

Housing, Homelessness and Fair Work Committee

10.00am, Thursday, 9 March 2023

Tenant Hardship Fund (2023/24)

Executive/routine Wards Council Commitments	Executive All
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1. Recommendations

- 1.1 Housing, Homelessness and Fair Work Committee is asked to:
 - 1.1.1 Note the arrangements in place for assessing and managing requests for funding from the Tenant Hardship Fund;
 - 1.1.2 Note that updates on support for tenants to make rent payments and the Tenant Hardship Fund will be reported to Committee in the Business Bulletin; and
 - 1.1.3 Agrees to discharge the motion to City of Edinburgh Council on [24 November 2022](#) for officers to report back to Committee on the possibility of a Tenant Hardship Fund to support tenants who are least able to afford a rent increase.

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Report

Tenant Hardship Fund (2023/24)

2. Executive Summary

- 2.1 On [23 February 2023](#), Council approved a below inflationary rent increase of 3%. It was acknowledged that additional income is needed to increase borrowing capacity to improve existing homes and neighbourhoods and build new affordable homes, as well as to support delivery and improvement of our core landlord service.
- 2.2 Council also noted the additional financial burden that tenants will be facing from the cost-of-living crisis and approved the establishment of a Tenant Hardship Fund (THF) to support tenants, including those who cannot access benefits. There is already a wide range of support and services available to support tenants to pay rent and maximise their income with tenants encouraged to contact their housing officer, at the earliest opportunity, if they are experiencing difficulties in making rent payments. An award of THF will provide financial relief for a tenant experiencing financial hardship but it is not a long-term solution. It will be of most benefit if offered alongside advice and support to maximise income with signposting to services that can provide employability and other support to tenants.
- 2.3 Committee is requested to agree to discharge the motion to City of Edinburgh Council on on [24 November 2022](#) for officers to report back to Committee on the possibility of a THF, note the arrangements in place for managing the Fund and that updates will be provided to Committee in the Business Bulletin.

3. Background

- 3.1 On [2 September 2021](#), a report to Housing, Homelessness and Fair Work Committee set out the approach taken to providing advice and support to help tenants make rent payments and to remain in their homes.
- 3.2 On [24 November 2022](#), the City of Edinburgh Council agreed an adjusted motion on Homelessness. The motion included a request that officers explore the possibility of a THF to support tenants who are least able to afford any future rent increases and to report back to the Housing, Homelessness and Fair Work Committee in March 2023 or as soon as possible.
- 3.3 On [29 September 2022](#), Housing Homelessness and Fair work received a report setting out the implications for the Housing Revenue Account (HRA) of rising costs and rent freezes and agreed to consult tenants on their main financial challenges.

- 3.4 On [7 February 2023](#), Finance and Resources Committee noted the outcome of the annual review of the HRA Business Plan and the annual rent consultation. Committee also noted an officer recommendation that rents be increased in 2023/24 and that a THF would be established to support tenants experiencing financial hardship; including those who cannot access benefits.
- 3.5 On [23 February 2023](#), the annual HRA budget, the draft 10 year capital programme and a rent increase of 3% was approved at the Council budget meeting.

4. Main report

- 4.1 The cost of delivering housing services to Council tenants and capital investment in existing homes and new Council homes is funded from tenants' rental income. Many tenants have seen their household income reduced (or interrupted) as a result of the pandemic, requiring help from welfare benefits (such as Universal Credit) to pay for their rent. The "cost of living crisis" has further increased financial pressures on our tenants, which in turn affects rent collection.
- 4.2 Between 70-80% of tenants each year receive assistance with their rent payment responsibilities through Housing Benefit or the housing element of Universal Credit. Working age benefits and pension credits are set to go up by CPI (10.1%) in April 2023. Therefore, any increase in the rent charge is proportionately covered by an increase in the benefit received if there are no other changes in the household circumstances. Following the rent increase, tenants on partial benefit may need to make a minimal additional contribution and some tenants who may not have previously qualified for help with rent, may now be eligible for financial support through the benefits system.
- 4.3 Tenants are encouraged to engage with their housing officer, at the earliest opportunity, if they are experiencing difficulties in paying rent. A wide range of advice and support is available to help tenants to meet their rent payment responsibilities and to manage household budgets that will be under increased pressure at this time. Appendix 1 provides information on the range of funds and support that is available.
- 4.4 Court action is regarded as a last resort for recovering rent but the commencement of court action can be effective at triggering tenants who have so far not engaged with the Housing Service to engage with officers. A multi-disciplinary team (MDT) is in place to help Council tenants who are at serious risk of court action and every effort is made to avoid court action. The team consists of a housing/homelessness specialist, a debt advisor and income maximisation officer supervised by a team leader. With specialised input from housing, family and household support, adult protection, children and families social work services and family group decision making.
- 4.5 An evaluation in June 2022 showed that 28 of 41 households who fully or partially engaged with the MDT between April 2021 and March 2022 had continued to sustain tenancies after their cases were closed. An additional 16 of 53 households who were engaging with the MDT at the time of the evaluation were taking action to

address rent arrears. This demonstrates that the MDT approach is delivering positive outcomes for tenants and rent collection.

- 4.6 In October 2022, a new early intervention system was introduced to alert housing officers when tenants may be struggling with maintaining rent payments on a weekly basis. Rent Sense identifies any changing patterns of rent payments or where payment arrangements are not being met. Having regularly updated information allows early intervention from housing officers to prevent rent accounts from escalating quickly into rent debt and ensures opportunities for additional support is agreed as quickly as possible. All housing officers have been trained in using the system.

Tenant Hardship Fund

- 4.7 Around 4,000 tenants do not receive help with rent and will be expected to pay an additional £12.81 a month in 2023/24. Tenants who have low and/or irregular incomes and little or no savings are at risk of getting into financial difficulties, particularly if there is a sudden change in circumstances or a family emergency.
- 4.8 The 2023/24 THF will form part of the Council's wider approach to rent collection. Housing officers and other support agencies will be able to make a referral to the team to consider the appropriateness or otherwise of making a payment to a tenant's rent account. Housing officers and support agencies will be able to contact the Council's Tenants & Residents Services (T&RS) team to advise that a tenant may be unable to meet the additional housing cost arising from the rent increase due financial hardship. An officer will contact the tenant to check that they are in receipt of all the benefits that they may be entitled to and to establish if an application has been made to the Social Welfare Fund. A decision on the award of THF will be made as soon as possible following engagement with the tenant and a payment will be made directly into the tenant's rent account. Income maximisation assessments will be carried out to support tenants to meet their long- term rent payment responsibilities.
- 4.9 The THF will not be used to address legacy rent arrears, but it could assist a tenant from falling into rent arrears with an income maximisation assessment used to support the tenant to meet future rent payments. A THF payment will be based on the average fortnight rent charge for a Council home. Based on the assumed uplifted rent charge for 2023/24, this equates to £220. Further information on how the THF will be administered is contained in Appendix 2 of this report.
- 4.10 The T&RS team has specialist expertise in relation to rent collection and the benefits system. The team already provides support to tenants to access benefits; including Universal Credit and provides advice and training to locality housing officers to support rent collection. Additional staff resources have been identified to support customers and administer THF.
- 4.11 Officers will monitor the impact of the THF on outcomes for tenants and in relation to the impact on the HRA. It is possible that Scottish Government or other Funds may be introduced or rules for accessing funds will change during the course of the financial year. This would be expected to impact on the number of tenants awarded

funding from the THF. It is also difficult to estimate how many tenants might require support from the Fund. Tenants in receipt of Universal Credit are more likely to be behind with rent than tenants who receive help through Housing Benefit. The ongoing roll out of Universal Credit continues to be a key risk to income collection.

5. Next Steps

- 5.1 Awards for THF will be made from 1 April to 31 March 2024.
- 5.2 The operation of the THF will be closely monitored with updates provided to Committee in the Business Bulletin.

6. Financial impact

- 6.1 The HRA receives no subsidy from the Council's General Fund and is largely made up of tenants' rental income. Essentially, rental income paid by or on behalf of tenants will be used to support fellow tenants who are experiencing incidents of financial hardship. It is, therefore, important that THF awards are only made when funding cannot be secured from benefits or other available funds.
- 6.2 A separate funding pot is not available for the THF so funding for THF awards will need to be drawn from either a reduction in Rent Arrears write-off and provision for doubtful debt or from HRA reserves. The routine revenue budget monitoring report being considered by this Committee, notes a £1.729m positive variance to budget in regard to Rent Arrears write-off and provision for doubtful debt. If a similar position arises in 2023/24 and assuming all other budget areas remain on track, the cost of the THF could be managed through in year underspends. This will be monitored and reported during the financial year.
- 6.3 However, if there is not a positive variance in arrears, reserves will have to be used. All reserves are currently earmarked for reinvestment in the capital programme. Therefore, THF is expected to have an impact on the capacity of the HRA to fund future capital investment in new and existing homes.
- 6.4 Each qualifying tenant will be eligible for a maximum payment equivalent to an average fortnightly rent charge (£220). This sum is more than the full year average increase of current rents (£166.47) and the current highest rent charge for a Council home (£200.92). It will be paid directly into tenants' rent accounts.
- 6.5 It should be noted that the total available resource to support THF (£683,056), is equivalent to nearly a quarter (24%) of all additional forecast Net Rental income assumed to be generated from the proposed rent increase and will be capped at that level. This is in line with the total number of tenants paying their full rent as a percentage of total rent payers. It will be a one-off fund to be utilised in 2023/24 only.

7. Stakeholder/Community Impact

- 7.1 Through discussion with other local authorities and housing association partners, officers have become aware that some (but not all) social landlords operate THFs. In all cases, THFs are used to provide an element of additional financial support at a point in time rather than a means to enable tenants to meet on-going rent commitments.
- 7.2 On 7 February 2023, initial discussions took place with Edinburgh Tenants Federation (ETF) representatives on the objectives and proposed criteria of the THF. Representatives were broadly supportive of the Fund which will aim to support those tenants experiencing significant financial hardship.
- 7.3 ETF have indicated interest in taking part in a case review following a period of six months fund activity to better understand how the THF may have supported successful applicants and the positive outcomes as a result. ETF have requested a comprehensive review of the fund's operation following 12 months; including an analysis on the wider impact of the THF. Officers will continue to engage with ETF on THF and wider support for tenants to pay rent.

8. Background reading/external references

- 8.1 Housing Revenue Account (HRA) Budget Strategy (2023-24) - City of Edinburgh Council, [23 February 2023](#).

9. Appendices

- 9.1 Appendix 1 - Summary of existing crisis support available for tenants.
- 9.2 Appendix 2 – Administration of the THF – draft policy document.

Appendix 1: Summary of existing crisis support available for tenants

The Council has worked with key agencies to deliver a network of crisis support to tackle the impacts of the cost of living crisis. The Council adopted a cash-first approach for people facing financial hardship, whilst also offering a range of holistic support and advice.

Below sets out some of the significant financial support activities that all tenants in the city have access to and have benefitted from throughout 2022/23. In addition, there are range of Council tenant specific interventions, which are also set out below:

- **Scottish Welfare Fund:** a total of £600,000 additional funds has been made available to provide immediate financial support for people in food, energy or other cost of living crises in Edinburgh. This investment provides the capacity needed to ensure that Edinburgh's Scottish Welfare Fund (SWF) can meet demand and ensure accessibility. Edinburgh has operated this flexible fund at low priority, increasing overall access. For period April – August 2022 SWF have awarded 8,687 awards to households totalling £3,291,951
- **Child Payments & Free School Meals:** in this financial year £3.2m has been paid to over 8,600 families. The final payment in December 2022 was increased from £130 to £260. The Scottish Social Security Agency will take responsibility for these payments under the Scottish Child Payment system. Scottish Government also provided funding to Local Authorities to administer payments to children in receipt of FSM to mitigate the negative impacts of the cost of living. Payments of £100 were made to almost 8,400 children, totalling £840,000. Following Full Council on 25 August 2022 a further £100 payment was made to eligible families. Families also continue to receive payments in lieu of FSMs in an attempt to combat holiday hunger. This year families have received funding of £2.50 per day, per child, totalling over £1m in support.
- **Educational Maintenance Allowance:** financial support for 16-19 year olds in low income households to support continued learning beyond school leavers age.
- **Free bus travel:** available for young people under the age of 22 using National Entitlement Card
- **Cost of Living Award:** as part of the Scottish Government budget for 2022/23 the Finance Secretary announced a one-off Cost of Living Award of £150.00 to households living in a dwelling and liable for Council Tax (band A to D), and those with a valuation banding of E where a Disabled Persons Reduction applied. All bands where Council Tax Reduction was in place were liable for the payment as well as some exempt categories. Almost 147,000 payments were made to Council Tax accounts at a value of £22m.

As part of the City of Edinburgh Council's budget for 2022/23 a financial payment of £150.00 was included to be made to citizens who were in receipt of Council Tax Reduction or Second Adult Rebate on 1 April 2022. Almost 32,000 payments were made to households totalling £4.8m.

- **Additional grant funds to support families experiencing difficulty with energy costs:** a total of £100,000 of funding was provided to Home Energy Scotland (HES) to fund payment of energy crisis grants of up to £1,000 to low-income households in Edinburgh. A further £100,000 has been made available to support this activity and is being distributed through food bank providers. The first tranche of payments totalling £52,000 was paid to providers city wide. A further payment is anticipated before the end of the financial year.
- **Additional support for people in food crisis or poverty related hunger:** in 2022/23, to date £209,000 has been made to provide direct food support for people in food crisis and the remaining payment is due in March 2023. This includes support for food banks, food pantries and community food groups.

- **Support for people in or at risk of Council Tax arrears:** a new Council Tax Liaison Team has been created who will intervene on low level new Council Tax debt to support citizens to avoid debt loading and falling further into arrears by using proportionate payment plans.
- **Council Tax Reduction Scheme:** the Customer Team continue to support low-income citizens to meet their council tax liability. The Council has been allocated funding of £28.8m for 2022/23. Currently around 32,000 households are in receipt of this important financial support.
- **Discretionary Housing Payments (DHP):** the DHP budget from the Scottish Government is allocated in two streams: Under Occupancy Mitigation and Other DHPs. The allocation for Edinburgh for 2022/23 is as follows:
 - Under Occupancy mitigation - The first tranche of funding is £3.85M or 80% of the expected cost.
 - Other DHPs - This includes assistance for those affected by the Benefit Cap and Local Housing Allowance reforms. The funding for Other DHPs is £2.08m.

There have been 7,617 DHP applications considered up to 31 December 2022, of which 558 were refused. Over £4.9m of this year fund has already been paid, with a further £1.3m committed to support vulnerable citizens meet their rental commitments. Additional funding from Scottish Government has been provided from January 2023 to fully mitigate the benefit cap for impacted citizens from 01 January 2023.

- **Community Outreach:** a regular programme of activity to increase access to Council and state benefits is ongoing. This outreach has been particularly successful in schools, with parent consultation sessions regularly supported to provide advice and guidance to parents, as well as sessions for staff to identify need.
- **The Tenant Grant Fund:** funded by Scottish Government to prevent homelessness for private and social tenants with rent arrears resulting from the Covid-19 Pandemic. The Fund was initially set up to support tenants in the social and private rental sector at risk of homelessness because of rent arrears accrued during a specific period during the covid-19 pandemic. On 6 September 2022, the Scottish Government extended the criteria making the fund available to tenants at risk of homelessness because of rent arrears arising from the cost of living crisis. The fund is available to those who have exhausted all other options for support, including income maximisation and access to other grants or funds. A dedicated team gather information to consider requests for grant awards, preventing homelessness and ensuring that tenants are referred to appropriate support and advice. The fund has recently reopened reflecting the Scottish Government's extension of criteria and is expected to be fully depleted by 31 March 2023. To date 226 Council tenants, 178 RSL tenants and 32 PRS tenants had received payment from the Tenant Grant Fund, a further 93 requests are outstanding.
- **Specialist Multi-disciplinary Team to prevent homelessness:** a multi-disciplinary team has also been piloted to help Council tenants who are at serious risk of court/eviction action and are not engaging with their housing officer. The team consists of a housing / homelessness specialist, a debt advisor and income maximisation officer supervised by a team leader. With specialised representation from housing, family and household support, adult protection, children and families social work services and family group decision making.
- **Dedicated energy advice service for Council tenants:** since 2018 the Housing Service has had a dedicated energy advice service which offers in depth advice and support helping tenants to ensure they are heating their homes in the most effective way, support with preventing or managing fuel debt, accessing social funds and the Warm Homes

Discount and other advice on positive behavioural changes. In the last six months, the Energy Advice Service has received 60% more referrals for support than the same period.

CITY OF EDINBURGH COUNCIL

LOCAL AUTHORITY

TENANT HARDSHIP FUND (2023/24)

1 Introduction

The City of Edinburgh Council Tenant Hardship Fund (THF) aims to assist Council tenants experiencing acute financial hardship in the payment of rent as a result of the current cost of living crisis.

The Council has been successful in limiting the impacts of the cost of living crisis for tenants and rental income to the Council through Discretionary Housing Payments (DHP), debt advice and assistance from the Multi-disciplinary Advice team. It is acknowledged that with the cost of living crisis combined with a modest rent increase in 2023/24 has placed further pressure on tenants and their ability to keep up with rent payments.

The Hardship Fund is intended to support these tenants to deal with immediate pressures and in so doing, to enable tenants to maintain regular rent payments. The overall aim is to support tenancy sustainment and prevent homelessness.

2 Hardship Award

A THF award may be granted when it is considered that a Council tenant requires further financial assistance towards housing costs (rental liability). This includes tenants already in receipt of a Housing Benefit (HB) or Universal Credit (UC) housing element which would qualify them for DHP. An award may also be made to tenants experiencing financial hardship but not currently eligible for HB, UC or DHP.

This fund will not apply to tenants pending an outcome of UC where an award advance could be accessed.

A THF award would be considered where a tenant can demonstrate they are unable to meet the increase in housing costs from their available income..

Council officers will determine this by taking into consideration the tenant's financial circumstances and any other relevant factors. As well as this, all alternative statutory benefits **will be taken into consideration**. An income maximisation assessment will be undertaken to ensure all state and local welfare benefits are in payment where there is an entitlement. This includes payments from Scottish Government, Department for Work and Pensions, HMRC Tax Credits and local welfare provision. Only after this has been undertaken would an award be considered from the THF.

All decisions will be made in accordance with the ordinary principles of good decision making. The Council has a duty to act fairly, reasonably and consistently.

Each case will be decided on its own merits.

3 Method of payment

THF awards will be delivered via credits to the tenants rent account in all cases. There will be a clear audit trail of payments and differentiation between awards of HB, UC housing costs, DHP and tenant contribution.

4 Stopping an award

A THF award may stop if it is decided the award is being or has been made because a tenant has misrepresented or failed to disclose a material fact fraudulently or otherwise or when a tenant has been paid as a result of error.

5 Overpayments

The Council will make every effort to minimise THF award overpayments, however where an overpayment occurs, the decision maker will decide if it is appropriate to recover the award by taking into consideration whether the tenant contributed or could reasonably have been expected to realise that an overpayment was occurring.

Any credit on a tenants rent account, as a result of an overpayment of a THF award may be recovered.

6 Length of Award

A THF award will be a one- off payment applied to a tenant's rent account.

7 Change of circumstances

A tenant receiving a THF award is required to notify the Council of any changes in circumstances which may be relevant to their award as soon as is reasonably practicable.

Most change of circumstances that tenants have a duty to report to HB or UC may also be relevant to their THF award. Such information may be used to review the level of award as agreed with the tenant in the award agreement.

8 Qualifying for a Tenant Hardship Fund award

Before an award is made the decision maker must be satisfied that the tenant:

- Is unable to meet the increase in housing costs from available income; and
- Has applied for all eligible benefits.

9 Shortfalls covered by the Tenant Hardship Fund award

A THF award may be made in the following circumstances (but are not limited to):

- Rent shortfall to prevent a household becoming homeless.

10 What a Tenant Hardship Fund award cannot cover

There are certain elements of a tenants rent that cannot be included in housing costs for the purposes of the THF award.

Excluded elements are:

- Ineligible service charges;
- Legacy rent arrears that are not subject to rent collection escalation processes; and
- Certain sanctions and reductions in benefit.

11 The level of a Tenant Hardship Fund award

A THF award will not be sufficient to meet ongoing rental liability. The maximum payment will be the average fortnight rent charge for a Council home, this equates to £220 in 2023/24.

12 Dispute Procedures

There is no statutory right of appeal in respect of a THF award. The Council can review a hardship decision in the event of a dispute or where the tenant asks for reconsideration. An officer not involved in the original decision will consider the request for review.

An Equality Impact Assessment has been undertaken to ensure this is a fair and equitable scheme.

13 Administration

The THF will be administered within the Council's Housing Service. Monthly monitoring reports on THF awards will be made to the Housing Strategy and Development Management Team.

14 Outcomes

- Reduces financial hardship for tenants receiving a THF award.
- Positive impact on the health and wellbeing of tenants by helping ease their financial burden.
- Supports tenancy sustainment.

- Helps prevent homelessness and the additional resource and cost pressures that homelessness brings.
- Reduces the numbers of cases escalated to court action.
- Increasing tenant confidence in the council as a supportive landlord.
- Increased numbers of tenants benefitting from income advice.
- Helps mitigate against financial hardship caused by Welfare Reform.