion, the current CIS grants are out of date and no longer fit for the purpose they were intended; to bridge the gap (financial shortfall) and enable Lewisham Council tenants in buying properties on the open market.

## **11 Background documents and originator**

12.1 If you require more information on this report please contact Nina Morris, Lettings & Support Services Manager on 0208 314 6567.