

## SERVICE UPDATE

<b><u>Name of Cluster:</u></b>	Housing
<b><u>Date:</u></b>	26 July 2024
<b><u>Title of Update:</u></b>	Rent Assistance Fund
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### **UPDATE:**

At the Communities, Housing & Public Protection Committee on the 28 March 2024, the committee agreed to instruct the Chief Officer (Housing) to make any changes to the criteria and management procedure of the Pilot Rent Assistance Fund as appropriate during the pilot phase and inform Members of any such changes through a Service Update in order to ensure the fund's effectiveness during the pilot phase.

This service update provides information on the modifications made to the Pilot Rent Assistance Fund and the rationale for the changes.

It can be confirmed that the fund will continue to be monitored to ensure that it remains within the approved budget of £500,000.

### **Clearing Arrears Caused by Universal Credit (UC) Payments**

Those claiming Universal Credit (UC) for the first time can experience delays resulting in new tenants accumulating rental arrears at the very start of their tenancy. Data from 1 April 2024 to 30 May 2024 shows that 91% of the 89 new tenancies claiming UC experienced a delay, with accumulated arrears for the 89 tenants amounting to £25,739.26.

Officers have amended the Rent Assistance Fund (RAF) to enable its use to clear these arrears once tenants receive their first UC payment into their rent account, ensuring stability in new tenancies. The use of the RAF will help prevent long-term arrears, support tenants and the Council by alleviating financial strain, and promote sustainable tenancies by removing initial financial barriers.

This approach is projected to cost £169,688, based on the expectation of 534 new tenancies claiming UC from 1 April 2024 to 30 March 2025 and average arrears of £317.67 per tenant.

## Eligibility Criteria for those experiencing a delay

To qualify for assistance from the Rent Assistance Fund, applicants must:

- Have signed a new Council tenancy agreement between 1 April 2024 and 31 March 2025.
- Be eligible for and awaiting their first UC payment.
- Agree to pay the entire UC housing element directly into the rent account when received, either by a direct debit or via a managed payment from the Department for Work and Pensions.
- Agree to pay the remaining rent, not met by UC, by direct debit.

The approval process requires agreement from two panel members, and the existing RAF referral process will be utilised at lease signing without requiring a financial statement. Monitoring will track fund disbursements and the impact on tenancy sustainability. The risk of tenants not paying rent after receiving direct payments is considered low, with expected outcomes including a significant reduction in arrears and enhanced tenancy stability.

## **Rent Assistance Fund – Static Balances**

Some tenants with rent arrears have had static balances for over 12 months. A review of the data shows that this is particularly evident in tenants with arrears under £3,000 who rely solely on benefit income, 45% of whom belong to one of our RAF priority groups already most at risk of financial instability and potential homelessness.

Officers have amended the RAF to enable the clearing of static balances for those most at risk of homelessness.

Based on data from the 1 July 2024 report, there are 269 tenancies with static arrears balances, with 171 (45%) meeting the proposed criteria, amounting to £26,659.34 in accumulated arrears. The expected costs for the program are £33,691.12, assuming all eligible tenants agree to assistance and additional tenancies become eligible by 31 March 2024.

## Eligibility Criteria for those with static balances

- The tenants have had a static balance for more than 12 months and must be under £3,000.
- The tenant must be receiving benefits based on the information held on Academy.
- The tenant must meet one or more of the priority groups based on information held.
- The tenant's ongoing rent must be covered by benefits.
- Verbal consent to apply must be obtained from the tenant.

The fund will clear rent arrears with static balances over 12 months, with payment approval requiring agreement from two panel members. The implementation plan includes identifying eligible tenants, verifying benefit status, simplifying the application process, and monitoring the program's effectiveness. Expected outcomes are housing stability, streamlined processes, targeted support, and reduced stress for tenants.

## **Monitoring and Evaluation**

These approaches will be monitored and evaluated as part of the overall evaluation of the Pilot Rent Assistance Fund. The findings will be included within a report to Communities, Housing and Public Protection Committee after a full year of operation of the RAF.