

Report of the Director of Housing Economy and Regeneration

Update on support for Council tenants through the impact of cost of living increases.

Summary

1. This paper sets out a range of challenges being faced by council housing tenants as a result of the cost of living increases and outlines the response of the Housing department to these challenges. The paper also sets out the potential implications for future delivery of existing housing strategies.

Background

2. Housing is currently high on the national political agenda, not only regarding affordability and the cost of living and but also around housing conditions and standards including the Decent Homes Standard, regulatory compliance, issues around damp and mould, energy efficiency and impact of increasing mortgage payments including those being passed on to those privately renting through increasing rents. The future of 'no fault' evictions is also a current issue.
3. The cost of living crisis comes on the back a decade of austerity, the impacts of the covid pandemic and world events affecting trade. This note focuses on the current accounts of tenants in our general needs stock and Independent Living Communities.
4. All City of York Council Tenants have either a secure (lifetime) tenancy or an introductory tenancy (becomes secure unless ended within the first year) with a standard escalation process for rent collection built-in to our current IT system, Open Housing. At the end of March 2020, the council decided to suspend recovery action and the government introduced a ban on evictions and the restrictions on the ability to serve Notices of Seeking Possessions, including lengthening the notice period considerably. All of these short-term measures ended by October 2021. and standard legal processes have applied since then.

5. A pre-court protocol for rent arrears exists which all landlords must comply with regardless of tenure. This ensures that all tenants are treated fairly in the collection of the rental amounts and arrears.

[Pre court protocol](#) link

6. The standard escalation process was suspended in March 2020 when a stop was placed on all formal arrears recovery e.g. serving notices and applying to court for (suspended) possession orders. This caused an increase of arrears which we have been working hard to reduce but the cost-of-living crisis means that many people who live in our homes find it increasingly difficult to make ends meet.
7. Executive received a general update on the impact of cost-of-living increases on 22 November 2022. That paper can be found [here](#).
8. Since the last update to Scrutiny in December 2021, Housing Services have implemented a new, fully integrated Housing IT system, which brings together all areas of Housing and Building Services into a single system. This happened over the first few months of the year. A Business Change and Support team led on implementation and have delivered extensive training on this system for staff. This team continue to work on outstanding issues and improvements to the existing system. This is not an uncommon problem when new and complex IT systems are implemented. The implementation, training and system issues have impacted on our performance generally including income collection. Initially there were particular issues around income collection, including the escalation process and Direct Debits which have needed extensive manual intervention, but these are largely resolved now.

Current arrears position

End Of Month	Amount	No of Accounts in Arrears
April 2021	£1,149,964	2509
October 2021	£1,304,198	2672
April 2022	£1,457,056	2754
Oct 2022	£1,794,194.	3079

Universal Credit (UC) claimants

9. There are currently 3185 current claims for UC across our current general needs properties, Independent Living Communities (ILC) and Thirteen Group Properties which we manage on behalf of that organisation.

10. The current arrears figure for these cases is £1,294,733 which equates to £406.51 average per tenant. The number of tenants claiming UC has decreased over the last few months but we expect there to be a rise in UC claims going forwards with the cost of living crisis.
11. We currently need to wait for arrears to accrue for 8 weeks before we are able to make any application to the Department of Work & Pensions (DWP) for any deductions for arrears. We are doing this more often now as people start to struggle and find it increasingly difficult to manage their budgets.
12. In terms of Housing Costs from UC these are also decreasing as the DWP can take payments for any UC advance payments and any other instruction they see fit such as maintenance payments, previous over payment of DWP and HMRC debt before the tenant receives their housing and personal costs. This means that people are starting to use their already depleted housing costs for ever more expensive everyday essentials.

Current actions

Standard actions taken around rent arrears cases:

13. Before any notice is served or application to court is made the Housing Management Officers (HMO's) ensure that contact is made, advice is offered, signposting is done, referrals made and repayment agreements are negotiated.
14. All contacts are recorded on the Open Housing system which is the base of taking any formal action such as serving a *notice of intention to seek possession* and/or application to court for a warrant. Evidence is presented to the court in the form of a statement of the case history, when needed.
15. In each contact made, successful or not, the tenant will be offered as much support as possible before going through the escalation process. This includes:
 - Providing general and specific advice at all stages – website, fact sheets, verbal and written advice, with the emphasis on early intervention and prevention. If residents are having issues paying their rent, we ask them to discuss this with us to help find a solution.
 - Alerting tenants in writing when they go into arrears or break the terms of a repayment arrangement. We have a set of standard letters and information on where to get help that we use for this purpose.
 - Making contact in a variety of ways, usually in the way that is most convenient for the person in question. This includes email, text, home visit, video call, phone, face to face or virtual advice sessions, to

encourage getting back on track with repayments or re-assess any changes in circumstance.

- Making manageable arrangements to pay rent and an amount off the arrears if the resident cannot afford to repay the debt in full.
- Making sure that tenants maximise their income (such as signposting to welfare support) and that this covers their outgoings, providing advice on making appropriate adjustments where this is not the case.
- Assisting with downsizing their home where appropriate or applying for discretionary housing benefit to cover bedroom tax.
- Identifying other debts and taking this into account whilst emphasising the need to pay priority debts.
- Providing direct low level interventions and support to make sure benefit claims are made successfully.
- Identifying issues and making referrals to other organisations or departments that can provide more specialist support e.g. long term debt management, health and wellbeing issues, Children's early help, Local Area Coordination / Talking Point, Live Well York, digital inclusion, adaptations, and referral for housing support through Single Access Point.
- Providing quarterly rent statements to all tenants by post.
- Information and advice on social media and in Open Door tenants and leaseholder magazine.

Specific responses to cost of living issues

16. Housing Services are part of the Advice York network and actively promote all the help available nationally and locally to residents. This includes making people aware of benefits, grants and services that can provide relief such as food banks, food and fuel vouchers, council tax help and energy awards for example. I've included some of the information that staff use to do this as attachments.
17. Each Housing Management Officer (HMO) has to a minimum of a day a week to undertake their income reviews each week. This is time where they will not be available to the public to call in as they are solely concentrating on income. We have had to do this as HMO is very reactive and responsive role and it is easy to be distracted without the specific time to do these.
18. Housing Team Leaders are also monitoring and supervising more intensively and providing more support to HMOs utilising reports that have been developed around arrears. Additional training on Open Housing and around

arrears is ongoing to ensure that all staff are using the IT system as efficiently as possible and are providing consistent support to residents around rent and income.

19. The Housing Management Pilot due to come online Jan 2023 is intended to help people more successfully set up and maintain tenancies as well as providing more support for those who are struggling to sustain their tenancy. Two new roles have been created to provide this support. Given budgetary restrictions there are no more resources available to do this, so it means changes to the existing housing patches and staffing. Full information will be made available to councillors, colleagues and customers in advance of go live. Documentation is being reviewed in light of the pilot to support the approach.
20. York Housing Association provide an Intensive Housing Management support service to complement the work that Housing Management do. This includes intensive work to support tenancy sustainment ranging from behavioural issues, finances through to issues such as hoarding.
21. The Financial Hardship Fund was an initial £80K fund set up to support people in rent arrears where no other help existed for them during the worst of the covid pandemic. This fund is nearly exhausted, but we have been able to bring in £30k of unallocated funds from an HRA contribution to a fund currently administered by the Local Area Coordinators. Awards are paid directly to the rent account.
22. There is an opportunity to use some of the £25k energy advice funding through the Shared Prosperity Fund for delivery during 2022/23. We are currently exploring ideas around this focussing on buying in bespoke targeted energy saving advice for tenants.
23. Debt Relief Orders (DRO). People in debt can apply for these orders which can include rent arrears. The use of these has increased over time and we expect this trend to continue. Citizens Advice York often help people apply for these in the context of stabilising and managing family budgets going forward. We are reviewing how we process these as the debt sits on Open Housing for 12 months and is then written off unless they are paid off or the circumstances of the person in question improve. Since April, 19 of our tenants have been granted DROs totalling over £33k of housing debt.
24. Whilst we work to avoid formal arrears actions including notices, court hearing and orders as well as evictions, this is necessary in some cases. We currently have 532 cases in the legal system. We have had 4 evictions for rent arrears this financial year.

Benefits calculators used:

<https://www.gov.uk/benefits-calculators>

Housing Management Arrears Action plan:

25. This plan was brought to the Scrutiny meeting December 2021 and is being worked through.

Short term:

- Focus on standard arrears actions, getting help to people and working with partners
- Articles in Open Door about what's out there
- Support staff through the current difficulties and get them go live ready

Medium Term

- Implement Open Housing and realise the benefits in monitoring, reporting, self-serve and communications
- Resolve recruitment issues

Longer term

- Service review around support to our customers at critical times
- Campaign on Direct Debit take up
- Targeted publicity based on evidence from the new system
- Develop pre-tenancy work to improve digital inclusion, financial literacy / resilience and ensure affordability.
- Explore idea of community champions around energy switching (assuming this becomes relevant again) and the benefits of accessing services on line
- Develop profiled tenancy and wellbeing visits to identify early interventions including those around finances

Impact on service charges

26. Electricity supplied to the Council has increased by 128% since 31 March 2022. Gas prices rose by 402% on 1 April and then again on 1 October and even after the commercial cap it is currently around 500% higher than the 31 March 2022 price. We are currently forecasting a further 50% increase on 1 April 2023, although this figure keeps changing.

27. The impact on the HRA is that the utility bills across all sites have gone from £377k in 2021/22 to £1.22m in 2022/23 and are set to rise to £1.9m in 2023/24. Across the 11 Independent Living Community sites, the utility bills

have increased from £203k in 2021/22 to £990k this year. The average charge for tenants in 2021/22 for electricity in the communal areas was £166 p/a, if we were to pass on the actual charge in 2022/23, this would be an average of £464 p.a. Gas was an average of £288 p.a. for communal and direct charges, if we were to pass on the actual costs in 2022/23 this would be an average of £2,063 p.a. (highest is Barstow House at £4,053 which is not realistic).

28. This is in the wider financial context for Housing with big pressure on budgets across the Council. A similar position exists with our hostel accommodation.
29. Options around service charges are being developed and will be discussed as part of the budget setting process. Obviously, these increased costs have to be paid from somewhere if not directly picked up by those tenants affected, which will have a dramatic impact on the wider Housing Revenue Account. This is in the wider financial context for Housing with big pressure on budgets across the Council.

Other help around housing costs

Energy efficiency programme

30. This financial year we expect to deliver over 500 substantial energy efficiency improvement measures to around 250 homes across all tenures. The majority of these works are wholly or predominantly funded utilising around £3m government funding which we successfully secured in 2021/22.
31. In addition to this the council is undertaking a series of 'quick win' interventions over the coming six months to help residents stay warm. £60K of HRA funding has been allocated for a post, van rental and materials. This runs alongside and through Falls Prevention Service. Project started beginning of November, with actual visits commencing 7 November. Currently due to end 31/3/23. Initial letter to 350 council properties with a D rated Energy Performance Certificate which could be easily improved to C rated. 41 referrals received as a result of these letters and over 20 visits undertaken so far. Most common measures are changing the home to energy efficient light bulbs and draught proofing older, wooden external doors. To date £343.57 spent on bulbs which should save 2586kw/h or £880 off bills based on 0.34p per unit of electricity. Yearly carbon saving of 499 kg based on Govt. Figures. Other issues identified with properties during the visit reported to the appropriate service e.g. repairs.
32. A Social Housing Decarbonisation Fund Wave 2 bid is under development to deliver further energy efficiency improvements to over 100 council homes, for a programme around £2m including 50% match funding for. This proposal would fully commit the £2m HRA Retrofit Fund and should the bid be successful, around 190 council homes would be improved to at least an EPC C standard utilising this existing budget.

33. A draft Retrofit Action Plan is currently out to formal public consultation and sets out the need and range of tools available to both deliver and facilitate further retrofit works over the coming years. The Retrofit Action Plan aims to reduce emissions and energy bills across all tenures and will be considered by Executive later this year.

Conclusion

34. Many Council tenants are struggling to cover all their costs at present and the situation is unlikely to improve in the short term. Housing Services will continue to work with people to ensure they have the best chance of sustaining their tenancies. This paper sets out how increased utilities costs are directly impacting upon the HRA. This is also impacting across the board as inflationary increases on all goods and services mean that everything costs more whilst income budgets are either constrained by government rent caps or impacted by reduced rent recovery. This will have a significant immediate impact upon the HRA and longer term future investment plans.

Implications

35. None identified.

Recommendations

36. The Scrutiny Committee is asked to note the information in the report.

Reason:

- i. To update the Committee on the challenges council housing tenants face as a result of the cost of living increases.
- ii. To update the Committee on the Council's housing strategies.

Contact Details

Author:

Den Southall
Head of Housing Services
denis.southall@york.gov.uk

Chief officer responsible for this report

Tracey Carter - Director of Housing
Economy and Regeneration

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Wards Affected:

All

For further information please contact the author of the report

Background Papers:

- Early Support Grant Scheme Guidance Sept 2022 (available online)
- York Fuel Food Voucher Scheme Guidance 24 Nov 22 (available online)
- Worrying About Money - Final York Leaflet Aug 22 (available online)
- Local Support Application Checklist – April 2022 (available online)
- Local Financial Support Schemes Overview 22 6 22 (available online)