

# **EVALUATION OF DEPARTMENT FOR WORK & PENSIONS UNDER OCCUPIER INCENTIVE SCHEME**

**In-house report 99**

**Hal Pawson  
Stephen Sinclair**

**7962 8557**

**28557**

**EVALUATION OF DEPARTMENT FOR WORK  
AND PENSIONS UNDEROCCUPIER INCENTIVE  
SCHEME**

**A study carried out by the  
Department for Work and Pensions**

**By**

**Hal Pawson and Stephen Sinclair  
Planning & Housing Edinburgh College of Art/Heriot-Watt  
University**

© Crown copyright 2002. Published with permission of the Department for Work and Pensions on behalf of the Controller of Her Majesty's Stationary Office.

The text in this report (excluding the Royal Arms and Departmental logos) may be reproduced free of charge in any format or medium provided that it is reproduced accurately and not used in a misleading context. The material must be acknowledged as Crown copyright and the title of the report specified. The DWP would appreciate receiving copies of any publication that includes material taken from this report.

Any queries relating to the content of this report and copies of publications that include material from this report should be sent to: Paul Noakes, Social Research Branch, Room 4-26 Adelphi, 1-11 John Adam Street, London WC2N 6HT

For information about Crown copyright you should visit the Her Majesty's Stationery Office (HMSO) website at: [www.hmsogov.uk](http://www.hmsogov.uk)

**First Published 2002**

**ISBN 185197 988 3**

**ISSN 1368 244X**

## **Acknowledgements**

The authors wish to thank the staff in the pilot local authorities who helped in the collation of this report through agreeing to be interviewed, through assisting with the selection of the tenants survey samples, and through providing large amounts of statistical data. In particular, thanks are due to **Toyin Tinubu** (Croydon), **Pauline Robb** (Haringey) and **Vi Blake** (Newham). Advice and guidance from the Department's nominated officers **Robert Lilly** and **Andy Brittan** was also highly valued. Thanks are also due to **Pam Erwood**, **Nancy Mear** and **Bryony Dahl**, the interviewing team who carried out the tenants survey so successfully.

## **The authors**

**Hal Pawson** is a Research Fellow at the School of Planning & Housing, ECA/Heriot-Watt University. Hal is an experienced housing researcher whose specialist areas include housing management, housing privatisation and urban regeneration. Hal has managed many major studies on behalf of clients such as the DTLR, Housing Corporation, Scottish Executive and Scottish Homes.

**Stephen Sinclair**, a Research Associate at the School of Planning & Housing, is a social policy expert with a particular interest in social inclusion. He was a member of the team which evaluated local authority bids for pilot status under the DETR's choice-based lettings challenge fund initiative.

# *Contents*

---

	<i>Page</i>
<b>Summary</b>	<b>1</b>
<b>1. Introduction</b>	<b>5</b>
1.1 Background to the Study	
1.2 National Policy Context	
1.3 Evaluation Challenges	
1.4 Evaluation Methodology	
1.5 Report Structure and Terminology	
<b>2. Policy Context in Pilot Local Authorities</b>	<b>13</b>
2.1 Chapter Scope	
2.2 The Pilot Local Authorities	
2.3 The DWP Underoccupier Incentive Scheme	
2.4 Local Policies to Promote Trading Down Moves	
2.5 The Local Implementation of the DWP Incentive Scheme	
<b>3. Statistical Evidence on Underoccupier Moves in the Pilot Authorities</b>	<b>21</b>
3.1 Introduction	
3.2 Contextual Data	
3.3 The Characteristics of Trading-down Moves and Movers	
3.4 Financial Considerations and Cost-effectiveness	
3.5 Chapter Summary	
<b>4. Trading-down Moves: The Tenants' Perspective</b>	<b>35</b>
4.1 Introduction	
4.2 Underoccupiers' Reasons for Moving and Their Property Requirements	
4.3 Choosing a New Home	
4.4 The Experience of Landlord Measures to Promote Moves	
4.5 Chapter Summary	
<b>5. Conclusions and Recommendations</b>	<b>45</b>
5.1 Impact of the DWP Incentive Scheme	
5.2 Recommendations	
<b>Appendix 1 – Monitoring Data Specification for Pilot Local Authorities</b>	<b>49</b>
<b>Appendix 2 – Topic Guide for Interviews/Group Discussions with LA Staff</b>	<b>51</b>

<b>Appendix 3 – Tenants Survey: Selection and Recruitment</b>	<b>53</b>
<b>Appendix 4 – Characteristics of Tenant Interviewees and Interviewee Moves</b>	<b>55</b>
<b>References</b>	<b>57</b>

---

## SUMMARY

### **The Study: Aims and Methodology**

The study was commissioned by the Department of Social Security (now Department for Work & Pensions – DWP) as an interim assessment of the incentive payments scheme for underoccupier movers being piloted by three London boroughs from 2000/01 until 2002/03. It was primarily intended to establish the impact of the scheme in terms of (a) the overall volume of underoccupier movers, and (b) the rehousing choices of underoccupier movers.

The research involved (a) in-depth interviews and group discussions with key local authority staff, (b) an analysis of administrative data on underoccupier movers collected by the pilot authorities, and (c) in-depth interviews with 43 former underoccupiers who had moved to a smaller home with the aid of an incentive payment, and 40 current underoccupiers registered on the pilot authorities' transfer lists.

### **Research Findings**

#### ***Trends in the volume of underoccupier moves***

The number of trading down moves in the pilot local authorities has tended to decline over the past few years, though this trend is partly a reflection of falling turnover in council housing in London seen since 1997 (Table 3.1). There is no sign of any marked change in these trends coinciding with the introduction of the DWP incentive scheme in 2000/01. In numerical terms, trading down transfers within council housing fell in all three boroughs as compared with the previous year.

#### ***The nature of underoccupier moves***

Most trading down transfers in the pilot authorities involve moves from two or three bedroom homes to one bed properties. Very few underoccupier moves free up four bedroom homes (Table 3.4). About a quarter of moves involving underoccupying council tenants are to RSL tenancies (Table 3.5). Whilst most trading down movers are older people, young adults – some with children – are significantly represented (Tables 3.6 and 3.7). Over two thirds of movers are eligible for Housing Benefit (Table 3.8).

#### ***Qualification for incentive payments***

Most tenants receiving a payment under the DWP incentive scheme also qualify for the incentive schemes run by the pilot local authorities, themselves. Overall, however, less than half of all underoccupier movers in the three boroughs received DWP payments – a much lower proportion than for local authority payments (Table 3.10). Among tenants who received them in 2000/01, the average value of DWP and local authority payments was about the same at around £1,000 (Table 3.11). A small number of those qualifying for both payments received sums totalling over £4,000.

### ***Impact of underoccupier moves on the benefit bill***

In general, moves by underoccupiers eligible for Housing Benefit reduce the overall benefit bill. This is partly because the average HB payment for which former underoccupiers are eligible in their new home tends to be smaller than was the case in their old home (Table 3.12). It also reflects the fact that tenants who move into the homes vacated by outgoing underoccupiers are slightly less benefit-dependent than their predecessors (Table 3.13). But these savings pale almost into insignificance compared with the effect on the benefit bill of rehousing homeless households out of expensive temporary accommodation where Housing Benefit costs tend to be very large.

It must, however, be stressed that ‘savings’ can be attributed to the DWP incentive scheme only to the extent that the trading down moves from which they stem are genuinely additional to those which would have taken place in the absence of the scheme – i.e. moves brought about by the availability of incentive payments.

### ***Factors prompting underoccupier moves***

The factors which motivate underoccupiers in favour of moving tend to reflect the age distribution of those concerned, rather than being directly linked with underoccupation itself (Section 4.2). For example, the proportion of survey respondents citing concerns over neighbourhood decline and anti-social behaviour was slightly higher than that mentioning the need to shed responsibility for cleaning and maintaining an ‘over large’ large property. Whilst a number of tenants saw their move as a socially responsible act in a situation of housing shortage, none of the 83 interviewees mentioned any financial motivation for seeking a move.

### ***Impact of incentive schemes on tenants’ rehousing choices***

Tenants’ testimony provides no evidence that the DWP incentive scheme had a discernible impact on decisions either to apply for a transfer or to accept transfer offers more readily (Section 4.3). Very few underoccupiers were aware of or understood the SSPRU scheme when applying for a transfer or responding to a tenancy offer, and therefore it could not have affected their considerations.

There is also relatively little evidence that the incentive schemes run by the pilot local authorities themselves had much influence on these decisions. Whilst awareness of local authorities’ schemes was relatively widespread, only a fifth of respondents recalled having heard of these before registering for a transfer (Section 4.3).

Among the 83 respondents only four reported that the availability of incentive payments had been a material factor which had affected their decision-making and actions in relation to their move. In all these cases, however, the tenants referred to the local authority scheme rather than the SSPRU initiative. Underoccupiers in receipt of Housing Benefit are overwhelmingly disinterested in rent levels and very few are aware that the structure of the DWP scheme gives them an incentive to trade down to a cheaper home (Section 4.3).

### ***Attitudes towards non-financial help for movers***

Awareness that local authorities make available non-financial assistance to underoccupiers is fairly widespread among the target group for such help. Assistance of this kind – e.g. arrangement of removals, utility disconnection and reconnection – tends to be valued more highly than cash payments (Section 4.4).

### **Conclusions**

There is little or no evidence that the DWP incentive scheme has so far brought about trading down moves by underoccupiers which would not otherwise have taken place. Whilst the availability of incentive payments is believed to have a marginal impact in terms of encouraging underoccupiers to register for a transfer, the relatively recent introduction of the DWP scheme could explain the absence of any evidence that this has, so far, taken place.

Overall, however, the research findings compound those of earlier studies that the quality of vacancies and the practical help offered to potential movers are much more significant than the availability of incentive payments in encouraging underoccupiers to move.

It is highly unlikely that the structure of the DWP incentive scheme has sensitised underoccupiers towards differences in rents between properties vacated and taken up. This follows from the finding that very few of those qualifying for a payment under the scheme understood how this was calculated.

Within the traditional allocations framework the opportunities for rehousing applicants to prioritise ‘low rent’ vacancies are extremely limited. Under the ‘choice-based’ systems being developed in the pilot authorities, however, the scope for weighing up rehousing options is likely to be greater. Within this framework, therefore, it may be more realistic to imagine that the structure of the DWP incentive scheme may influence tenants’ rehousing choices such that they give priority to onward moves where rents are lower.

Given that very few if any underoccupier moves can be attributed to payments under the DWP incentive scheme, the scheme cannot fairly be credited with the reductions in Housing Benefit expenditure which undoubtedly flow from trading down moves by underoccupiers. It is, therefore, questionable whether the £175,000 annual cost of the scheme represents ‘value for money’.

### **Recommendations**

1. The pilot local authorities should be encouraged to publicise more widely the benefits on offer for underoccupiers prepared to move; the aim being to sway unregistered underoccupiers in favour of applying for a transfer
2. The pilot local authorities should be encouraged to consider the desirability and feasibility of adopting a standard procedure whereby all underoccupiers registering on the transfer list are offered an interview to discuss their rehousing options and the benefits available to them
3. The pilot local authorities should be required to improve the completeness of their

statistical monitoring on underoccupier moves, both in terms of ensuring that all trading down moves are recorded (irrespective of the destination of the move), and in terms of minimising missing data items for each mover (especially in terms of rent and Housing Benefit data).

4. The Department should consider the possible value of commissioning a second phase to the evaluation to consider the impact of choice based lettings for underoccupier movers in the context of the SSPRU incentive scheme. Alternatively, it might be possible to obtain the agreement of the Department of Transport, Local Government and the Regions (DTLR) to incorporate a specific focus on underoccupation within its main evaluation of choice-based lettings in the DWP's pilot local authorities.
5. The Department should consider whether the resources currently devoted to the pilot incentive scheme might be better used in underwriting the additional staffing and other costs incurred by local authorities in providing underoccupiers with practical support and counselling of a more intensive nature than presently offered

## **CHAPTER 1 – INTRODUCTION**

### **1.1 Background to the Study**

During 2000/01 the Department of Social Security (now the Department for Work & Pensions – DWP) began piloting a scheme designed to encourage council tenants underoccupying their homes to move to smaller properties. The scheme, targeted on ‘trading-down’ movers eligible for Housing Benefit was motivated by the broad aim of facilitating a more efficient use of the housing stock. The specific objective, however, was to achieve overall HB savings through promoting moves by HB-eligible tenants to cheaper homes where the HB cost of underpinning their rent would be lower. The precise rules of the scheme and its detailed objectives are set out in more detail in Section 2.3.

The pilot, being carried out in the London boroughs of Croydon, Haringey and Newham, is scheduled to run for three years. Rather than waiting until 2003, however, the Department decided to commission this study as an interim assessment of the scheme in its first year of operation. This provides an early opportunity to learn from the initial period of implementation and to consider the scope for refinements of rules and procedures which might be implemented through the remainder of the pilot’s duration.

### **1.2 National Policy Context**

Central Government concern over the extent of underoccupation in social rented housing stems from the aspiration to ensure that existing public sector housing stock is fully utilised. This concern began to be voiced increasingly frequently during the early and mid-1990s (e.g. DoE, 1995), following a period where rising demand from statutory homeless households had resulted in steep increases in local authority spending on temporary housing. Mainly through the Housing Investment Programme (HIP) system, authorities were placed under growing pressure to demonstrate action to reduce underoccupation. In the main, this involved the encouragement of ‘trading down’ transfers – i.e. underoccupier moves to smaller council tenancies.

The high priority accorded to the reduction of underoccupation was reflected in the commissioning of specific research (Barelli, 1992; Barelli and Pawson, 2001) and in the adaptation of the annual HIP statistical return completed by local authorities to encompass monitoring of trading down transfers (see below).

Since the change of government in 1997 the reduction of underoccupation has continued to be an official priority. However, there has been a growing Central Government awareness that – particularly in the light of emerging problems of low demand for housing (Bramley et al, 2000) – the appropriateness of this policy is to some extent dependent on local circumstances. This is reflected in the treatment of the issue in the Housing Green Paper (DETR, 2000).

Nevertheless, with the recently tightening housing market in London and the South, the rational case for tackling underoccupation in these regions – as well as in certain localities in other parts of the country – has never been stronger. In the period 1998-2000, for example, the number of households registered on housing waiting lists in

London rose by 13 per cent and statutory homelessness rose by 15 per cent. At the same time, however, the net supply of council lettings fell by 38 per cent (due to falling turnover). Crucially, the excess of demand over supply is particularly acute with respect to larger homes. In general, this pattern is the reverse of that seen in the north of England (calculations based on unpublished HIP data).

The growing shortage of social housing in London and the south seen over the past 2-3 years has resulted in rising numbers of households being accommodated in bed and breakfast hotels and other expensive forms of short term housing. Given that many of the households involved require dwellings with three or more bedrooms, these costs (largely borne by the public sector) are a major justification for the payment of cash incentives to encourage underoccupiers to trade down.

Partly stimulated by the conclusions of the DoE's earlier research (Barelli, 1992), as well as by the pressure exerted through the HIP system, many local authorities have adopted policies designed to reduce underoccupation. Among the many devices with which authorities have experimented, the payment of 'expenses' or cash incentives has been one of the most widely pursued. The practical justification for such payments is that a house move is a costly process, both emotionally and financially and that, for some people, the financial costs involved could be a real impediment to action.

By 1997, more than half of landlord local authorities (59 per cent) had adopted a policy of paying 'expenses' or 'incentives' to underoccupiers trading down to smaller properties (Barelli and Pawson, 2001). This was despite the slightly ambiguous legality of such schemes in advance of the Housing Act 1996 which made explicit provision for payments of this kind.

Other than the offer of cash payments to qualifying tenants, local authority policies aimed at reducing underoccupation can be classed under two headings:

- allocations policies and practices
- services provided to tenants who move

In the main, underoccupation arises as adult children leave the family home and therefore affects older middle aged and elderly people. 57 per cent of households occupying homes which have two or more bedrooms in excess of their 'needs' are single pensioners or pensioner couples. Partly for this reason, policies designed to combat underoccupation tend to be targeted towards older people. (Barelli and Pawson, 2001; Pawson et al, 2001).

The economic justification for such interventions has two aspects. First, there is a view that council housing rent differentials between properties of different sizes are excessively 'flat' and that, as a result, they do not provide sufficient 'trading down' incentive for people overconsuming this commodity (Walker and Marsh, 1998).

Second, the structure of the Housing Benefit system – in that it provides up to 100 per cent rent rebates for council tenants – means that those qualifying for full benefit

derive no immediate financial advantage from moving to a cheaper home. It should, however, be kept in mind that there is empirical evidence showing that the great majority of HB recipients believe that rent levels are important in choosing a new home. This may be because many of those concerned anticipate coming off benefit in the foreseeable future (Walker and Marsh, 1995). These considerations are important because, as shown in Table 1, the majority of underoccupiers are eligible for benefit.

*Table 1.1* Benefit status of social renters underoccupying their homes

No of bedrooms in relation to bedroom standard	Full HB	Partial HB	No HB	Total
	%	%	%	%
2+ above	24.4	37.4	37.2	100.0
1 above	28.4	34.8	36.7	100.0
At standard	33.5	31.7	34.8	100.0
Below	34.2	34.8	32.6	100.0
Total	30.9	33.5	35.6	100.0

Notes: 1. The bedroom standard is a yardstick used to calculate the number of bedrooms ‘required’ by a household of any given composition. 2. Table excludes the 7.9% of respondents in the social rented sector for whom there was missing data. Source: Barelli and Pawson (2001) – original data from Survey of English Housing, 1995/96

Addressing the first of the contentions discussed above (‘inadequate rent differentials’) requires restructuring of rents in social housing. This is an official policy aim (DETR, 2000). Nevertheless, given that social landlords currently enjoy considerable discretion in this area and bearing in mind the complexity of the issues raised, it will take some time to achieve.

On the other hand, given that Central Government has stronger control over the Housing Benefit system, there is greater potential scope for the problems related to the structure of that system being addressed directly from the centre. Ultimately, the aspiration is to fundamentally reform this structure to provide incentives for all households to ‘shop around’ for lower rents and for those with ‘superfluous’ space or amenities, to trade these in return for lower net outgoings (DETR, 2000). However, the prior need to achieve a more consistent pattern of social sector rents means that it will be some considerable time before such changes are introduced across the board. This is where the Social Security Payments to Reduce Underoccupation (SSPRU) scheme comes in. The main aim of the scheme is to ‘incentivise’ trading down moves by households eligible for benefit, within the current rent and benefit framework. By facilitating such moves, the scheme would improve the efficiency with which the housing stock is used. The more immediate objective is to achieve net savings in HB expenditure through reduced underoccupation. The extent to which such savings might be achieved is crucially dependent on whether the availability of the new incentive payments materially affects underoccupying tenants’ behaviour in terms of:

- generating trading-down moves which would not, otherwise, occur, and/or
- increasing the average net reduction in rent between the home given up and the

home taken up

Before moving on to describe the evaluation task and the methodology used, it is also relevant to note the DETR's recent policy initiative with respect to social housing allocation. As set out in the Housing Green Paper, central government is keen for social landlords to adopt more 'choice-based' approaches which allow rehousing applicants a more direct role in the selection of vacancies (DETR, 2000). In March 2001 Ministers designated 27 pilot schemes to develop and test such models throughout England (Pawson, 2001). The 27 local authorities involved include Croydon, Haringey and Newham – all three of the councils piloting the DWP underoccupier incentive scheme.

Given their typically high priority status, underoccupiers have in the past tended to be allowed more scope for choice than other applicants. Nevertheless, the radical change to the overall lettings framework implied by the choice-based models now envisaged raises questions as to how existing policies favouring underoccupiers (including SSPRU) will be integrated within new systems.

### **1.3 Evaluation Challenges**

Measuring the extent to which policies designed to tackle underoccupation contribute towards this objective is a challenging task. Firstly, there are few points of reference as to the actual incidence of underoccupation. Whilst the recent DETR study (Barelli and Pawson, 2001) draws on national surveys which reveal the scale of the phenomenon at regional level, only the decennial census provides a check on this at a lower level of aggregation (e.g. individual local authorities).

A second, and related, point is that the stock of underoccupiers is constantly in flux due to demographic and social changes. The cohort is constantly being boosted by households whose members depart to live with others or to occupy their own independent homes. Unless the volume of trading down moves (as well as deaths and moves to institutions) exceeds this flow, the net scale of underoccupation will increase. This point needs to be borne in mind when viewing the data on trading down transfer activity – e.g. as shown in Table 3.1. The extent to which this volume of moves is actually reducing the *stock of underoccupiers* is difficult to gauge.

A third, and crucial, point is that trading down moves apparently facilitated by a landlord's active intervention (e.g. through the payment of a cash incentive) may have taken place even without this stimulus. Whilst most recipients of such payments clearly appreciate the help provided by local authorities, existing research evidence shows that many movers claim their decision to move was independent of such assistance (Barelli and Pawson, 2001). The DETR research concluded that most underoccupier moves result from factors which are incidental to the fact that the dwelling is actually 'over-large'. Interviewed movers tended to refer to factors such as clashes of lifestyle with neighbours, growing problems with stairs etc, rather than problems related to the heating, maintenance or cost of the home (which could be a consequence of occupying an 'over-large' property). Thus, whilst there are currently around 20,000 council tenants transferring to smaller homes each year, it would be mistaken to attribute all – or probably even most – of these moves to policy

intervention on the part of landlords.

In some cases it might be that moves are brought forward by the availability of help rather than being wholly generated by it. In evaluation terms the problem here is the difficulty in constructing a counter-factual scenario – i.e. a model of *what would have happened* in the absence of intervention.

A fourth difficulty relates to the potentially overlapping impact of various policy measures. Even if it appears to be the case that the volume of trading down moves is being boosted by landlord actions, the fact that ‘underoccupier strategies’ typically involve a combination of devices often makes it difficult to disentangle the effects of each individual intervention.

Weaknesses in local authority record-keeping are another potential difficulty for any attempt to evaluate underoccupation policies. For example, in the Barelli and Pawson study it was found that the records on movers kept by some authorities contained little detail on the characteristics of the households concerned. Where records were kept on, for example, the payment of incentives, the numbers of households involved did not always appear to tally with the statistics on all trading down moves as recorded on official statistical returns to central government.

#### **1.4 Evaluation Methodology**

The study involved three main components:

1. analysis of monitoring data and other administrative records held by pilot local authorities
2. depth interviews and group discussions involving relevant local authority staff
3. interviews with underoccupier movers and with underoccupiers registered on local authority transfer lists who had not yet moved

##### *Analysis of Administrative Data*

Under the terms of their agreement with the Department, the authorities are obliged to record a range of information relating to all moves made by underoccupying council tenants during the pilot period – 2000/01 in Croydon and Haringey, the fourth quarter of 2000/01 in Newham. Appendix 1 lists the variables specified for inclusion within this framework. In addition, the three boroughs were asked by the research team to provide a number of other data items to facilitate the evaluation. The most significant of these involved monitoring data for:

- underoccupier moves in the period immediately preceding the introduction of the scheme (1999/00 for Croydon and Haringey, the third quarter of 2000/01 for Newham)
- successor tenants moving into homes vacated by trading-down underoccupiers in receipt of DWP incentive payments

In practice, despite the offer of research team assistance to the pilot authorities, the

administrative data obtained from them was rather variable, in both its coverage and its quality. In particular, material relating to trading down moves in the immediate pre-scheme period was highly incomplete. Information about the characteristics and previous circumstances of ‘successor tenants’ was also very difficult to obtain. Such difficulties limit the confidence which can be placed on some of the tentative findings of the analysis set out in Chapter 3.

#### *Contacts with Local Authority Staff*

The purpose of these contacts was to gauge officers’ perceptions of the factors affecting the level of trading down transfers and, in particular, views on the impact of the SSPRU scheme among HB-eligible underoccupiers.

All three pilot boroughs have created a single designated post with responsibility for the promotion of underoccupier moves. The postholder was the key interviewee in each authority. Other colleagues interviewed individually or in a group discussion format included housing allocation staff with a managerial or operational role which touched on underoccupier moves.

The scope of these discussions is indicated in the listing of headings set out in Appendix 2.

#### *Interviews with Tenants*

These formed the main element of the research, with interviewees involving both (former underoccupier) movers and non-movers (existing underoccupiers registered for a transfer). Given that the SSPRU scheme is targeted on HB-eligible tenants, HB entitlement was a selection criterion for both groups.

The purpose of interviewing trading down movers was to explore the experiences and perceptions of this group, to probe their awareness of the SSPRU scheme and its rules, and the extent to which the availability and structure of the scheme affected their thinking as they weighed up rehousing options.

The purpose of interviewing transfer-listed non-movers was similar, though it focused more on familiarity with the existence of the SSPRU scheme and whether the availability of the payment had affected the decision to register for a move. Apart from being in receipt of HB, it was decided to restrict non-mover eligibility for interview to those who had registered for a transfer since the introduction of the SSPRU scheme. The thinking here was that tenants whose registration on the list predated the scheme’s existence could not be probed as to whether the availability of the payment had affected their decision to register or the choices they had expressed at the point of registration.

*Table 1.2* Tenant interviews: eligible population and achieved samples

LA	Underoccupier movers in receipt of SSPRU payments		HB eligible underoccupier non-movers registered on transfer lists	
	No. of moves in 2000/01	Achieved interviews	No. registered since scheme start	Achieved interviews
Croydon	33	14	23	13
Haringey	25	15	33	15
Newham	15	14	33	12
<b>Total</b>	<b>73</b>	<b>43</b>	<b>89</b>	<b>40</b>

Note: Achieved interviews of underoccupier movers in Newham included a number of tenants whose move took place in the first quarter of 2001/02.

As shown in Table 1.2 the population of households eligible for interview was quite limited in all three authorities – particularly in relation to trading down movers in Newham which began to operate the DWP incentive scheme only in January 2001. In all, 83 interviews were completed – 43 movers and 40 non-movers. As Table 1.2 illustrates, these were split fairly evenly between the three authorities<sup>1</sup>. Other than this, there was no explicit attempt to stratify the sample. Given the relatively large number of interviews sought (85) as compared with the number of potentially eligible tenants (around 160) this was regarded as inappropriate. As a means of maximising interviewee take-up, respondents were offered an incentive/expenses payment of £20. Further details of the recruitment procedure are given in Appendix 3.

Interviews were undertaken in tenants’ own homes, with a typical duration of half an hour to one hour. Topic guides for the two sets of interviews were developed with reference to these issues and to the list of headings used for interviews with staff (see Appendix 2). Transcripts of interviewee responses were analysed using NU-DIST software.

### **1.5 Structure of Report and Terminology**

The remainder of this report is structured as follows. Chapter 2 discusses the policy context in relation to underoccupation in each of the pilot local authorities. As well as a more detailed description of the DWP incentive scheme itself, this explains each authority’s own policies and procedures designed to facilitate trading down moves. The following chapter analyses the statistical evidence on trading down moves in the three authorities and, in particular, the operation of the DWP scheme.

Chapter 4 looks at underoccupier moves from the perspective of the tenants involved. It examines the reasons that underoccupiers decide to move, at the types of homes they tend to seek, and at their experience of the transfer process. Specifically, it looks at the extent to which tenants are aware of the DWP incentive scheme’s existence and the extent to which this has affected their decisions on the move. Chapter 5 draws together the conclusions supported by the various different strands of evidence and

---

<sup>1</sup> Five interviews were conducted outside Greater London; four involving underoccupier movers formerly living in Haringey or Newham and who had been nominated to a non-London landlord, and one who was a transfer-listed underoccupier of an ‘out of borough’ estate managed by Haringey LBC

makes recommendations for the future of the pilot as well as for the possible second phase of the evaluation.

Throughout the report, the phrases DWP scheme and SSPRU scheme are used interchangeably to refer to the structure of underoccupier incentive payments funded by central government. The term ‘underoccupier’ is applied to tenants administratively defined in this way by local authorities. Generally, this means anyone whose current home has one or more bedrooms than they ‘need’ according to what are usually rather tightly defined schedules matching various configurations of household type to property size. The term ‘trading down move’ or ‘trading down transfer’ is used to describe any house move on the part of an underoccupier which results in them taking up a home with fewer bedrooms than their former home (though the rent – or theoretical market value – of the new home may not, necessarily, be lower).

## CHAPTER 2 – POLICY CONTEXT IN PILOT LOCAL AUTHORITIES

### 2.1 Chapter Scope

This chapter examines the range of policy instruments operated by the three authorities to facilitate trading down transfers and alongside which the DWP incentive scheme is run. In doing so, the chapter draws mainly on the depth interviews and group discussions convened with pilot local authority staff involved with rehousing underoccupiers. Before discussing the underoccupation policy measures in detail, we provide some contextual data on the pilot authorities and describe in detail how the DWP incentive scheme operates.

### 2.2 The Pilot Local Authorities

The pilot authorities are all London boroughs experiencing very high demand for affordable housing and a particular shortfall in the supply of homes suitable for larger family households. Tables 2.1 (a) and (b) contrast the mix of the council stock in the pilot local authorities with the national picture. The relatively low proportion of smaller houses in all three authorities is particularly relevant to this study, given the common aspiration among underoccupiers in favour of 1-2 bed bungalows or similar types of property.

*Table 2.1* Characteristics of council housing stock in pilot local authorities

#### (a) Breakdown by type

	Flats			Houses	Total	
	Low rise	Medium rise	High rise		%	Number
	%	%	%	%	%	Number
Croydon	14.0	33.8	11.0	41.3	100.0	15,233
Haringey	15.6	34.2	15.0	35.1	100.0	18,908
Newham	9.1	42.3	21.3	27.3	100.0	23,143
England	16.9	17.1	7.6	58.4	100.0	3,011,995

#### (b) Breakdown by type and size

	Flats			Houses			Total	
	1 bed	2 bed	3 bed+	1-2 bed	3 bed	4 bed+	%	Number
	%	%	%	%	%	%	%	Number
Croydon	28.2	25.8	4.8	9.7	29.1	2.5	100.0	15,233
Haringey	32.5	22.0	10.4	13.4	17.2	4.5	100.0	18,908
Newham	28.6	29.3	14.9	6.7	17.0	3.6	100.0	23,143
England	21.2	15.8	4.6	22.2	33.8	2.4	100.0	3,011,995

Sources: Pilot LA total stock figures (1 April 2001) from 2001 Housing Strategy Submissions to DTLR; England figure (1 April 2000) from 2000 HIP Submissions;

Percentage breakdowns based on 1997 DETR Housing Subsidy Claim form data

Even if housing demand is considered only in terms of priority homeless, it heavily outweighs supply in all of the authorities – see Table 2.2. For example, in Croydon the number of households accepted as homeless and in priority need in 2000/01 totalled 1,886, more than twice the total number of lettings to new tenants (859). Focusing on the position in respect of family size housing, however, it can be seen that the shortfall in supply is even more acute: 1,397 priority homeless households contained children or a pregnant woman and therefore required a home with two or more bedrooms, whilst the total number of family size properties let to new tenants was only a third of this number – 483. And although precise figures are not available, it is likely that the excess of demand over supply for three and, especially, four-bedroom homes will have been yet more extreme.

*Table 2.2* Housing demand and supply in the pilot local authorities

	LA lettings...			Households on housing waiting list, 1 April 2001	Priority homeless households accepted in 2000/01	
	To new tenants		To transfers		Total	Needing 2 or more bedrooms
	All	2 or more bedrooms	All			
Croydon	859	483	185	6,214	1,886	1,397
Haringey	702	358	265	10,344	1,362	989
Newham	697	na	325	11,426	1,495	1,196

Source: 2001 Housing Strategy Submissions to DTLR

For the pilot authorities this excess of demand over supply tends to lead to expanding numbers of homeless households placed in short term accommodation as they queue for a permanent home. Across London as a whole, the numbers of households in such temporary lettings rose by 57 per cent between 1997 and 2000 (London Housing Unit, 2000). Apart from the unsuitable nature of some temporary accommodation, its costs are substantial, with the lion's share met through Housing Benefit.

Outwith the figures shown in Table 2.2, each of the pilot local authorities has 200-300 underoccupying tenants registered on its transfer list – i.e. 1-2 per cent of all tenants.

### **2.3 The DWP (SSPRU) Underoccupier Incentive Scheme**

The DWP underoccupier incentive scheme is operated under S79 of the Welfare Reform and Pensions Act 1999 and the SSPRU Regulations statutory instrument (SI 2000/637). The scheme's overall objective is to reduce the cost of Housing Benefit attributable to social sector tenants occupying homes larger than their 'needs'. Its specific aims are to:

- increase the volume of trading down moves by underoccupiers, and
- increase the average reduction in rent associated with trading down moves

Thus, the availability of the incentive payment is intended to encourage underoccupying tenants

- to register for a transfer
- to accept more readily tenancy offers of smaller homes
- to give priority to finding a home with a lower rent

The eligibility criteria for the payment are as follows:

- the tenant must be underoccupying a social rented property
- the tenant must be in receipt of Housing Benefit
- the tenancy to be taken up must have a lower rent than the former home
- the move must generate vacant possession of the former home

The size of the payment is determined by the differential in rent between the tenant's new home and their former home. It is calculated according to the formula:

$$\frac{1}{2} \times (A-B) \times 156$$

where A is the weekly rent (less ineligible service charges) in respect of the tenant's former home; and B is the weekly rent (less ineligible service charges) in respect of the tenant's new home.

'Ineligible service charges' refers to services charges outside the scope of Housing Benefit – e.g. relating to water, heating or furniture. Eligible service charges (e.g. relating to security) are, therefore, supposed to be treated as though they form an integral element of the rent.

Pilot authorities also have the power to make deductions from DWP incentive payments in relation to rent arrears or recoverable HB overpayments.

The DWP has entered into service level agreements with the pilot local authorities. Under these agreements, the authorities are committed to implementing the scheme with full funding from the Department. In addition to underwriting the cost of the incentive payments, themselves, the Department also pays a fee to each authority to cover the administrative costs associated with operating the scheme. In return, the authorities are obliged to maintain a specified set of monitoring data relating to all underoccupier moves (see Appendix 1).

#### **2.4 Local Policies to Promote Trading Down Moves**

Table 2.3 illustrates the range of policies operated by the three pilot authorities to facilitate trading down moves by underoccupiers. Clearly, the DWP scheme is only one element within a policy array, some elements of which are common across all three authorities. Before describing the local implementation of the DWP scheme, this section briefly explains what these complementary measures involve.

Table 2.3 Summary of measures to promote trading down moves operated by pilot local authorities

	Croydon	Haringey	Newham
Publicity for underoccupier rehousing opportunities via newsletters etc	✓	✓	✓
Open days to publicise underoccupier rehousing opportunities	✓		
Underoccupiers treated as a category with overriding priority	✓	✓	✓
Underoccupiers prioritised through points allocation	✓	✓	✓
Normal rules on rent arrears relaxed		✓	
Normal rules limiting rehousing preferences relaxed		✓	✓
Relaxation of normal rules on the numbers of tenancy offers allowed		✓	✓
Normal property/applicant matching rules relaxed	✓		✓
Designated underoccupation officer	✓	✓	✓
Higher standard re-decoration or other improvements	✓		
LA incentive payment scheme	✓	✓	✓
DWP incentive payment scheme	✓	✓	✓
Encouragement of RSLs to develop underoccupier move on homes	✓		

Source: Pilot local authorities

#### *Assignment of Additional Rehousing Priority*

The three boroughs each adopt a ‘belt and braces’ approach to prioritising underoccupiers over most other transfer applicants. In all three authorities, as well as attracting a very large allocation of rehousing points, underoccupiers are treated as a separate rehousing group or category. In Croydon, for example, the routine procedure for reletting one bedroom vacancies involves the central identification and ‘creaming off’ of those considered to be ‘desirable’. Details are referred to the underoccupation officer who seeks to match them against the recorded needs and preferences of the 200 or so underoccupiers registered on the rehousing list. Only once all possible matches involving underoccupiers have been exhausted are these vacancies made available for non- underoccupier cases.

Similar processes operate in both Haringey and Newham. Effectively, this by-passes the routine reletting process which involves the collation of a ‘shortlist’ of potentially suitable applicants from across all relevant access queues. This administrative device can generally be justified in terms of the very high points weightings in any case assigned to underoccupiers.

#### *Treatment of Rent Arrears*

Most social landlords limit transfer eligibility where rent arrears are involved (Pawson et al, 2001). The difference for underoccupiers is often that the availability of incentive payments means that arrears of up to the relevant value can be offset against the sum for which the tenant qualifies. All three pilot authorities implement practices of this kind. In Haringey normal practice goes further than this in that underoccupiers will still be allowed to move, even if the incentive payment is insufficient to clear an applicant’s arrears.

#### *Constraints and Choices*

Rehousing applicants in highly stressed local authorities have tended to be offered

relatively constrained opportunities to express rehousing preferences. In terms of location, for example, applicants are often allowed to ‘choose’ an area only in very broad terms (e.g. a ward or group of wards) rather than being able to specify, say, a particular block or street. In the pilot authorities, such restrictions tend to be relaxed when it comes to underoccupiers.

To varying degrees, the three authorities also relax their normal rules restricting the number of tenancy offers which may be made without penalty. In Haringey, for example, the normal one-offer-only policy is loosened so that underoccupiers may receive up to three offers. However, as in Newham, failed tenancy offers are rigorously recorded and applicants exceeding the relevant limit (two offers in Newham) are suspended from the transfer list for a fixed period.

Although underoccupiers are treated as an ‘exceptional’ group in many respects, it should be emphasized that, in common with other applicants, the rehousing process generally involves ‘potentially suitable’ vacancies being offered sequentially rather than concurrently. From the applicant’s point of view these are ‘take-it-or-leave-it’ offers of homes which the local authority staff believe to be suitable based on recorded information about the household’s needs and preferences. Within such a framework, applicants have little or no opportunity to weigh up the relative merits of varying options.

#### *Relaxation of Normal Matching Rules*

Under the normal rules operated by most social landlords, the majority of transfer listed underoccupiers – single people and childless couples – will qualify for only a one-bedroom property. For underoccupiers occupying three or four bedroom homes, however, the prospect of trading down to this degree may be a severe discouragement to moving. This presents a serious dilemma, since to offer homes with ‘extra bedrooms’ could be seen as further compounding the favoured status anyway accorded to underoccupiers (e.g. being offered the pick of ‘desirable vacancies’). Among the pilot authorities stances on this issue differ.

In Croydon and Newham, those occupying four-bedroom homes and who would normally qualify for rehousing in a one-bedroom property may be offered two-bedroom vacancies, though this will mean that they qualify for a smaller local authority incentive payment (see below). In Croydon whilst homes with an ‘extra bedroom’ may also be allowed for households moving from three bed homes this is allowable only in the event that the vacancy involved is classed as ‘low demand’ (i.e. it has been repeatedly refused). Haringey takes a tougher line in that exceptions to normal matching rules are allowed only on grounds (e.g. medical needs) which apply to applicants across the board.

#### *Establishment of Underoccupation Officer Posts*

In common with a number of other London boroughs, the three pilot authorities have all established designated posts charged with promoting underoccupier moves. In Croydon and Haringey, these posts have now been established for some years, though in the former, the position has been vacant for much of this period, only having been filled consistently since late 2000. The substantive position in Croydon is, thus,

similar to that in Newham where an underoccupation officer post was created and filled in late 2000. This timing is quite problematic for the evaluation, since the extra staffing resources devoted to underoccupation during 2000/01 coincides with the introduction of the incentive scheme, making it more difficult to assess any additionality specifically attributable to the scheme.

Generally, the role of the underoccupation officer is as a specialist member of the rehousing team, with the prime responsibility being to match underoccupier applicants with vacancies. This often includes a degree of negotiation with applicants, as well as considerable paperwork associated with the administration of incentive payments. In Croydon, this negotiation can include offering enhanced redecoration of the vacancy on offer – generally considered to be a more attractive inducement than a conventional decoration allowance. However, the scope of the job varies somewhat across the three boroughs. In Haringey the postholder's activities focus on reletting homes within the Council's own mainstream stock. The task of rehousing underoccupiers into sheltered housing or through nominations to other landlords is undertaken by other (non-specialist) staff.

#### *Local Authority Incentive Schemes*

All three pilot authorities continue to operate their own incentive systems alongside the DWP scheme. Although these systems have been established for some time (in Croydon's case, since the late 1980s), precise eligibility rules have been modified from time to time, as have the scale of payments available. Table 2.4 illustrates the similarities and contrasts between the three systems. Generally, it should be emphasized that actual payments are sometimes reduced considerably due to gross amounts being offset against re-chargeable repairs, rent arrears or HB overpayments. In one of the pilot authorities there was concern among central rehousing staff that district housing offices might be unjustifiably exploiting the scope for recovering rechargeable repairs through deductions from incentive payments.

Table 2.4 Local Authority Incentive Payments to Underoccupier Movers

LA	Incentive value(s)	Conditions
Croydon	£1,000 if trading down by one bedroom; £2,000 if trading down by two bedrooms	Can apply to moves to RSLs, to inter-borough nominations but not to mutual exchanges. Moves to bungalows excepted.
Haringey	£2,000 for tenants trading down to a one-bedroom property; £1,000 for tenants trading down to a two-bedroom property Mutual exchange partners qualify for payments as follows: £1,500 to the former underoccupier and £500 for the formerly overcrowded household	Can apply to all forms of move (i.e. including nominations to other landlords)
Newham	Expenses payment for removal van and utility charges plus: £1,000 plus £250 for every bedroom traded down (underoccupiers vacating 4 or 5-bed homes) <i>or</i> £200 (£250 for elderly or disabled applicants) (underoccupiers vacating 2 or 3-bed homes in favour of 1-bed properties)	Moves to houses excepted. Moves to flats with gardens excepted.

## 2.4 Local Implementation of the DWP Incentives Scheme

### *Publicising the Scheme*

The pilot authorities vary in the extent to which they have publicised the availability of DWP incentive payments to qualifying underoccupiers. In Croydon, the scheme has been promoted through an article in the tenants newsletter, as well as through inclusion in a leaflet on rehousing opportunities for underoccupiers. This leaflet has been produced for circulation to all larger homes in Council ownership. It is also handed out to relevant households by the staff carrying out a rolling tenancy audit planned to cover the entire stock over a five year period. Briefing material about the scheme has also been provided to housing officers based in local offices. This is important because these generic staff are often consulted about rehousing opportunities by tenants considering registering on the transfer list.

In Newham, a leaflet explaining the DWP scheme has been sent to all underoccupiers on the transfer list, but there is a concern that local (generic) staff with whom tenants are likely to consult when seeking a move may not promote its existence.

A year into the DWP incentive regime in Haringey, details of the scheme had yet to be incorporated within the Council's main booklet on rehousing opportunities for underoccupiers. And although the availability of the payments had been included within the leaflets and posters seeking to encourage underoccupiers to register for a transfer, these did not make clear the potential value of the payments.

### *Interpreting the Scheme*

In all three boroughs the rules of the scheme were considered to be fairly straightforward, if labour-intensive. Croydon differed from the other two authorities

in that it routinely included RSL underoccupiers within the scope of its system (through its administration of a common housing register on behalf of other landlords). In Newham, the possibility of making DWP payments available to RSL tenants was under discussion with local associations. In Haringey this possibility had not been explored.

From the pilot authorities' point of view, the main area of complexity in the rules related to the treatment of service charges in the calculation of payments. Newham interpreted the rules as requiring service charges to be taken into account wherever they were eligible for HB. Croydon's practice was to exclude all service charges from consideration. Haringey saw the rules as ambiguous – e.g. in terms of how to treat service charges for sheltered housing. There was also uncertainty as to whether very large payments could affect a tenant's benefit entitlement.

#### *Workload Implications*

The administration of the DWP scheme was reported to include the following tasks:

- calculating payments – in some cases necessitating obtaining information on rents from RSLs, and checking with Finance Departments on HB overpayments
- additional correspondence with applicants
- dealing with enquiries from applicants
- additional record-keeping and filing of monitoring returns

In Croydon and Newham these tasks were estimated to absorb about one person-day per week. In Haringey, the estimate was two person-days per week. In this context, the Department's ceiling on contributions towards additional administrative costs of up to £15,000 per authority per year seems not unreasonable.

## **CHAPTER 3 – STATISTICAL EVIDENCE ON UNDEROCCUPIER MOVES IN THE PILOT AUTHORITIES**

### **3.1 Introduction**

This chapter is based mainly on an analysis of monitoring data collated by the three pilot local authorities (see Section 1.4 and Appendix 1). It also draws on standard annual monitoring statistics submitted by local authorities to the DTLR.

#### *Data limitations*

It should be borne in mind that both these sets of data have a number of significant limitations in terms of their value in informing the evaluation. In particular, the monitoring statistics collected on ‘post scheme’ underoccupier moves by the pilot local authorities suffer to varying extents from:

- incompleteness – Haringey’s data, in particular, contained few details of rents charged or HB payments made
- inconsistencies in scope – Croydon’s figures include a small number of moves made by RSL underoccupiers, whilst Haringey’s appear to exclude moves by local authority tenants to sheltered housing or nominations to other landlords

Even greater qualifications need to be attached to the data on ‘pre-scheme’ underoccupier moves and on moves by ‘successor tenants’ obtained from the pilot authorities. The former were provided only by Haringey and Newham. And in Haringey’s case it appears that the pre-scheme and post-scheme data differed in their scope. The former seem to include all trading-down moves by underoccupying council tenants, irrespective of the new landlord, whilst the latter covers only (non-sheltered) intra-Haringey LBC moves. The range of information provided in Haringey and Newham’s pre-scheme data is also relatively limited. And while data on successor tenants was obtained from all three authorities, this too was substantially incomplete in all cases.

#### *Scope of the chapter*

The analyses reported below provide:

- contextual information about longer term trends in ‘trading-down transfers’ and about rent structures in the local authorities concerned
- descriptive information about the characteristics of trading-down moves and movers
- financial information about the cost of the incentive scheme and the HB savings which might be attributable to it.

### **3.2 Contextual Data**

#### **3.2.1 Longer term trends in underoccupier moves**

Statistics on the number of trading-down lettings by local authorities have been collected for a number of years by the DTLR. Figures for the three pilot authorities

and for London as a whole are set out in Table 3.1. In interpreting these figures it should be borne in mind that they are partial to the extent that they relate only to lettings of the local authority's own dwellings. Trading-down moves involving council tenants who are nominated to another landlord (either an RSL or another local authority) are not included. For this reason, the figures to some extent understate the number of trading-down moves by tenants of these authorities taking place.

Notwithstanding the caveat explained above, the figures set out in Table 3.1 suggest that the numbers of trading-down transfers achieved by London boroughs have been falling for a number of years in absolute terms. This tendency has been particularly evident in Newham. It should, however, be noted that the overall volume of lettings has also been sharply downward since the mid-1990s. This reflects a tightening of the regional housing market with the result that fewer council tenants have any prospect of moving into the private sector. Table 3.1(c) illustrates that as a proportion of lettings, the volume of trading-down transfers has generally remained fairly steady over the past few years. The relatively sharp drop in the Croydon figure for 2000/01 reflects the fact that the council's overall volume of lettings rose substantially in that year.

*Table 3.1.* Lettings to trading-down tenants by pilot local authorities, 1994/95-2000/01

(a) Raw lettings figures

	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01
Croydon	60	47	80	66	49	57	48
Haringey	76	115	75	-	74	86	85
Newham	139	122	119	71	95	64	55
Greater London	1,999	2,405	2,349	2,167	1,860	1,825	na

(b) Trend since 1994/95 (1994/95 figures=100)

	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01
Croydon	100	78	133	110	82	95	80
Haringey	100	151	99	-	97	113	112
Newham	100	88	86	51	68	46	40
London	100	120	118	108	93	91	na

(c) Trading-down transfers as a proportion of total lettings

	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01
Croydon	4.2%	4.1%	7.0%	5.9%	6.9%	8.8%	4.5%
Haringey	3.9%	9.0%	6.1%	-	6.4%	8.4%	8.8%
Newham	7.2%	6.2%	5.9%	3.4%	5.5%	4.4%	5.3%
London	4.2%	5.0%	4.9%	4.7%	4.8%	5.5%	na

Source of raw data: Local authority Housing Investment Programme Submissions

### 3.2.2 Social sector rent structures

A crucial part of the backdrop to the underoccupier incentive payments pilot is the existing structure of rents in local authority and RSL housing in the pilot areas. As shown in Tables 3.2 and 3.3, rents differ substantially between flats and houses, as well as between different dwelling sizes. There is also a general tendency for gross rents (inclusive of service charges<sup>2</sup>) to be somewhat higher in the RSL sector than among local authorities. For this reason, it is quite possible for a trading-down tenant to find themselves paying a higher rent in their new (smaller) home than in their old (larger) home<sup>3</sup>.

It should be emphasized that, since rents vary in both sectors, average figures may conceal significant variations for any type and size of property. In the RSL sector, in particular, rents vary substantially between different landlords and depending on whether a service charge is payable. It is, nevertheless, striking that typical inclusive rents for 1-bedroom flats in the RSL sector are similar to those charged for 3-bed flats by the local authorities. In these circumstances, it might be expected that the DWP underoccupier incentive scheme could reduce the attractiveness of trading-down moves by council tenants into RSL properties.

Table 3.2 Local authority average rents by property type and size, 2000/01

	1 bedroom		2 bedroom		3 bedroom		4 bedroom	
	flat	house	flat	house	flat	house	flat	house
Croydon	£59.31	£68.30	£64.66	£73.19	£68.52	£78.49	£74.12	£90.97
Haringey	£51.68	£60.90	£60.69	£69.50	£66.75	£77.12	£73.31	£94.58
Newham	£45.62	£53.14	£54.41	£62.06	£61.53	£70.88	£66.30	£82.93

Source: Pilot local authorities

<sup>2</sup> Service charges are relevant here, since the calculation of the DWP incentive payment relates to rents inclusive of service charges eligible for Housing Benefit. Unfortunately, the figures in Table 3 do not distinguish between those eligible and ineligible for HB.

<sup>3</sup> In the longer term, of course, such inconsistencies should be ironed out through the DTLR's rent restructuring programme as outlined in the December 2000 Housing Policy Statement.

Table 3.3 RSL average rents by property type and size, 2000/01

(a) Net rents

	1 bedroom		2 bedrooms		3 or more bedrooms	
	flat	house	flat	house	flat	house
Croydon	£55.06	£68.01	£66.06	£76.22	£74.61	£84.09
Haringey	£53.96	£57.03	£62.89	£72.03	£72.45	£93.31
Newham	£54.52	£43.65	£59.54	£87.90	£64.76	£98.57

(b) Rents inclusive of service charges

	1 bedroom		2 bedrooms		3 or more bedrooms	
	flat	house	flat	house	flat	house
Croydon	£67.97	£93.60	£70.24	£77.23	£78.02	£84.52
Haringey	£63.81	£58.77	£65.95	£72.75	£75.72	£94.05
Newham	£65.86	£43.89	£63.31	£88.12	£66.27	£99.02

Source: RSL CORE lettings returns

### 3.3 The Characteristics of Trading-down Moves and Movers

#### 3.3.1 Types of move

From a managerial perspective, the most valuable trading-down moves are likely to be those which release the largest properties and those which involve the greatest net gain in terms of size of property given up as opposed to size of property taken up. However, Table 3.4 demonstrates the number and proportion of moves involving four bedroom properties is very small – particularly in Croydon. Moves by households vacating four-bedroom homes in favour of one-bedroom properties account for less than one in every twenty trading-down transfers (3-4 per cent).

Table 3.4 Underoccupier movers in pilot LAs, 1999/00 and 2000/01: breakdown by size of homes vacated and taken up

(a) raw figures

	4 (or more) bed to...			3 bed to...		2 bed to	Not known	Total
	3 bed	2 bed	1 bed	2 bed	1 bed	1 bed		
Croydon post-scheme	3	0	1	7	18	24	1	54
Haringey - pre-scheme	0	7	4	14	39	32	6	102
Haringey - post-scheme	1	6	3	15	56	0	4	85
Newham - pre-scheme	1	2	1	1	4	16	1	26
Newham - post-scheme	2	2	1	3	10	12	1	31

(b) percentage breakdown excluding ‘not knows’

	4 (or more) bed to...			3 bed to...		2 bed to
	3 bed	2 bed	1 bed	2 bed	1 bed	1 bed
	row%	row%	row%	row%	row%	row%
Croydon – post-scheme	5.7	0.0	1.9	13.2	34.0	45.3
Haringey - pre-scheme	0.0	7.3	4.2	14.6	40.6	33.3
Haringey - post-scheme	1.2	7.4	3.7	18.5	69.1	0.0
Newham - pre-scheme	4.0	8.0	4.0	4.0	16.0	64.0
Newham - post-scheme	6.7	6.7	3.3	10.0	33.3	40.0
All pre-scheme	0.8	7.4	4.1	12.4	35.5	39.7
All post-scheme	3.7	4.9	3.0	15.2	51.2	22.0

Source: Pilot local authorities

The commonest type of trading-down move is where a three-bed property is given up in favour of a 1-bedroom home. In Haringey, these are shown as accounting for over two thirds of post-scheme trading-down moves. Within this same cohort, however, two-bed to one-bed moves are shown as zero. It seems likely that this distribution partly reflects the fact that the Haringey post-scheme monitoring excludes moves by council tenants where these involve nominations to other landlords.

A substantial proportion of trading-down moves by local authority tenants involve a switch to another landlord. In Croydon, for example, moves to RSLs account for a quarter of the 49 trading-down transfers by council tenants recorded in 2000/02 (see Table 3.5). The proportion in Newham was similar. Nominations to other local authorities mainly involve radial moves out of London in the direction of Essex (Newham) and Hertfordshire (Haringey). The scale of trading-down moves from local authorities to other landlords demonstrated by Table 3.5 only goes to emphasize the partial nature of the HIP figures as reproduced in Table 3.1.

The Croydon figures in Table 3.5 include a small number of trading-down moves by RSL tenants. This reflects the fact that the Council runs a common housing register on behalf of all social landlords operating in the borough. Unlike the other two authorities, Croydon makes available DWP incentive payments to RSL as well as local authority tenants<sup>4</sup>. It is interesting to note that all the moves of RSL tenants recorded here involved moves into local authority housing, though it may raise a question as to whether RSL to RSL moves take place outside the monitoring framework.

Another point which emerges from Table 3.5 is that whilst the destination for most trading-down movers is a one-bedroom flat or house, around a fifth of such moves are to properties with two or more bedrooms. Unfortunately, the post-scheme monitoring data does not reveal the extent to which trading-down transfers involved moves into sheltered housing. However, Haringey data for the (pre-scheme) year 1999/00 shows these as accounting for 15 per cent of the total.

---

<sup>4</sup> Although Newham has initiated discussions with local RSLs on the possibility of widening the scope of its scheme in this way.

Table 3.5 Trading-down moves within social housing by former and subsequent landlord

	LA to LA	LA to RSL	LA to other LA	RSL to RSL	RSL to LA	Not known	Total
Croydon	35	12	2	0	5	0	54
Haringey	na	na	na	na	na	na	na
Newham pre-scheme	14	10	2	0	0	0	26
Newham post-scheme	13	11	6	0	0	1	31

Source: Pilot local authorities

### 3.3.2 Characteristics of Movers

The stereotypical underoccupier mover is an elderly single person or couple trading-down from a three or four bedroom home to a small – and possibly sheltered – flat. In fact, as Tables 3.6 and 3.7 illustrate, a significant proportion of trading-down movers are younger people – some with children. In interpreting these figures it should, again, be borne in mind that the Haringey data excludes tenants moving into sheltered housing.

Table 3.6 Trading-down movers 2000/01 by age of tenant 1

(a) raw figures

	Under 40	40-59	60-69	70-79	80 plus	Not known	Total
Croydon	4	11	3	3	5	28	54
Haringey	14	22	12	14	10	13	85
Newham	3	3	10	4	11	0	31

(b) percentage breakdown excluding ‘not knowns’

	Under 40	40-59	60-69	70-79	80 plus	(60 plus)
	%	%	%	%	%	%
Croydon	15.4	42.3	11.5	11.5	19.2	(42.3)
Haringey	19.4	30.6	16.7	19.4	13.9	(50.0)
Newham	9.7	9.7	32.3	12.9	35.5	(80.6)

Source: Pilot local authorities

As Table 3.8 illustrates, a substantial majority of underoccupier movers are in receipt of Housing Benefit. This reflects the situation among underoccupying local authority tenants registered on the transfer list and awaiting a move. The proportions of this group in receipt of HB were 66 per cent in Croydon and 71 per cent in Newham (Haringey figure not available). These figures are also highly consistent with those for underoccupying local authority tenants, nationally (Barelli and Pawson, 2001).

Table 3.7 Trading-down movers 2000/01 by household type

(a) raw figures

	V. elderly, no chdn	Older, no chdn	Younger childless household	1 adult, 1+ chdn	2 adults, 1+ chdn	Not known	Total
Croydon	na	na	na	na	na	na	na
Haringey	9	24	24	11	4	13	85
Newham	11	14	4	1	1	0	31

(b) percentage breakdown excluding 'not knows'

	V. elderly, no chdn	Older, no chdn	Younger childless household	1 adult, 1+ chdn	2 adults, 1+ chdn	Total
	%	%	%	%	%	%
Croydon	na	na	na	na	na	na
Haringey	12.5	33.3	33.3	15.3	5.6	100.0
Newham	35.5	45.2	12.9	3.2	3.2	100.0

Note: 'V. Elderly household' = household where person 1 is aged 80 or more; 'Older household' = household where person 1 is aged 60 or more; 'Younger household' = household where person 1 is aged under 60.  
Source: Pilot local authorities

Table 3.8 Underoccupier movers in 2000/01 broken down by Housing Benefit status immediately prior to the move

	No HB	Partial HB	Full HB	Not known	All movers	(% in receipt of HB)
	No	No	No	No	No	%
Croydon	18	15	21	0	54	(66.7)
Haringey	na	na	na	na	na	na
Newham pre-scheme	6	7	13		26	(76.9)
Newham post-scheme	5	13	12	1	31	(83.3)

Source: Pilot local authorities

Table 3.9 brings together information about benefit status and the change in the tenant's rent resulting from the move. As might be expected, the majority of moves leave the tenant liable for a lower weekly charge than before. In both the authorities for which data is available, however, an appreciable number pay a higher rent in their new (smaller) home. This is particularly common in instances where, in trading-down by only one bedroom, tenants move from a flat to a house or to a more popular area. Another scenario which often produces this result is where former council tenants move to an RSL tenancy. This was the explanation for all five of the 'new rent higher' cases in Newham – see Table 3.9(b). The most spectacular instance involved a move

from a two bedroom council property (weekly rent: £54.84) to a one bedroom RSL property (weekly rent: £143.86).

*Table 3.9 Underoccupier movers in 2000/01: change in rent by pre-move HB status*

(a) Croydon

	New rent higher	New rent lower	Not known	Total
No HB	2	9	7	18
HB	5	30	1	36
All	7	39	8	54

(b) Newham

	New rent higher	New rent lower	Not known	Total
No HB	0	1	4	5
HB	5	17	3	25
All	5	18	7	30

Note: Newham figures exclude one mover whose former HB status was unknown.  
Source: Pilot local authorities (Haringey data not supplied)

### **3.4 Financial Considerations and Cost-effectiveness**

The heart of this evaluation relates to its cost in terms of the incentive payments made to underoccupier movers and the benefit savings which result from the moves generated. It should, again, be emphasized that any conclusions that may be drawn from this analysis need to be considered in the light of the very small numbers of cases involved.

#### *The Incidence of Incentive Payments*

As shown in Table 3.10, more than two thirds of underoccupier movers monitored by the pilot boroughs received payments under the authorities' own incentive schemes. Somewhat less than half, however, received payments under the DWP scheme. The rather limited incidence of DWP payments is due, in part, to the fact that not all movers were in receipt of Housing Benefit (see Table 3.8). In addition, a small proportion of HB-eligible movers took up tenancies at higher rents than those charged for their former homes (see Table 3.9). In addition, a few Croydon and Newham movers who would have qualified in terms of their HB status and their rent change did not receive payments for reasons such as:

- being non-statutory succession tenants<sup>5</sup> and, therefore, ineligible
- not having made a claim (in spite of having been apparently eligible)

---

<sup>5</sup> For example, a former tenant's son or daughter who is ineligible to succeed to the tenancy, either because the tenancy has already been handed on once through succession or because their period of residence in the property is insufficient.

The more limited monitoring information provided by Haringey (e.g. no data on pre-move or post-move rents) makes it much more difficult to understand why it was that less than a third of trading-down tenants apparently received DWP payments. Equally, it may be that details of some payments have been omitted from the return. Either way, the uncertainty here only goes to highlight the unsatisfactory quality of the data collated.

Most underoccupier movers in 2000/01 received payments under the local authorities' own incentive systems (see Table 3.10). The commonest reasons for ineligibility were that the property taken up was not within the scheme (e.g. bungalows in Croydon), that the type of swop is excluded under the rules of the scheme (e.g. moves from four to three bed homes in Haringey) or that the mover acquired the tenancy through succession and is therefore ineligible.

*Table 3.10* Underoccupier movers in 2000/01: breakdown by incentive payments received

	Number of tenants in receipt of...				Total (number)	% of tenants in receipt of...	
	LA payment only	DWP payment only	Both payments	Neither payment		LA payments	DWP payments
Croydon	19	9	22	4	54	76.9	57.4
Haringey	50	1	23	11	85	85.9	28.2
Newham	11	1	14	5	31	80.6	48.4
All pilot LAs	71	25	47	27	170	69.4	42.4

Note: Croydon figures are estimates based on first half of 2000/01 – in practice, records for the whole financial year show 33 DWP payments made. Source: Pilot local authorities

Across the three pilot local authorities, the average value of incentive payments (for those who received them) was about the same for those made under the DWP scheme and for those made under authorities' own schemes. However, the position differed considerably between the three councils, with Newham's 'local authority scheme' payments being relatively small in scale (see Table 3.11).

*Table 3.11* Incentive payments to underoccupier movers, 2000/01

	DWP scheme			LA scheme		
	Total paid	Number	Average	Total paid	Number	Average
Croydon	£41,528	42	£989	£65,800	47	£1,400
Haringey	£25,964	24	£1,082	£126,500	73	£1,733
Newham	£62,160	60	£1,036	£28,600	100	£286
Total	£129,652	126	£1,029	£220,900	220	£1,004

Note: Figures for Newham are annual estimates based on Q4 2000/01; figures for LA payments in Croydon are annual estimates based on Q1 and Q2 2000/01. It should be

borne in mind that ‘stockpiling’ of cases immediately prior to the employment of the underoccupation officer could have inflated these figures somewhat. Source: Pilot local authorities

A small number of Croydon and Haringey movers eligible for both incentive payments qualified for total sums of over £4,000. Those eligible for payments on this scale were generally households in receipt of HB and trading-down by two or more bedrooms within the council sector. Gross payments in Newham tend to be smaller only because of the relatively low value of LA incentive payments offered there (not because eligible movers typically qualified for smaller DWP incentives).

The figures in Table 3.11 suggest that the gross annual cost of the DWP pilot incentive scheme may be around £130,000 in terms of payments to tenants. Allowance also has to be made for the additional administrative costs involved, for which the pilot authorities receive an annual fee to cover administration costs up to £15,000. The overall gross annual cost of the pilot, therefore, could total about £175,000. Whilst this may not be seen as a particularly large amount, it implies that any extension of the scheme across a larger number of local authorities could involve quite large sums. For example, the annual cost of running the scheme across the whole of London would probably total £1.5-£2 million. The big question, of course, is whether such costs could be justified by any savings directly attributable to the scheme. This issue is examined below and in Chapter 5.

#### *Cost-effectiveness*

The DWP incentive scheme is predicated on the notion that one-off payments can help to reduce the overall cost of Housing Benefit by bringing about moves by underoccupiers in receipt of HB to smaller, cheaper homes where the HB cost of underpinning their rent will be lower. The crucial uncertainty, of course, is the extent to which the availability of incentive payments *triggers* trading-down moves which would not otherwise have occurred. For the sake of argument, the following analysis assumes that all moves involving an incentive payment are additional to those which would have taken place in the absence of the DWP scheme. The extent to which this is, in fact, the case is discussed in Chapters 4 and 5. At this stage, therefore, the discussion below refers to ‘potential savings’.

The first question here relates to the immediate impact of the move on the benefit bill. All those receiving DWP incentive payments will be reducing their rents and it can, therefore, be assumed that the overall cost of Housing Benefit for those concerned will fall in tandem. Table 3.12 shows that the scale of the savings involved seems to vary considerably between the three local authorities. The ‘weekly saving per trading-down tenant’ figure is calculated by summing the differences between HB payments in the tenant’s former home and their new home and dividing this by the (rather small) number of cases for which data is held. On average, therefore, the weekly HB entitlement of DWP incentive recipients in Croydon was £18.83 lower in their new home than in the former home. In Haringey, however, the comparable figure was only £5.93.

*Table 3.12.* Potential direct HB savings accruing from trading-down moves involving tenants in receipt of DWP incentive payments

	Weekly potential saving per trading-down tenant	Number of annual incentive payments	Estimated annual potential HB savings arising
Croydon	£18.83	42	£41,125
Haringey	£5.93	24	£7,401
Newham	£10.96	60	£34,195

Note: the estimated volume of payments in Newham is an estimate based on the figures for Q4 2000/01.

Source: Pilot local authorities

In addition to the ‘direct HB savings’ estimated in Table 3.12, ‘indirect savings’ might accrue if tenants moving into homes *vacated by underoccupiers* moving with the assistance of an incentive payment were entitled to lower levels of HB than their predecessors. In practice, as Table 3.13 shows, the great majority of these successor tenants were also in receipt of HB. On average, however, the amount of HB to which these ‘successor tenants’ were entitled was lower than the amount previously paid to the former (underoccupying) tenants.

In Croydon the average weekly HB payment due to successor tenants taking up vacancies created by outgoing DWP incentive payments in 2000/01 was £9.86 lower than the payment being received by their predecessors. The projected annual saving associated with such moves, therefore, would total £21,534. The scale of these indirect savings in Newham would have been smaller, at an estimated £10,514 per year. In Haringey, indirect savings would have been negative – that is, a very small *increase* in HB expenditure would have resulted from the fact that the average HB entitlement of successor tenants was marginally higher than that of underoccupiers moving with the assistance of a DWP incentive payment. (This allows for the fact that 12 per cent of the relevant cohort of successor tenants in Haringey involved households entirely ineligible for HB – see Table 3.13).

*Table 3.13* Potential indirect HB savings arising from trading-down moves by underoccupiers in receipt of DWP incentive payments

	% of underoccupier successor tenants in receipt of HB	Potential average weekly HB saving	Estimated total annual potential HB saving
Croydon	67	£9.86	£21,534
Haringey	88	-0.14	-174.72
Newham	89	£3.37	£10,514

Source: Pilot local authorities

*Table 3.14* Total potential HB savings arising from trading-down moves by underoccupiers in receipt of DWP incentive payments

	Potential annual direct HB savings (a)	Potential annual indirect HB savings (b)	Gross annual potential saving (a+b)	Annual direct cost of incentive payments*
Croydon	£41,125	£21,534	£62,659	£56,528
Haringey	£7,401	-£175	£7,226	£40,964
Newham	£34,195	£10,514	£44,709	£77,160

Source: Pilot local authorities \*includes £15,000 per authority in administrative costs re-imbursed by DWP (although £15,000 is, in practice, a maximum rather than a fixed figure).

Tables 3.12-14 illustrate costs and potential savings over a single year. The relationship between projected costs and potential savings varies a good deal between the three authorities. In Croydon, the potential savings outweigh costs even in year one. In Haringey, the cost equates to more than five times the annual saving.

In practice, of course, whilst incentive payments are made only once, HB savings could accumulate over future years. It can certainly be assumed that many trading-down tenants will remain in their new homes for a considerable period following their move, and that most will remain eligible for Housing Benefit. This follows from the age profile of underoccupier movers and the relatively strong representation of older people who are unlikely to re-enter the labour market (see Table 3.6). It is also likely that, given their high status within allocations policy priorities, the vast majority of trading-down tenants will have made a positive choice in favour of their new home, rather than having been coerced into accepting a property which did not really meet their aspirations. Given these considerations, and bearing in mind that council tenancies typically last for around 10 years, it would seem fair to project an accumulation of potential savings amounting to several times the annual figures shown in Table 3.14.

At the same time, many of those taking up the homes vacated by former underoccupiers will be younger people who, although mainly in receipt of HB at the point of their move might well be expected to reduce their dependency in future. Over time, therefore, the difference between the scale of HB payments to this group is likely to fall as compared to the scale of HB payments which would have continued to be made to former underoccupiers, had they remained in residence.

There is, however, a third component to the cost-effectiveness calculation. This relates to the savings attributable to moving ‘successor tenants’ from their former homes and into those vacated by outgoing underoccupiers. In all three authorities, the majority of these successor tenants in 2000/01 were homeless households (see Table 3.15). Many of these will have been living in expensive temporary accommodation where most or all of the charge will have been met by Housing Benefit. Unfortunately, hard data on the former rent and HB of successor tenants was very difficult to obtain from the pilot authorities. Only Newham was able to make available any such figures and then only in relation to a handful of cases. For what they are

worth, however, these figures suggest that the average weekly HB payment to successor tenants in their new homes was £109 lower than the amount paid to underpin the rent in the successor tenant's former home (often temporary accommodation). Thus, if Newham is able to accommodate 60 successor tenants annually in vacancies created by trading-down movers in receipt of DWP incentive payments, the potential HB saving would be £340,000 (60 x £109 x 52).

*Table 3.15* Access queue of 'successor tenants' taking up vacancies arising from moves by trading-down tenants in receipt of DWP incentive payments

	Homeless	Transfer	Waiting list	Total
Croydon	30	9	2	41
Haringey	16	9	0	25
Newham	8	7	0	15
All	54	25	2	81

Source: Pilot local authorities

In considering the preceding evidence, however, it must be kept in mind that the extent to which projected 'potential savings' could amount to genuine savings is wholly dependent on whether incentive payments actually generate moves which would not otherwise have taken place. Only if all those receiving incentive payments have moved because of the availability of these payments can the figures referred to above as 'potential savings' be treated as actual savings attributable to the scheme.

### 3.5 Chapter Summary

The number of trading down moves in the pilot local authorities has tended to decline over the past few years, though this trend is partly a reflection of falling turnover in council housing in London seen since 1997. There is no sign of any marked change in these trends coinciding with the introduction of the DWP incentive scheme in 2000/01. In numerical terms, trading down transfers within council housing fell in all three boroughs as compared with the previous year.

Most trading down transfers involve moves from two or three bedroom homes to one bed properties. Very few underoccupier moves free up four bedroom homes. About a quarter of moves involving underoccupying council tenants are to RSL tenancies. Whilst most trading down movers are older people, young adults – some with children – are significantly represented. Over two third of movers are eligible for Housing Benefit.

Most tenants receiving a payment under the DWP incentive scheme also qualify for the incentive schemes run by the pilot local authorities, themselves. Overall, however, less than half of all underoccupier movers in the three boroughs received DWP payments – a much lower proportion than for local authority payments. Among tenants who received them in 2000/01, the average value of DWP and local authority payments was about the same at around £1,000. A small number of those qualifying for both payments received sums totalling over £4,000.

In general, moves by underoccupiers eligible for Housing Benefit reduce the overall benefit bill. This is partly because the average HB payment for which former underoccupiers are eligible in their new home tends to be smaller than was the case in their old home. It also reflects the fact that tenants who move into the homes vacated by outgoing underoccupiers are slightly less benefit-dependent than their predecessors. But these savings pale almost into insignificance compared with the effect on the benefit bill of rehousing homeless households out of expensive temporary accommodation where Housing Benefit costs tend to be very large.

It must, however, be stressed that ‘savings’ can be attributed to the DWP incentive scheme only to the extent that the trading down moves from which they stem are genuinely additional to those which would have taken place in the absence of the scheme – i.e. moves brought about by the availability of incentive payments.

## **CHAPTER 4 – TRADING-DOWN MOVES: THE TENANTS’ PERSPECTIVE**

### **4.1. Introduction**

The analysis presented in this chapter is based on in-depth interviews with 83 tenants who were current or former underoccupiers in the three pilot local authorities. According to local authority records, all interviewees were potentially eligible for – or had received – a payment under the DWP incentive scheme. Just over half of them (43) were Housing Benefit claimants who had recently ‘traded down’ to a smaller (and cheaper) home, while the others were underoccupiers in receipt of benefit and registered for a move. The selection and recruitment of the sample is explained in detail in Section 1.4 and Appendix 3. The characteristics of the population interviewed are described in Appendix 4.

#### *Scope of the chapter*

The analyses examines three issues:

- the principal reasons given by underoccupying tenants for their transfer applications
- the factors which influenced underoccupiers’ choice of a new home and the extent to which the DWP incentive payment scheme was a factor in these decisions
- underoccupiers’ experience of the transfer system, and their perceptions of the various services and forms of assistance provided by local authorities

### **4.2. Underoccupiers’ Reasons For Moving And Their Property Requirements**

This section summarises the research findings about why underoccupying tenants decided to move, and whether there were any significant differences between different types of tenant in this regard.

A number of recurrent factors were mentioned by tenants as prompting a move or the decision to apply for a transfer. Many of these factors are not peculiar to underoccupiers, but could apply to any type of tenant. However, the greater proportion of older tenants among underoccupiers probably influences the prominence of certain specific issues. Examples would include mobility and infirmity and the desire to relocate closer to children and other family members. The main cited reasons for moving included:

- increasing disability and mobility problems – mentioned in 45 cases (54 per cent)
- wanting to be nearer family members – mentioned in 22 cases (27 per cent)
- crime and neighbours’ anti-social behaviour (including decline of locality and poor condition/maintenance of communal spaces) – mentioned in 17 cases (21 per cent)
- inadequate access to transport and services – mentioned in six cases (seven per cent)

Five respondents specifically mentioned their desire to relocate away from ethnic minority neighbourhoods.

It should be noted that, as interviewees often gave several reasons for wanting to move, the figures above do not total to 83.

A number of other factors more specific to underoccupying an 'over-large' property were also mentioned as significant in prompting the decision to apply for a transfer. 55 respondents explicitly stated that this had been partly prompted by the aspiration to move to a smaller property. On the other hand, 13 said they would prefer (or would have preferred) to maintain the same size of property (a number of interviewees did not answer this question clearly).

Other factors which were prominent included additional heating costs (mentioned in four cases), and the responsibilities associated with cleaning and maintaining a larger property (including gardening) – mentioned in 14 cases. This last factor overlapped with the issue of decreased mobility and infirmity among older tenants, and was more likely to be mentioned by households headed by a tenant aged over 65 as important in prompting a transfer application

Six respondents felt that they had spare rooms that were being 'wasted', and volunteered that larger families ought to have the chance to make use of this space. The following are typical expressions of this view:

- 'I feel that it's more appropriate to let this flat go for people that have families. I'm only using half the flat as it is.' (66 year old woman, Newham).
- 'I felt maybe a family could use the bedroom I wasn't using. I know there's a housing shortage.' (58 year old, Croydon)

It is worth noting that none of those interviewed mentioned financial considerations as a factor contributing to their decision to apply for a transfer. This has implications for the efficacy of the SSPRU scheme, which are discussed in the next section.

Two key junctures appear to precipitate older tenants in particular to apply for a transfer to a smaller property (often at the instigation of younger relatives):

- (i). sudden infirmity or deterioration of a prior medical condition, and in particular the response to a period in hospital – mentioned in 17 cases (20 per cent)
- (ii). the death of partner, spouse or other close relative who shared the property – mentioned in seven cases

It is interesting to note that previously dependent children leaving the household did not emerge as a significant factor in prompting applications for transfer. This implies that households may underoccupy for some time before the circumstances arise which lead them to consider moving to smaller properties, and that these circumstances tend to involve a sudden decrease in independence.

Aside from these circumstances, however, there were no significant systematic differences between different types of underoccupiers in the reasons they offered for wanting a transfer, nor were there any discernible differences between the three boroughs. For example, almost as many tenants who lived in or had recently moved from flats, maisonettes or bungalows mentioned difficulty with stairs (in this case external to the property) as a factor in prompting the decision to move as those who lived in houses: 45 interviewees referred to difficulties in dealing with stairs, of whom 20 lived in flats.

Similarly, the perception of neighbourhood decline and growing incivility was a recurrent theme in all three boroughs, as shown in Table 4.1. Perhaps surprisingly, these views were particularly widely shared in Croydon. As the figures in Table 4.1 do not represent interviewees' expressed *reasons* for moving, they need not tally with those given above.

*Table 4.1. Underoccupiers' perceptions of previous/present\* locality, by borough*

Borough	Status	Dissatisfied with area/ perceived decline of area	No complaint about locality	Dissatisfied with area/ perceived decline of area	No complaint about locality
		<i>No. of interviewees</i>		<i>% of borough samples</i>	
Croydon	<i>Movers</i>	9	5	35%	19%
	<i>Non-Movers</i>	9	4	35%	15%
Haringey	<i>Movers</i>	6	8	21%	27%
	<i>Non-Movers</i>	6	9	21%	32%
Newham	<i>Movers</i>	6	8	23%	31%
	<i>Non-Movers</i>	7	5	27%	19%

Source: Tenants' Survey \*previous locality in the case of movers, present locality in the case of non-movers

Perhaps surprisingly this sentiment was not significantly stronger among older tenants. As an illustration of this, the statements below come from a 65 year old woman, and a 31 year old man respectively:

- 'I was born in [borough] and I am so disillusioned about the way things are now...'
- '[the] council's attitude is a disgrace - they've just let the area down. It's the pits round here, you get abandoned cars, the rubbish is left in the road and the people who live in the houses don't give a stuff.'

### **4.3. Choosing A New Home**

The principal question addressed in this section is whether there is any evidence from the interviews that the SSPRU payment influenced tenants' decisions about transfers. In addition, some points are made concerning the various local authority underoccupation incentive schemes which was operated in the pilot study areas.

Any of three indicators could be regarded as evidence of the effect of the SSPRU scheme in influencing tenants' decision-making as regards a move:

- evidence that tenants were encouraged to *apply for a transfer* because of the availability of the DWP incentive payment
- evidence that tenants *accelerated their decisions to move* or accepted a transfer they otherwise would not have because of the payments offered
- evidence that tenants gave *greater consideration to rent* levels in making their transfer decisions; e.g. tenants accepted a transfer to a lower rent property which they would not have in the absence of the SSPRU scheme

The interview data provides no evidence that the DWP incentive payment had a discernible impact on tenants' decisions either to apply for a transfer or to accept transfer offers more readily. There is also minimal evidence that the incentive schemes run by the pilot local authorities themselves had much influence on these decisions.

There are two reasons why the SSPRU scheme had no discernible effect on underoccupiers' decisions to move nor their assessment of offers:

- (i). almost all underoccupiers moved for reasons unrelated to rent levels, Housing Benefit or the costs of housing, as noted in Section 4.2
- (ii). very few underoccupiers were aware of or understood the SSPRU scheme when applying for a transfer or deciding about an offer, and therefore it could not have been a factor in their considerations

It is, perhaps, worth acknowledging that the SSPRU scheme had been introduced only a little over a year before the interviews were carried out (five months earlier in Newham) and that some respondents who had moved with the aid of a payment will have registered for a transfer long before the system was set up. To counter this problem it was specified that non-movers selected for interview should include only those whose registration post-dated the establishment of the scheme in their authority.

It is, nevertheless, striking that:

- only one tenant recalled having heard of the SSPRU scheme before applying for a transfer
- only one (further) tenant was familiar with the SSPRU scheme after applying for a transfer or moving and recognised it as different from any local authority assistance
- 17 interviewees had heard of the relevant local authority incentive payment systems before they applied to the transfer register
- a further 29 interviewees had heard of the authority incentive payment systems

after they applied to the transfer register, although in several cases interviewees claimed not to be informed of such schemes until after they had moved

Perhaps most significantly, only 22 of the 43 respondents recorded by the pilot local authorities as having received a DWP payment were clearly aware of having done so. It must be assumed that most of the others confused the DWP payment with assistance provided under the local authority's own incentive scheme, as indicated by the comments of one interviewee: 'it [the SSPRU payment] wouldn't have made any difference - I didn't know it was a DSS payment anyway' (50 year old woman, Newham). The finding mentioned in Chapter 3, that the great majority of those receiving DWP payments also received local authority payments should also be noted in this regard.

Among the 83 interviewees, there were just four cases where the availability of an incentive payment could be said to have had a discernible effect on tenants' decisions and actions (two cases where tenants had moved, and two among those still awaiting transfers). However, all of the respondents involved referred to local authority assistance rather than the SSPRU scheme. In each case the tenants claimed to be unaware of the SSPRU scheme, or did not believe that they would be eligible for it.

Even in these four instances, the significance of incentive payments is open to interpretation. In one case, the tenant (28 year old single mother, Croydon) had already decided to move and the provision of financial assistance from the local authority facilitated this: 'It made the move possible... I could afford to lose the room but I couldn't have moved without the money side of it to buy the carpets and a new fence...financially it was the only way to do it [move]'.

There was only one case where positive answers were received to the questions regarding the influence of incentive payments on the decision to move; the tenant concerned (53 year old single women, Haringey) would not have moved without the local authority incentive payments, would not have moved had the payment been smaller, and might have moved more quickly had it been larger. However, even in this case, the tenant did not give any consideration to rent differences in assessing property offers, and was unaware of the DWP scheme.

Among the two cases still awaiting transfers and where the availability of incentive payments might have prompted the decision to move, one (56 year old women, Newham) was prompted to apply for a transfer as a result of publicity about the local authority incentive payment, but did not believe (mistakenly) that she would be eligible for any DWP payment. The other case (retired couple - 93 year old male and 80 year old woman, Haringey), had not heard of the DWP incentive payment, but when informed of it, concluded that the possibility of a lump sum payment might influence their decisions about choosing a new home.

This last case was the only instance where rent differences were considered important by interviewees. This is mainly because all but three tenants were receiving Housing Benefit (covering close to 100 per cent of rent in many cases) and most interviewees felt that even if their rent in a new property was higher, they personally would not have had to pay a great deal more. Even the three interviewees who were not

receiving Housing Benefit in their new property did not mention any considerations of rent in their decisions about moving. The following are typical expressions of interviewees' attitudes towards rent levels:

- 'Didn't really think about the rent.' (82 year old woman, Newham)
- 'Rent didn't come into it because I was only paying £4 because I was on housing benefit. I didn't think of it.' (74 year old woman, Newham)
- 'I'm receiving HB, so you're no better off with cheaper rent.' (58 year old, Croydon)
- 'I've gone on Income Support a year ago and I don't pay any rent at all or any Council Tax. It doesn't affect me whether the rent's higher or lower.' (63 year old Haringey)

This suggests that underoccupiers are unaware that considerations of rent levels may be beneficial to them even if they do not personally pay a large proportion of their rent, as they may be eligible for a lump-sum SSPRU payment if their new rent is lower. This suggests that the DWP scheme has, so far – at least, failed to displace the established view of underoccupiers on Housing Benefit that rents are of no concern.

This finding corresponds with the conclusion that very few underoccupiers had heard of the SSPRU scheme or understood how it operated: only nine respondents understood the different principles which operated in the DWP and local authority schemes; i.e. that the former was based on rent differentials and the latter on the number of rooms given up. Of these nine, two respondents understood how the SSPRU scheme was calculated, and seven were more generally aware that it related to differences in rent levels.

The following are typical statements which illustrate the incomprehension of the incentive payment schemes:

- 'I don't really now how it is worked out. They never tell you what you are entitled to. Actually how they work these benefits out, I haven't a clue.' (69 year old man, Newham)
- 'Didn't know what it was until it came through. Some of these things that come through, it's like double Dutch, you don't understand it...' (73 year old woman, Croydon)
- 'No idea at all ... No we didn't know anything about that, I didn't ask any questions. I just said thank you very much.' (83 year old woman, Haringey)

To summarise the research findings about the impact of the SSPRU incentive payment: this was generally regarded by underoccupying tenants as a welcome (and often unexpected) bonus, but there was no evidence that it was significant in their transfer deliberations. This is largely because very few tenants had heard of the SSPRU scheme, and even fewer understood the eligibility criteria and how payments

were calculated. Overwhelmingly, underoccupiers moved for reasons unrelated to rent or other monetary considerations, and the vast majority would still have moved or applied to move without any incentive payment. Financial considerations seemed to be of little importance in comparison to their views about the suitability of accommodation; as one interview said: ‘the incentive payment doesn’t come into it, it’s if we like the place.’ (77 year old man, Newham).

The following are typical statements which reinforce these points:

- ‘That [DWP incentive payment] didn’t really come into it, we wasn’t thinking of what we would get out of it moneywise.’ (69 year old man, Newham)
- ‘It was wonderful to have, but the important thing was to get out’ (65 year old, Croydon)
- ‘It wasn’t the thought of money or anything, it was just getting away from where I was.’ (87 year old woman, Newham)
- ‘Well they didn’t tell me about a cash incentive but if I hadn’t got it I would still have moved. I just wanted to move out of the place I was in, but the money was useful’ (62 year old Haringey)
- ‘I never found out about it [incentive payment] until the last minute. I will say the money did interest me, but I was just glad to get out of there. If I hadn’t have got it, I’d have still moved here though...It wasn’t that important before I learned about but when I knew about it, it helped with a new washing machine and fridge freezer. I was lucky.’ (44 year old, Haringey)

#### 4.4 The Experience Of Landlord Measures To Promote Moves

This section considers the implications of the interview data for the advice and assistance provided to underoccupiers by local authorities in addition to incentive payments.

*Table 4.2.* Underoccupiers’ estimation of (non-financial) assistance offered to trading down movers, by borough

Borough	Status	Dissatisfied with assistance offered by LA	No complaint about assistance/No comment	Dissatisfied with assistance offered by LA	No complaint about assistance/No comment
		<i>No. of interviewees</i>		<i>% of borough samples</i>	
Croydon	<i>Movers</i>	7	6	27%	23%
	<i>Non-Movers</i>	5	6	19%	23%
Haringey	<i>Movers</i>	4	10	14%	34%
	<i>Non-Movers</i>	9	6	31%	21%
Newham	<i>Movers</i>	5	9	19%	35%
	<i>Non-Movers</i>	1	11	4%	42%

Source: Tenants' Survey

In contrast to the comparative ignorance about the SSPRU scheme, 25 interviewees were aware before applying for a transfer that local authorities provided some assistance with moving other than incentive payments. The main forms of assistance which tenants had heard of were help with removal costs or providing removers, disconnecting utilities, and grants for decorating new properties.

Table 4.2 suggests some differences between the authorities in terms of the proportion of tenants who believed that more help could have been given. In interpreting this table it should be borne in mind that some of the movers may be referring to experiences some time ago, possibly before the current staffing arrangements in their borough were in place. For this reason, the comparison between perceptions among non-movers may provide a more reliable impression of views on services as provided at the time of the research.

In general, the evidence indicates that in most cases, this assistance with the costs and services required for moving, and prioritisation on the transfer list were more appreciated by underoccupying applicant than financial incentives. The following are representative statements of respondents' opinions on this matter:

- 'Incentive payments were not important for me. High priority meant much more.' (63 year old man, Croydon)
- 'The payment didn't persuade me. I wanted to move; priority was more important.' (81 year old, Croydon)
- 'The actual cost of the removal van was the most important to me, that would have cost a lot.' (50 year old single mother, Newham)
- 'The help with the removal van and the decorating were more important than any other incentive.' (couple – 69 year old man and 55 year old women, Newham)

Despite the activities of staff dedicated to promoting underoccupation transfers in all three pilot boroughs, most tenants felt that their authority could have been more active in publicising both their own and the DWP incentive schemes, and only 21 interviewees stated that council staff had informed them of the availability of incentive payments at the time they registered for a transfer. Tenants clearly felt that information about the existence and means of calculating underoccupation incentive payments could be improved, and this opinion was common to all three councils, as illustrated by the following statements and table:

- 'They didn't explain anything... They should make it clear what they mean. They never made anything clear.' (66 year old, Croydon)
- 'I'm sure I said something like "Don't you have schemes..." and she said "Oh, yes" something like that. They didn't come out with it unprompted,' (50 year old, Croydon)

- ‘They never said anything to me and I never asked. You go down there and you ask questions and they don’t always give you answers on what you want to know.’ (75 year old, Haringey)
- ‘They just give you a figure and that was it. They didn’t explain how it was worked out, just said that because you were moving from a big house to a smaller one they would compensate you.’ (82 year old woman, Newham)

In contrast to some of the criticisms made, a small number of respondents were impressed with the advice and assistance provided, although this group is too small to sustain any significant analysis (e.g. distribution by borough or age, etc). Nevertheless, the following statement illustrates the kind of service which underoccupiers would welcome in assisting them with their transfer applications and decisions:

- ‘[we were helped] ...by having us in her office and talking to us about it [SSPRU scheme]. She used to ring us up and we rang her. She was very good. She explained our gas stove will be fitted free, our removals would be paid for and she set all that up on removals.’ (couple – man, 63, woman, 64, Newham)

#### **4.5 Chapter summary**

The factors which motivate underoccupiers in favour of moving tend to reflect the age distribution of those concerned, rather than being directly linked with underoccupation itself. For example, the proportion citing concerns over neighbourhood decline and anti-social behaviour was slightly higher than that mentioning the need to shed responsibility for cleaning and maintaining an ‘over large’ large property. While a number of tenants saw their move as a socially responsible act in a situation of housing shortage, there was no indication of any financial motivation for seeking a move.

Tenants’ testimony provides no evidence that the DWP incentive scheme had a discernible impact on decisions either to apply for a transfer or to accept transfer offers more readily. Very few underoccupiers were aware of or understood the SSPRU scheme when applying for a transfer or deciding about an offer, and therefore it could not have been a factor in their considerations.

There is also relatively little evidence that the incentive schemes run by the pilot local authorities themselves had much influence on these decisions. While awareness of local authorities’ schemes was relatively widespread, only a fifth of respondents recalled having heard of these before registering for a transfer.

Among the 83 respondents only four reported that the availability of incentive payments had been a material factor which had affected their decision-making and actions in relation to their move. In all these cases, however, the tenants referred to the local authority scheme rather than the SSPRU initiative. Underoccupiers in receipt of Housing Benefit are overwhelmingly uninterested in rent levels and very few are aware that the structure of the DWP scheme gives them an incentive to trade down to a cheaper home.

Awareness that local authorities make available non-financial assistance to underoccupiers is fairly widespread and such help – e.g. arrangement of removals, utility disconnection and reconnection – tends to be valued more highly than cash payments. In short, the assistance which underoccupiers receive in their transfer is welcomed, but there is no evidence that it is decisive in their decisions or actions.

## CHAPTER 5 – CONCLUSIONS AND RECOMMENDATIONS

### 5.1 Impact of the DWP Incentives Scheme

#### *Impact on volume of trading down moves*

The main aim of the DWP incentives scheme is to encourage trading down moves which would otherwise not occur. To the extent that the scheme produces ‘additionality’ in terms of ‘extra moves’, the financial benefits of these moves can be weighed against the overall cost of the scheme itself.

However, whilst the scheme has involved payments to over 80 households during its first year (first quarter in LB Newham), there is little or no evidence that any of these moves would not otherwise have taken place:

- the overall number of trading down moves by underoccupiers recorded by the three pilot authorities in 2000/01 fell slightly as compared with the figures for 1999/00
- awareness of the DWP scheme was very low among the target group of underoccupiers – only two of the 43 movers eligible for a payment and interviewed in the research recalled being familiar with the scheme before registering for a transfer or accepting a tenancy offer
- many of those who actually received a DWP payment did not distinguish it from the amount paid by the local authority under its own incentive scheme – nearly half those recorded as having benefited under the DWP scheme were unaware of having done so
- very few underoccupiers attribute significance to the availability of incentive payments in terms of influencing their decisions or actions related to moving house

In terms of overall numbers of moves, the research would – ideally – have looked specifically at the trend in the numbers of trading down moves by tenants in receipt of HB, comparing the number before and after the scheme’s introduction. Unfortunately, however, such data was provided by only one of the three pilot authorities and then only in relation to a single three-month period – too short a time over which to draw any reliable conclusions.

The evidence from the statistical analysis and tenants survey cited above is backed up by the testimony of council staff responsible for promoting underoccupier moves in the pilot authorities. Whilst officers believe that incentive schemes may be of some limited value in encouraging underoccupiers to register on the transfer list, they remain sceptical that the availability of payments has any effect in terms of persuading registered applicants to accept tenancy offers which they might otherwise reject. Whilst the tenants’ survey generated relatively little evidence to substantiate this assertion, it should be borne in mind that the scheme is recently-established in all three authorities and that publicity for the scheme may take some time to register in

the public consciousness. It is also fair to say that efforts to publicise the DWP scheme by the pilot authorities themselves had been relatively low key during the scheme's first year – particularly in relation to raising awareness beyond those already registered for a transfer.

Incentive payments may be of greater interest to that minority of underoccupiers who are younger people. They may also be influential for tenants in particular circumstances such as having substantial rent arrears. However, reinforcing the findings of earlier studies (Barelli, 1992; Barelli and Pawson, 2001) the firmly-held local authority view evinced by this research is that the crucial limiting factor in achieving trading down moves is the quality of vacancies available for offer. By comparison, the significance of incentive schemes is no more than marginal.

### ***Impact on tenants rehousing choices***

A secondary aim of the DWP incentive scheme is to sensitise tenants receiving Housing Benefit to differences in rents between their existing home and possible future homes. The structure of the scheme means that the size of the payment received is proportional to the old home/new home rent differential. This aspect of the scheme has wider significance in terms of the debate on reforming the overall Housing Benefit framework to create 'shopping incentives' so that HB-eligible tenants are given a financial incentive to seek homes with lower rents.

In its first year the DWP pilot does not seem to provide any evidence that the behaviour of HB-eligible underoccupiers has been modified in favour of moves to properties with lower rents. In practice, nearly a fifth of HB-eligible tenants making trading down moves under the pilot regime moved to homes where the rent was higher (see Table 9). Unfortunately, however, the pilot authorities' inability to provide comparable baseline (pre-scheme) data means that we have no way of constructing a counter-factual scenario on this. That is, we cannot know whether the incidence of 'higher rent' trading down moves has been reduced at all by the structure of the DWP incentive scheme which is intended to discourage such moves.

Nevertheless, the evidence from the tenants' survey suggests that it is highly unlikely that tenants' rehousing choices have been affected by considerations as to the size of the payment to which they might qualify. The first point here is the overwhelmingly low level of awareness of the scheme's existence (see above). Secondly, and more importantly, few of those who qualify for DWP incentive payments actually appear to understand the way that these are calculated. Among the 83 survey respondents (all of whom were potentially eligible under the scheme), only two were confident that they understood how the DSS payment was calculated and only seven appreciated that it was proportional to differences in rents.

These findings need to be seen in the context of the views of local authority staff that the DWP incentive calculation formula – whilst apparently simple – tended to attract little comprehension, or even interest, among underoccupiers. Typically, officers found that considerable effort was needed in order to communicate to prospective movers the implications of present/future property rent differentials. It should be borne in mind that – in spite of having designated staff responsible for tackling

underoccupation – none of the pilot authorities has a standard procedure requiring that relevant applicants are personally interviewed and/or counselled about their rehousing options following registration on the transfer list. Whilst direct personal contacts generally take place if requested by the tenant, communication with many underoccupiers takes place only by post – or possibly telephone.

A broader point also needs to be made here. The traditional approach to allocating social housing involves applicants being matched to vacancies by officials with access to information about applicants' stated needs and preferences. From the applicant's point of view, tenancy offers come in a 'take-it-or-leave-it' context; the applicant has no opportunity to weigh up a range of possible rehousing options one against another. It is possible that an applicant might state 'low rent preferable' on their original application form, but it is questionable whether this would be taken into account in matching them with a vacancy. Other than this, the only means by which an applicant can take positive action in favour of a 'low rent' tenancy would be to turn down offers where the rent was considered to be 'too high'. It seems highly unlikely that this would happen, particularly since rejections could leave the applicant facing a penalty for exceeding their maximum allowable number of offers (see Section 2.4). Within this framework, it is perhaps unrealistic to imagine that any device such as the DWP's incentive scheme could have the effect of increasing the likelihood of moves to cheaper homes.

However, the traditional 'bureaucratic' approach to social housing allocations has been increasingly criticised in recent years as paternalistic, disabling and outdated (Pawson et al, 2001). As noted in Section 1.2, central government has recently been strongly encouraging social landlords in England to develop 'choice-based' approaches to lettings (DETR, 2000). These involve a mechanism for the matching of applicants and vacancies radically different from the traditional approach. Instead of being an administrative process, applicants themselves are able to select from a range of vacancies available at a particular time, and to register their interest in (or bid for) any considered suitable. Clearly, such systems imply the weighing up of various rehousing options, one against another so that applicants are encouraged to 'trade-off' priorities such as location, rent or property features. Within such a context it seems at least possible that applicants could give greater preference towards lower rent vacancies in the knowledge that this might increase their incentive payment entitlement.

The particular relevance of these considerations stems from the fact that all three pilot authorities are currently developing choice-based lettings systems under the DTLR's CBL pilot scheme. Under this initiative, selected local authorities have received challenge fund resources to test out 'customer-focused' approaches to lettings in 2001/02 and 2002/03. It may, therefore, be possible to examine the interaction of the two pilots in the second phase of this evaluation, possibly taking place during 2002/03.

### *Cost-effectiveness*

Rehousing underoccupiers in receipt of Housing Benefit clearly reduces the overall

Housing Benefit bill. Such moves save money both directly, and indirectly. Directly, due to the typically lower HB payments on underoccupiers' new homes as compared with their old homes. And indirectly, due to the fact that incoming tenants moving into homes vacated by underoccupiers typically qualify for somewhat lower levels of HB than their predecessors. More importantly, the HB liability of these 'successor tenants' is typically much lower in their new home than in their former home.

Taking account of both payments to tenants and administrative expenditure, the gross annual cost of the pilot scheme is around £175,000. To what extent can this be justified by savings directly attributable to the scheme? As reported above, the *potential* savings to be realised are substantial. However, the short answer to the main question is that, since few if any additional trading down moves appear to be generated directly by the scheme, the resources committed to it cannot easily be seen as providing value for money.

## **5.2 Recommendations**

1. The pilot local authorities should be encouraged to publicise more widely the benefits on offer for underoccupiers prepared to move; the aim being to sway unregistered underoccupiers in favour of applying for a transfer
2. The pilot local authorities should be encouraged to consider the desirability and feasibility of adopting a standard procedure whereby all underoccupiers registering on the transfer list are offered an interview to discuss their rehousing options and the benefits available to them
3. The pilot local authorities should be required to improve the completeness of their statistical monitoring on underoccupier moves, both in terms of ensuring that all trading down moves are recorded (irrespective of the destination of the move), and in terms of minimising missing data items for each mover (especially in terms of rent and Housing Benefit data).
4. The Department should consider the possible value of commissioning a second phase to the evaluation to consider the impact of choice based lettings for underoccupier movers in the context of the SSPRU incentive scheme. Alternatively, it might be possible to obtain the agreement of the Department of Transport, Local Government and the Regions (DTLR) to incorporate a specific focus on underoccupation within its main evaluation of choice-based lettings in the DWP's pilot local authorities.
5. The Department should consider whether the resources currently devoted to the pilot incentive scheme might be better used in underwriting the additional staffing and other costs incurred by local authorities in providing underoccupiers with practical support and counselling of a more intensive nature than presently offered

## **APPENDIX 1 – MONITORING DATA SPECIFICATION FOR PILOT LOCAL AUTHORITIES**

As part of the contract with the DWP (formerly DSS), the pilot local authorities are obliged to maintain the following records relating to all underoccupier transfers (regardless of their HB status):

### *Family details*

- Name of tenant
- Date of birth
- Number of adults
- Number of children

### *Details of original property*

- Address and postcode
- Rent
- Housing Benefit
- Landlord
- Number of bedrooms

### *Details of new property*

- Address and postcode
- Telephone number
- Rent
- Housing Benefit
- Landlord
- Number of bedrooms

### *Details of the transfer*

- Date of move
- Date of application
- LA incentive payment (if applicable)
- Rent arrears (if applicable)



## **APPENDIX 2 – TOPIC GUIDE HEADINGS FOR INTERVIEWS/GROUP DISCUSSIONS INVOLVING LA STAFF**

1. The development of the LA's own approach to facilitating trading down moves over the past few years
2. Whether the LA has changed any of its policies or practices regarding trading down moves to coincide with the introduction of the SSPRU scheme
3. The LA's experience of integrating the SSPRU scheme alongside its existing policy on underoccupiers
4. Publicity given to the SSPRU scheme
5. The factors that affect underoccupiers' decisions as to whether to apply for or accept a trading down move
6. The extent to which underoccupiers are aware of, and understand, the SSPRU scheme
7. The degree to which the availability of SSPRU payments has stimulated additional interest in trading down moves among HB-eligible applicants
8. The extent to which the structure of the SSPRU scheme encourages HB-eligible underoccupiers to take a greater interest in the rent levels of possible future homes
9. How much the SSPRU scheme has affected the accommodation choices made by underoccupier movers
10. Potential scope for improvements in policies to facilitate trading down moves and their implementation
11. How policies to facilitate trading down moves will be integrated within new lettings frameworks consistent with the 'choice-based' model



## APPENDIX 3 – TENANT SURVEY: SELECTION AND RECRUITMENT

### A3.1 Overview

The population from which the sample of tenant interviewees was drawn was made up of the following:

- former underoccupiers who had moved to a smaller home with the assistance of a DWP incentive payment
- current underoccupiers registered on the transfer list awaiting a move to a smaller home

### A3.2 Selection of Underoccupier Non-movers

There was a particular interest in recruiting a cohort of ‘non-movers’ who had recently registered on the transfer list. This was desirable in order to optimise the possibility that the DWP incentive scheme was fully operational at the time of their registration. However, many tenants were uncertain when they had first formally applied for a transfer and could not be specific about how long they had been on the waiting list. It was also quite common for tenants to have registered for a transfer on more than one occasion and be uncertain how many times or when they had done so. As a consequence, it has not been possible to be certain that recently registered tenants were recruited for interview, nor to calculate a meaningful average waiting time. As an indication, the range of waiting times for transfers which were mentioned by both cohorts (those who had and those who had not yet moved) ranged from 2 months to 25 years, and the most frequent reference was to ‘about a year’.

A small number of tenants who were awaiting a move were uncertain whether or not they were still registered on their council’s transfer list, as they claimed not to have had any contact with their local authority for some time. Of course, all such tenants *were* in fact still registered, as local authority transfer lists were the sources used to draw up the sample. This situation applied equally to all three boroughs, and there were no discernible patterns of difference between different types of tenant. The following statements illustrate these points:

- ‘...still on register *I think*. I have been trying to find out if I have been accepted in the borough I want to go to. But they keep on saying that Newham haven’t completed the forms correctly.’ (73 year old woman, Newham)
- ‘I don’t know whether I’m on or off the list now.’ (73 year old woman, Haringey)

‘I’m not sure - they actually turned me down for the move - I don’t know whether I’m still on the list...’ (45 year old women, Croydon)

### A3.3 Recruitment Procedure

Address listings of eligible tenants were provided to the DWP by the pilot local authorities (for numbers see Table 1.2, Chapter 1). Incomplete addresses were supplemented and/or corrected with the aid of the Royal Mail website. A letter was sent to all eligible tenants informing them of the research and seeking their

participation. Recipients were made aware of the £20 expenses/incentive payment on offer to participants. The letter invited tenants to return an enclosed slip if they preferred not to be involved in the study. The slip could also be returned to indicate a positive wish to participate (the thinking here was that this procedure could generate some telephone numbers in addition to those provided by the pilot authorities). It was, however, made clear that non-response would be interpreted as indicating willingness to take part.

Around a third of the 160 tenants included in the mailing responded. Of these, around a third opted out of the research. In contacting those remaining, interviewers placed an initial priority on those who had responded positively. Once these were exhausted, they began getting in touch with those who had simply failed to respond. Wherever possible, interviewers attempted to contact potential interviewees by telephone to confirm the subject's willingness to take part in the study and to arrange a specific appointment for the interview itself. The interviews themselves were carried out in tenants' own homes and typically lasted between half an hour and one hour.

## APPENDIX 4 – CHARACTERISTICS OF TENANT INTERVIEWEES AND INTERVIEWEE MOVES

The analysis presented below relates to the 83 current and former underoccupiers interviewed in the household survey

### Social and Demographic Characteristics

- 46 cases were households headed by someone aged 65 or over (56 per cent of the sample).
- The youngest interviewee was aged 25 and the oldest 93.

*Table A4.1. Head of Household Age by Borough*

	Under 65		65-79		80 or over	
	Number	% of boro/total sample	Number	% of boro/total sample	Number	% of boro/total sample
Croydon	15	55%	8	30%	4	15%
Haringey	12	41%	12	41%	5	18%
Newham	9	33%	13	48%	5	18%
All	36	43%	33	40%	14	17%

- The gender composition of the sample cannot be calculated as this information was not recorded for all cases.
- 59 interviewees were single person households (71 per cent of the sample). This consisted of 32 movers and 27 non-movers.
- Seven households interviewed included dependent children (eight per cent of the sample), consisting of four movers and three non-movers. Of these, four households (five per cent of the total sample) were headed by a single parent; in each case this was a single mother. These sub-groups are too small to conduct a statistically significant analysis.

Table A4.2. Household Composition by Borough

	1-2 adults aged incl. members aged 65+		1-2 adults aged under 65		1-2 adults with children 18 or under	
	Number	% of boro/total sample	Number	% of boro/total sample	Number	% of boro/total sample
Croydon	12	44%	12	44%	3	11%
Haringey	18	62%	10	34%	1	3%
Newham	18	66%	8	30%	1	4%
All	48	58%	30	36%	5	6%

- 46 interviewees were or had been accommodated in flats, sheltered housing, maisonettes or bedsits (55 per cent of the sample). This comprised 26 movers (referring to their address before moving) and 20 non-movers. The rest of the sample were or had been accommodated in houses.
- Four movers had relocated from a local authority tenancy to a housing association tenancy. Two non-movers were currently housing association tenants. These sub-groups are too small on which to base a statistically significant analysis.
- The kind of properties made available by the trading down moves of underoccupiers are summarised in the tables below.

Table A4.3. Type of Move by Borough

	4 (or more) bed to...			3 bed to...		2 bed to	Total
	3 bed	2 bed	1 bed	2 bed	1 bed	1 bed	
Croydon	0	0	2	1	3	8	14
Haringey	0	2	0	0	9	3	14
Newham	3	1	2	0	4	5	15
Total: no.	3	3	4	1	16	16	43
Total: % of all moves	7%	7%	9%	2%	37%	37%	100

Note: 1 bedroom properties include bedsits

Table A4.4. Non-Movers: Size of Property Currently Occupied by Borough

	Two bedrooms		Three bedrooms		Four or more bedrooms	
	Number	% of boro' non-movers sample	Number	% of boro' non-movers sample	Number	% of boro' non-movers sample
Croydon	3	23%	10	77%	0	0%
Haringey	0	0%	14	93%	1	7%
Newham	3	25%	8	67%	1	8%
Total no'	6	-	32	-	2	-
Total: % of all non-movers	15%	-	80%	-	5%	-

Note: Four bedrooms column consist of one four bedroom and one five bedroom property

## REFERENCES

- Barelli, J. (1992); *Underoccupation in Social Rented Housing*; London: HMSO
- Barelli, J. and Pawson, H. (2001); *Underoccupation in Social Housing*; London: DETR
- Bramley, G., Pawson, H. and Third, H. (2000); *Low Demand Housing and Unpopular Neighbourhoods*; London: DETR
- Department of the Environment (1995); *Our Future Homes*; London: HMSO
- Department of the Environment, Transport and the Regions (2000); *Quality and Choice*; The Housing Green Paper; London: DETR
- London Housing Unit (2000) *Going Critical: The Housing Supply Shortfall Facing London Councils in 2000*; Briefing paper available at [www.lhu.org.uk](http://www.lhu.org.uk)
- Pawson, H (2001); Pilots cleared for take-off; *DTLR Choice-based Lettings Newsletter No. 1*
- Pawson, H., Levison, D. Third, H., Lawton, G. and Parker, J. (2001); *Local Authority Policy and Practice on Allocations, Transfers and Homelessness*; London: DETR
- Walker, B. and Marsh, A. (1998); *Pricing Public Housing Services: Mirroring the Market?* *Housing Studies*, 13(4)