



REPORT TO: HOUSING AND COMMUNITY SAFETY COMMITTEE ON 7 MAY 2024

SUBJECT: EVALUATION OF TENANCY SUSTAINMENT FUND

BY: DEPUTE CHIEF EXECUTIVE (ECONOMY, ENVIRONMENT AND FINANCE)

1. REASON FOR REPORT

- 1.1 To inform the Committee of the review and evaluation of the Tenancy Sustainment Fund (TSF) which operated in the course of the rent campaign during March 2024 and to seek Committee approval for its establishment on a recurring basis.
- 1.2 This report is submitted to Committee in terms of Section III G (1c) of the Council's Scheme of Administration relating to dealing with the levy, collection, payment and recovery of Council house rents.

2. RECOMMENDATION

2.1 It is recommended that the Committee:-

- (i) considers and notes the review and evaluation of the Tenancy Sustainment Fund (TSF) as detailed in Section 4;**
- (ii) notes the reduction in rent arrears achieved in March 2024 as detailed in paragraph 4.7;**
- (iii) approves the establishment of a TSF on an ongoing basis in line with the principles set out in paragraphs 4.5 and 4.9; and**
- (iv) delegates authority to the Head of Housing and Property to extend protections under the rent harmonisation approach for adversely impacted tenants and for discretion in applying a further rent free period in 'week 53', as set out in paragraph 4.10.**

3. BACKGROUND

- 3.1 On 13 February 2024, the Housing and Community Safety Committee approved the implementation of a revised Rent Setting Policy (Item 7 of the Minute refers). At the meeting, Committee also granted approval for a rent campaign incorporating the operation of a TSF to assist vulnerable Council tenants who are facing financial hardship due to the cost of living crisis.

- 3.2 Having made every effort to prevent arrears and escalation, there will remain instances where a tenant falls into arrears far beyond their ability to repay in any reasonable period. In such cases, there is a risk of tenancy failure and associated costs.
- 3.3 A TSF can provide limited and conditional relief to tenants who have fallen into arrears and where collection is uneconomic and the cost of collection and/or potential tenancy failure will exceed the balance being pursued.
- 3.4 The aim of the TSF was to support tenancy sustainment and remove the threat of homelessness by offering financial assistance where full repayment of arrears was uneconomic or inappropriate due to financial hardship.
- 3.5 It was agreed the TSF would initially operate from 1 March 2024 until 31 March 2024 and the associated costs being covered by monies remaining in the Service Development Budget for 2023/24. During the same period a rent campaign was to be run alongside to target high level rent arrears cases.
- 3.6 An evaluation of the TSF and the rent campaign were to be completed to establish if their objectives were met and assess if the TSF should be implemented on a recurring basis with allocated budget provision from the Housing Revenue Account.

4. Review and Evaluation

- 4.1 In the course of the rent campaign, extensive contact was made with tenants with arrears balances in order to understand how it had arisen and impediments to timely repayment. This activity was particularly targeted at those with the highest balances.
- 4.2 It is evident that the turbulent economic circumstances of recent years, notably the pandemic and subsequent cost of living crisis, has caused some households financial difficulties which they are struggling to recover from. Although the percentage of arrears for Moray Council tenants has accordingly increased over this period (from 2.39% in 2020/21 to 3.55% in 2022/23), the level of arrears for our tenants remains comparatively low in relation to our benchmarked peer group (5.28%) and local authorities as a whole (6.55%).
- 4.3 Following the enhancement of housing management capacity in the course of 2023/24, a focus on arrears has initially plateaued and subsequently reversed the trend of increasing arrears balances and the Council has also recommenced eviction proceedings in a limited number of instances following the expiry of the eviction ban which had been put in place to protect tenants over this period.
- 4.4 The TSF operated from 1 March 2024 to 31 March 2024 and was administered by the three Area Housing Management Teams (Central, East and West). Application referrals were made by Area Housing Officers, providing a narrative on the arrears background, balance outstanding, payment history, details of income, reason for hardship and the amount requested. Referrals were assessed by a panel constituted of the Area Housing Managers and the Housing Services Manager.

4.5 Each case was considered on its own merit, and it had to be clearly demonstrated that the tenant was in financial hardship and repayment was uneconomic or unrealistic. The following criteria were used to assess applications but were not exhaustive:

- Tenant was experiencing difficulty paying their rent and /or fuel costs;
- Rent account in arrears;
- Payments or repayment agreement in place;
- Tenants that previously received financial support via the Tenant Hardship Fund (Scottish Government temporary funding during the pandemic) may be considered if they have exceptional circumstances;
- Tenants made aware it was a one-off payment; and
- The tenant must meet their ongoing rent obligation and payments towards arrears following an award from the fund.

4.6 There were 150 TSF referrals received, with 116 receiving financial assistance and 34 referrals being unsuccessful. The total amount awarded came to £60,000, averaging £517.24 per application. The highest individual award was £2,500, with the lowest being £100. The unsuccessful applications were a combination of no financial hardship evidenced, arrears had been cleared/substantially reduced, lack of engagement/commitment from tenant, too risky given the high level of arrears and there was no money left in the fund.

4.7 The TSF and the rent campaign during March 2024 achieved its performance objectives by reducing overall value (£) and number of tenants in arrears and saw a reduction in the number of high value rent arrears cases (tenancies which owe in excess of £1,000).

	29 February 24	31 March 24	Change +/-
Total rent arrears	£923,569	£749,448	-£174,121
Total no. in arrears	1810	1468	-342
Accounts > £1000	259	189	-70

4.8 Early results from the TSF pilot month showed that engagement with tenants and recourse to the TSF has helped Area Housing Officers build trust and better relationships with tenants in need and is encouraging more meaningful engagement around rent arrears whilst reducing expensive legal actions and preventing homelessness.

4.9 Based on the impact of the initial scheme, it is proposed that a Tenancy Sustainment Fund is established on an ongoing basis, to be administered by officers and its activities to be periodically reported to and effectiveness monitored by Committee. Within the HRA budget for 2024/25 there is provision of £200k for Service Development, which is available to underwrite the operation of the scheme. It is proposed that an initial sum of £60k is earmarked for the remainder of the financial year, which may also be offset/augmented by the provision for bad debts which are expected to reduce as a consequence of the scheme's operation.

4.10 Following the implementation of the Council's revised rent setting policy from 1 April 2024, whilst the Council's rents remain considerably below sector and market comparators and a 'capping' provision is in place for the rent harmonisation period, it is acknowledged that a limited number of tenants may struggle with the transition. Accordingly, it is proposed that delegated authority to extend the transitional provisions to mitigate this impact is approved. This would enable Housing Officers to seek an adjustment which may include a lower cap, extended harmonisation period or deferred implementation of an increase in circumstances where adverse financial impact on the household is determined. This year also includes a '53rd rent week', which arises every six years depending on how the days/dates fall. Officers had retained the usual four 'free weeks' for 2024/25 however engagement with other authorities has identified a potential issue with benefit payments, accordingly the discretion to apply a fifth 'free week' is sought to avoid detriment.

5. SUMMARY OF IMPLICATIONS

(a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))

The provisions within this report closely align with the priorities identified within the Corporate Plan, particularly the objectives to have a strong and sustained focus on those individuals and groups in our society who experience the most disadvantage and discrimination and the need to switch attention to those in greatest need to prevent an issue becoming a problem.

(b) Policy and Legal

There are no legal implications arising from this report.

(c) Financial implications

Implementation of the provisions contained within the report will assign HRA Service Development budget of up to £60k to underwrite the proposed establishment of a Tenancy Sustainment Fund, noting that this may be offset against or augmented by the bad debt provision and effectiveness will be monitored at committee. Extending the rent harmonisation provisions in a limited number of instances will have a negligible effect on the wider rental income projections and will be monitored by officers. Applying a fifth rent free week will have a limited impact on income, arising from the straddling of financial years.

(d) Risk Implications

There is a risk of an increase in enforcement action if the provisions of this report are not implemented. Officers will also be vigilant that the supportive principles outlined within this report do not undermine the responsibility tenants have for contractual payment of rent.

(e) Staffing Implications

There are no staffing implications arising from this report.

(f) Property

There are no property implications arising from this report.

(g) Equalities/Socio Economic Impact

There are no equalities/socio economic impacts arising from this report.

(h) Climate Change and Biodiversity Impacts

There are no climate change or biodiversity impacts arising from this report.

(i) Consultations

Consultations have taken place with the Head of Housing and Property Services, Housing Needs Manager, Georgina Anderson, Legal Services Solicitor, Chief Financial Officer, Alistair Milne, Service Accountant, Lissa Rowan, Committee Services Officer and Home Improvement Services Manager, who all agree with the sections of the report relating to their areas of responsibility.

6. CONCLUSION

6.1 The rent campaign and initial operation of a tenancy sustainment fund has contributed to a reduction in rent arrears in March 2024.

6.2 Establishing these provisions on an ongoing basis, as well as making provision to extend of transitional arrangements for rent harmonisation and discretion for 'week 53' is expected to underpin high levels of rent collection and affording tenants support where required.

6.3 Periodic reporting of service performance in these areas as well as eviction actions will be provided to Committee.

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Background Papers: [Rent Setting Policy Review Update](#)
[Rent Setting Policy Review Update - Appendix I](#)
[Rent Setting Policy Review Update - Appendix II](#)

Ref: SPMAN-1285234812-1540