

Thursday, 12 December 2024

### Report of the Portfolio Holder for Housing, Homelessness and Planning

#### Council Housing - Mutual Exchange and Incentive to Move Review Outcomes

##### Exempt Information

None

##### Purpose

The purpose of this report is to provide information to members on the Mutual Exchange Policy and the Incentive to Move Policy that have been reviewed and updated.

##### Recommendations

It is recommended that Cabinet:

1. Approve the Mutual Exchange Policy (ME). (*Annex 1*)
2. Approve the updated Incentive to Move Policy (ITM) (*Annex 2*)

##### Executive Summary

The aim of this report is to seek approval following a review of both policies that form part of the Council's Allocation Policy and Tenancy Management policy.

Tamworth Borough Council's (TBC) current version of its housing allocation policy was approved in 2020 with subsequent updates to the policy in 2021 and March 2024.

The Council's Incentive to Move Policy and Mutual Exchange policy require an update to fully meet the requirements of the Social Housing Regulation Act 2024. In particular, the Regulator of Social Housing (RSH) noted within its consumer standards that social housing landlords are required to have a best practice mutual exchange Policy.

The Incentive to Move Policy was formally approved in 2010 and its associated procedural guide was last updated in 2018. The Mutual Exchange Policy has been incorporated into the Allocations Policy for many years. But it has not been formally approved as a specific policy.

ITM and ME are part of wider strategies to support mobility and achieve an efficient use of stock including addressing under-occupation. It is important to appreciate two points:

- Firstly, both ITM and ME are sub-elements of allocations and lettings policies and procedures rather than standalone initiatives. For example, categories of households targeted for ITM are frequently placed in a higher band in the allocations policy. In relation to ME, it is usually found that councils promote its use to existing tenants who wish to move but have a low or zero banding. National policy and legislation / regulations are also framed in this way.

- Secondly it is common for councils to link ME and ITM. For instance, ITM and ME are both used to tackle under-occupancy.

### **Mobility and social housing**

There is on-going interest in promoting mobility within the social rented sector. This is illustrated, for example, by a government statement in 2015 which comments that ‘the government is committed to increasing mobility for social tenants to enable them to meet their aspirations...’.<sup>1</sup> Similar comments have been subsequently made numerous times by ministers and civil servants at allocations and lettings events (and see section three below and the quotation from the ‘Allocation of accommodation: guidance for local housing authorities in England’ (June 2024).

There continues to be a consensus in promoting housing mobility within the social rented sector and In summary, there are four major interrelated reasons:

- Making effective use of stock e.g. tackling under-occupation which is estimated at 10 per cent of the social rented stock nationally
- Meeting the needs and aspirations of customers e.g. households who wish to downsize
- A well-functioning social housing market requires an adequate level of turnover (also referred to as ‘churn’)<sup>2</sup>
- Limited opportunities for existing tenants to use local allocations policy including transfers.

The latter has become increasingly significant as the number of households on housing registers has increased while the number of lettings has decreased. Existing tenants have little chance of being rehoused unless their personal circumstances have deteriorated.

As well as ITM and ME, nationally there are a diverse range of mobility Policies such as ‘right to move’, ‘key worker arrangements’, ‘support for older people and those with disabilities’, and some forms of ‘low cost home ownership (LCHO)’.<sup>3</sup>

### ***Incentive To Move Policy***

As an introductory point, ITM is also referred to as downsizing and rehousing, and right-sizing.

Much of the debate on this initiative focuses on older people and an ageing population. It is rumoured that the government’s older person’s housing taskforce report, which is due to be published imminently, will cover downsizing and ITM.

### ***Legislative status***

As has already been pointed out, ITM links with allocations policies. For example, households willing to downsize are frequently given a higher banding. At the same time,

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<sup>1</sup> See [Right to Move and social housing allocations - GOV.UK \(www.gov.uk\)](https://www.gov.uk)

<sup>2</sup> Government data indicates that in areas of severe housing pressure, turnover of existing stock is low e.g. London boroughs, 2022/23, only 2.3% - [Social housing lettings in England, tenancies: April 2022 to March 2023 - GOV.UK \(www.gov.uk\)](https://www.gov.uk)

<sup>3</sup> Although it was written over 10 years ago, the House of Commons Library paper on housing mobility Policies provides a useful account of the history and policy as of the early 2010s – see [Standard Note \(parliament.uk\)](https://parliament.uk)

there will be a range of incentives to encourage these households to actively use the lettings system.

From a legal and regulatory perspective, this type of approach may involve:

- Priority for a class of applicants over and above reasonable preference categories – part six of the Housing Act, 1996, does not prohibit local housing authorities from taking this course of action
- Priority for a particular type of accommodation – again, part six of the Act allows this to take place.

There is, however, a limiting condition. Any such approach must not lead to an imbalance whereby reasonable preference is not available to those in reasonable preference categories i.e. it must not negatively affect the overall principles of reasonable preference. Legal judgements have reiterated that such Policies individually and cumulatively (including local lettings) must not imbalance the overall allocations policy.

(TBC housing allocation policy – March 2024, paragraph 4.12.6)

The ITM is a landlord's discretionary Policy and subject to budgetary provision. In making best use of stock the Council uses its Incentive to Move Policy to encourage people to move out of under-occupied properties. The policy enables a payment to be made towards moves from:

- Houses to flats or bungalows
- Adapted properties to non-adapted properties (where a suitable match has been made for the adapted property)
- Chain lets; namely where a household releases a unit resulting in two or more subsequent moves for other households on the housing register.
  - i. Where someone has moved and received an incentive payment, they should expect to stay in that property for 3 years before making an application to transfer home again.
  - ii. The payment will be recovered from tenants that move within 3 years unless there is an exceptional circumstance which includes:
    - Moving into residential care or long-term hospice
    - Death
    - Moving in with relatives

ITM which is also sometimes referred to as 'downsizing', focuses primarily on addressing the issue of under-occupation of larger council homes (especially four and five bedroom properties). This is a major concern as large families on the housing register frequently have to wait many months before a property of a suitable size becomes available. There are 88 four-or-five bedroom properties owned by the Council out of approximately 4,500 stock. We are also aware that some households that are under-occupying are struggling to manage their home.

### ***Use of ITM***

There is limited data on ITM readily accessible at national and local levels. For TBC:

Year	Number of completed ITM	Number of abandoned ITM <sup>4</sup>	Cost of financial incentive
2009/10	11	N/A	£15,000: Average cost of £1,364
2022/23	35	4	£7,821.68
2023/24	17	12	£5,128.14
2024/25	16	17	£5,000.00
To date			

Points to note:

- Based on limited current data, it is reasonable to assume 15-35 successful ITM per year
- Abandonment rate appears to be high from the limited data available due to data not being straight forward. Moving forward data will be captured via Key performance indicators.

The updated Policy will promote further data collection and setting targets for successfully completed ITM.

Findings from research and best practice which are relevant for TBC's update of its ITM policy and procedures is to ensure the following:

- Holistic approach that aligns ITM with allocation and lettings policies and procedures, involvement with other services (e.g. health and adult social care), and involvement of third sector advice agencies.
- Importance of a dedicated officer and / or staff team that can assist individual households through the process
- Promoting ITM and downsizing is vital – role of community leaders can be advantageous
- Communications strategies with other stakeholders and potential customers can increase interest

The main changes to the updated Policy are due to the Council requiring larger units of four and five bedroom properties back into general needs stock. The Council will be offering those tenants who are under-occupying in these properties £2000.00 incentive, with assistance on removal costs, on a case-by-case basis. Any tenant in a three bedroom property or smaller will receive the standard £1000.00 per property which is no change to the current Policy.

### ***Mutual Exchange for Social Tenants***

Mutual Exchange (ME) is a customer-led approach to help existing tenants who are in a low band on the housing register or who have no banding who wish to move. Tenants using ME can exchange with tenants of the council or other social housing landlords locally or nationally.

Tenants of a local authority or a registered provider have access to Mutual Exchange service or swapping properties with other tenants giving them the best chance of moving. They can exchange their property with any other social housing landlord's tenant, anywhere in the country. The Council has developed a mutual exchange service for its tenants which used to

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<sup>4</sup> Raw data on abandonments is available but is not straightforward (e.g. dates of abandonment and associated text indicate that the overall process can last several months) – the figures should be regarded as approximations.

run through **House Exchange**. This is currently being updated to **Home Swapper** after a successful procurement exercise. There is no charge for Tamworth Borough Council tenants.

If tenants are looking to move for work or to be near to family and friends, House Exchange and Home Swapper are national services which means that tenants are able to see homes across of the whole of the UK, not just in Tamworth. Clients may exchange with other social housing tenants if everybody involved in the exchange process agrees. Normally an exchange will be agreed by the Council providing:

- a. Both properties are the right size for the incoming family's needs.
- b. Neither party is having legal action taken against them for breaking their tenancy

If clients are not a Tamworth Borough Council tenant, then they may wish to contact their landlord as other registered providers are also obligated to run their own mutual exchange service.

The current approach to MEs is covered in the Allocation Policy, and highlights the following:

- Transfer applicants with no housing needs should use ME
- ME is a nationwide Policy
- Council conditions must be met e.g. both properties are of an appropriate size, and there are no legal actions being taken against either household.
- Abandonment reasons centre on three issues – ‘no form from the other party’, ‘the other party has pulled out’, ‘proposed ME does not meet the criteria set by one or both landlord’.

It is also implicit that the process is tenant-led with minimal direct council involvement.

In broad terms, the basis for ME is set out in the section 92 of the Housing Act, 1985. This allows exchanges between secure tenancies and between secure and assured tenancies. Exchanges involving flexible tenancies is primarily covered through the Localism Act, 2011, section 159.

Shelter has an excellent summary on ME at [Shelter Legal England - Mutual exchange for social tenancies - Shelter England](#).

The Ministry of Housing, Communities and Local Government (MHCLG) ‘Allocation of accommodation: guidance for local housing authorities in England’ (June 2024) states in paragraph 1.6.

“Providing tenants with greater opportunities to move within the social sector can help promote social and economic mobility and make the best use of social housing stock.”<sup>5</sup>

The Regulator of Social Housing (RSH) has included ME in its consumer standards that became effective in April 2024. Paragraph 83 states

“Support to relevant tenants wishing to mutually exchange may include, for example, registered providers supplying them with clear and simple information about the mutual

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<sup>5</sup> [Allocation of accommodation: guidance for local authorities - Guidance - GOV.UK \(www.gov.uk\)](#)

exchange process, including the associated responsibilities of the landlord and of the tenant, and helping tenants to register with an online mutual exchange service if required.”<sup>6</sup>

RSH inspections may require evidence of a satisfactory ME Policy.

### ***Use of Mutual Exchanges***

MHCLG data provides a useful recent performance summary for TBC.

Year	Completed ME total	Completed ME within TBC	Completed ME outside TBC
22/23	35	31	4
21/22	18	12	6
20/21	12	10	2
19/20	22	19	3
18/19	25	24	1
Total	112	96 (86%)	16 (14%)

MHCLG does not collect local data on abandoned MEs or those that are successful but end within a short period of time. Research studies viewed suggest an abandonment rate varying from 20-50 per cent for initial enquiries. There is no reason to suggest that the local figures for Tamworth are any different.

Comparing the TBC data with national figures, the percentage of completed MEs within a local area is higher for Tamworth (86%) than nationally (75 – 80%). The national decline in the number of completed MEs is not mirrored in Tamworth. But the number of completed MEs appears to be relatively small.

Our data indicates that 86% of successful MEs involving our tenants are local. There are a series of conditions that determine whether tenants can use ME.

### ***Tenant Consultative Group (TCG)***

Revised ITM and ME policies were taken to TCG on 5<sup>th</sup> November 2024 and presented to members. A general discussion was undertaken with the group regarding both functions.

Tenant Consultative Group welcomed the updates on both Policies and General feedback to be included:

- TCG members did not raise any objections to the revision of both policies
- It was acknowledged by members that the Council does not have enough bungalows.
- Comments were feedback about the 'hand holding; approach to moving and how this would be welcomed by members.

### **Options Considered / Legal/Risk Implications**

Legal advice has been sought from South Staffordshire legal services. The updates do not amount to a significant policy change. They, therefore, can be adopted without the necessity to have a formal statutory consultation.

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<sup>6</sup> See [Consumer standards Code of Practice - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/publications/consumer-standards-code-of-practice)

Options		Considerations	Risks	Benefit
Option 1	Do nothing	The Council has a 2010 Incentive To Move Policy and MEs are listed in the Council's allocation policy and Tenancy management policy	<p><i>Would be compliant when the Social Housing regulator inspects the Council under Consumer standard. However, TBC are striving for best practice and awareness of current Policy last updated in 2010.</i></p> <p><i>RSH inspectors may require evidence of satisfactory ME Policy and ITM of which TBC will not have if not updated</i></p>	.
Option 2 – Recommended	Update both Policies	Council will launch updated Policies and is also launching its new ME provider Home Swapper and a Swap and Move tracker which is a new innovative back office function for all social tenants.	Without major changes at national or local levels the initiative will remain limited somewhat.	<p>Current update of these Policies are relatively modest operations in relation to allocations and social lettings.</p> <p>Outcomes for tenants can be improved when good practice is adopted.</p> <p>For ITM, interest in the Policy and performance could be increased if a holistic personalised approach were adopted during the process. Financial incentives are not strategically important</p>

				<p>compared to other factors such as the availability of suitable homes.</p> <p>For ME local performance can continue to improve by adopting the new Policy and assisting customers through the process.</p>
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As well as the favoured option of updates to both Policies, a fundamental change to both was discussed in order to deliver a larger number of successful Incentive To Move cases and a greater number of completed MEs.

It was agreed that this was not appropriate as it would require major increases in the supply of new council housing. A substantial increase in the availability of suitable properties for Incentive To Move, especially the development of bungalows, would be needed. In the case of Mutual Exchange, it would require a substantial growth in the council housing stock.

### Resource Implications

There are no additional resources implications, as it is expected that both updated Policies can be delivered within existing budgets.

Year	Tenants Removal Expenses (HR2102 57040)		Decoration Allowances (HR2102 57070)		Financial incentive to move (HR2102 57080)		2019-23 Expenditure	2019-23 Budget
	Annual Expenditure	Annual Budget	Annual Expenditure	Annual Budget	Annual Expenditure	Annual Budget		
2019/20	5,634.65	6,730.00	11,849.48	17,140.00	14,847.88	14,750.00	32,332.01	38,620.00
2020/21	4,924.55	6,900.00	7,918.18	17,570.00	11,023.97	10,120.00	23,866.70	34,590.00
2021/22	3,375.37	7,040.00	11,203.76	17,920.00	11,451.85	15,420.00	26,030.98	40,380.00
2022/23	14,741.76	7,220.00	14,340.09	18,370.00	7,821.68	15,810.00	36,903.53	41,400.00
2023/24	10,747.10	7,730.00	21,113.32	19,660.00	5,128.14	16,920.00	36,988.56	44,310.00
<b>Total</b>	<b>39,423.43</b>	<b>35,620.00</b>	<b>66,424.83</b>	<b>90,660.00</b>	<b>50,273.52</b>	<b>73,020.00</b>	<b>156,121.78</b>	<b>199,300.00</b>

Current year budgets for 2024/25 are £7,990 for Tenants Removal Expenses, £20,330 for Decoration Allowances and £17,500 for Financial Incentive to Move – a total budget of £45,820.

The impact of the new policies on demand and therefore resources available going forward will be kept under review.

### Equalities Implications

The proposed updates will improve equalities opportunities by:

- Offering households who are struggling to maintain under-occupied properties to move to a more suitable property
- Helping households on the housing register who require a large property to find a suitable home



- Provide an opportunity through mutual exchange to council tenants who wish to move and who have a low or no band.

### **A Community Impact Assessment is attached at Annex 3.**

### **Environment and Sustainability Implications (including climate change)**

There are no environment or sustainability implications.

### **Background Information**

#### ***ITM National research and guidance***

There have been various national policies to tackle under-occupation over the last decade including fixed-term tenancies and the so-called bedroom tax. But even government-commissioned research has suggested that they have had a limited impact.

Sources of research and guidance since 2014 centre on older people but often focus on the market sector. There are relatively few reliable studies on social housing. But they include:

- Housing Learning and Improvement Network (Housing LIN) webpages on ‘freeing up accommodation – a downsizer market’<sup>7</sup>
- Family Mosaic report in 2017 on ‘Take-up on downsize’<sup>8</sup>
- National Institute for Health and Social Care Research report on rehousing programmes in Hackney<sup>9</sup>
- Unpublished government study of housing for an ageing society in 2014/15 (Tim Brown HQN)
- *Inside Housing* and *Housing Today* articles which normally focus on case studies.<sup>10</sup>

The more robust studies are London-biased.

There appears to be a consensus that between 5-15 per cent of households in social housing are under-occupying – the majority are older households. But only approximately 25 per cent of under-occupiers are willing to consider downsizing. However, data on ITM is not collected nationally and, therefore, there is a paucity of robust information.

Tenant surveys indicate that there are health benefits for many (but not all) older households, and that these can result in NHS cost savings. However, there are cases where downsizing has no beneficial effects on health and well-being. This is because of existing long-standing health issues, loss of contact with family and friends, and inability to access services.

From a housing perspective, the benefits are that downsizing can make a contribution to a more efficient use of the stock. The Family Mosaic study analysed the stock and found that there was sufficient one and two bedroom properties that become available to meet the demand for downsizing. ITM can also ensure that older people overcome unsatisfactory housing situations. But it requires significant resources with a dedicated team of officers to provide personal support throughout the process.

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<sup>7</sup> See [Freeing up accommodation - a downsizer market - Delivering key outcomes - useful resources - Policies, practice and strategies - SHOP - Strategy - Extra Care - Topics - Resources - Housing LIN](#)

<sup>8</sup> Available at [2017-Take up downsize.pdf \(housinglin.org.uk\)](#)

<sup>9</sup> [Rehousing programmes for older social housing tenants in Hackney: how well do they work? - NIHR School for Public Health Research](#)

<sup>10</sup> See, for instance, [Inside Housing - Comment - We need to make downsizing easy](#)

ITM is occasionally linked with ME and chain moves as well as collaboration with health and adult social care services to ensure a holistic approach.

There is no consensus over the relative importance of financial incentives. In some cases, an attractive package is a positive tipping point. From a HQN associate perspective, the more important factors are availability of suitable homes, a willingness to consider a move, and support during the process.

The low take-up of ITM appears to be the result of five interrelated factors:

- Lack of appropriate housing (especially bungalows) leading to limited choice – this is the most significant factor
- Size of property as many older households have a substantial amount of furniture and other goods which they wish to keep – this can conflict with council allocations policies covering the tight matching of household size with property size
- Lack of understanding of ITM and downsizing leading to negative perceptions – ‘it’s only for people with health problems’, ‘I am only ready to consider it when I’m older’, and ‘it won’t be affordable’
- Debt – council policies may prevent households with debts from using ITM (and ME), while households worry about the burden of extra costs
- Emotional connection with an existing ‘home’.

Abandonment of individual moves (even at an advanced stage in the process) is not unusual. Factors include delays during the process, rethinking whether a property is suitable, and changing personal circumstances.

Lesson learning from the studies to ensure an effective ITM suggests 10 points:

- Prioritisation – decide on the relative priority of ITM as against other housing policies
- Clear targets – household type and property type / size
- Consider the advantages and disadvantages of linking ITM to chain moves
- Holistic approach that aligns ITM with allocation and lettings policies and procedures (including ME)<sup>11</sup>, involvement with other services (e.g. health and adult social care), and third sector advice agencies.
- Sufficient available homes that meet the needs of the household target type
- Importance of a dedicated staff team that can assist individual households through the process – successful downsizers welcomed a ‘personal touch’
- Financial incentives are useful but are not fundamental to its success
- Promoting ITM and downsizing is vital – role of community leaders can be advantageous
- Communications strategies with other stakeholders and potential customers can increase interest
- Care is needed if a proactive targeting strategy is adopted as it can lead to households feeling unnecessarily pressurised to take up the service,

### ***Mutual Exchange Back ground***

Although there is continuing interest in ME among policy makers, the reality is a long-term decline in its use. Nationally, there were over 20,000 ME moves in 2001/02, but this fell to 10,700 in 2017/18. Use has continued to decline with only 7,760 in 2022/23.

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<sup>11</sup> This could include ‘first refusal on all suitable vacancies.

A second major piece of data is that 75-80 per cent of ME moves nationally are within individual local authority areas. One commentator has interestingly commented that 'while there is a policy of promoting nationwide online ME Policies, the reality is one of localism'.

### *National research and guidance*

Legislation and guidance on MEs is relatively sparse compared to, say local lettings Policies. Similarly authoritative research and good practice is limited. The last comprehensive study was published in 2014. It was commissioned by the government and conducted by Sheffield Hallam University – 'Promoting mobility through mutual exchange'.<sup>12</sup>

There has, of course, been coverage of ME in the social housing press on, for example, housing ombudsman decisions and brief news items. But the only substantive commentary since 2020 appears to be 'Addressing occupancy in social housing' – see [Inside Housing - Comment - Addressing occupancy in social housing](#).

There is also 'grey literature' such as dissertations, student projects, and unsolicited blogs and social media. But the robustness and quality of some of this material is questionable.

Mention has already been made of the Smith Institute publication on vacancy chains in social housing (see footnote 4). In a perfunctory note without much evidence, it expresses criticism of ME e.g. a downward trend in lettings through online platforms, restrictions on households with rent arrears (even where under-occupation is the cause), and issues of spare bedroom requirements for people with care needs.

The most significant and frequently quoted statement in all of the material that has been reviewed for this paper is that 'ME is now the main mechanism by which councils expect existing tenants to secure a move'. Yet, the data (see above) suggest a long-term decline in its use.

The two prime benefits of ME are:

- Helping existing tenants to move to more suitable or affordable housing – tenant surveys (though few in number) suggest that their motivation is to address poor housing situations rather than seeking nicer homes or better neighbourhoods
- It is a tenant / customer-led Policy (hence presumably the interest from the RSH – see above) – tenants often make a compromise between the wider benefits of moving home and the costs e.g. closeness to friends and family, relocating children to different schools, and access to services.

The two interlinked major challenges are:

- Maximising its efficiency and effectiveness especially as the abandonment rate appears to be relatively significant (even though data is limited)<sup>13</sup>
- Resource intensive (especially officer time) in an era of local government financial austerity and where the individual personal touch during the process is adopted.

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<sup>12</sup> [Promoting mobility through mutual exchange: realising the potential - GOV.UK \(www.gov.uk\). This study was based on reviewing 12 government-funded demonstration projects and involved a survey of customer views, an analysis of outcomes, and an assessment of the delivery processes and procedures.](#)

<sup>13</sup> Between 20 and 50 per cent of initial applications appear to be abandoned – the main cause seems to be the other party withdrawing from the exchange

The twelve major interrelated findings, drawing primarily on the Sheffield Hallam University study, are:

- Making a sound business case of benefits outweighing costs helps prioritise ME
- Support (e.g. officer time) is effective in achieving high rates of exchange
- Importance of dedicated staff
- Information and communications are key: Potential customers are not aware of ME – there are opportunities for councils to proactively target households wishing to downsize and those who are overcrowded
- Publicising ME through councillors and other parts of the local authority such as customer services, money matters teams, and neighbourhood managers has shown good results
- Importance of partnership working between a council, adjoining local authorities, housing associations and third sector advice agencies
- ME Policy: Local approaches using CBL rather than national-based websites often work best because ME customers frequently move only small distances (see above)
- Paying for ME: Annual subscriptions to national online Policies appear to be less welcome to councils and customers than payments by results
- Financial incentives for right-sizing through ME (and links with ITM) can tip the balance for customers between staying put and willingness to move
- Helping tenants through the process results in fewer MEs being abandoned
- Being clear about the ‘rules of the game’ (e.g. who in principle can and cannot use ME) reduces customer dissatisfaction and abandonments
- Monitoring ME performance and reporting back annually on the outcomes is essential for maintaining its effectiveness.

#### **Report Author**

Sarah Finnegan – Head of Homelessness and Housing Solutions – Tina Mustafa AD Neighbourhoods

#### **Appendices**

Annex 1 – Mutual Exchange Policy

Annex 2 – Incentive to Move Policy

Annex 3 – Community Impact Assessment