

Meeting: Housing Sub Committee

Date: 28th September 2015

Title: Creating Sustainable Tenancies

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Service: Housing

Directorate: Environment, Housing and Leisure

Wards affected: All

1. Purpose of Report

- 1.1** To inform members about the Tenancy Sustainment project and to provide information to allow members to consider how scrutiny can contribute to the development of this area of work.

2. Recommendations

- 2.1** To note the information provided and to consider how scrutiny can contribute to the development of sustainable tenancies.

3. Details

- 3.1** We want our tenants to be able to live in their home for as long as they want to. To achieve this we need to ensure that we allocate our homes to people who:
- a) Need them
 - b) Can afford them
 - c) Are able to manage their bills and
 - d) Can they look after themselves, their household and their property
- 3.2** We know that some applicants, and existing tenants, especially those on low incomes, or with complex issues, are not equipped to cope with the demands of sustaining a tenancy on their own and need some form of help and support. Many lack the experience, understanding, knowledge and ability to effectively manage a household budget, look after a home, and in some cases look after their family.
- 3.3** We are not advocating that such applicants should be prevented from getting a council home or that existing tenants should lose their existing home if they find themselves unable to manage their bills or look after themselves, their household or their property.

- 3.4** We do need to reduce the number of tenancies that are failing; we need to increase the numbers who are sustaining their tenancies. This will not only improve the lives of our tenants, create more stable communities, contribute towards reducing anti-social behaviour and improve health but it will also reduce costs and make efficiency savings.
- 3.5** The following section outlines the reasons we need to make these changes.

The case for change

- 3.6** We have made great improvements to our empty homes processes, working with Kier North Tyneside to reduce the turnaround times for empty homes from 70 days in 2009 to 30 days during the last financial year.
- 3.7** At the same time the environment that we are operating in has changed dramatically. The governments welfare reforms, the introduction of Universal Credit, and the recent changes announced in the budget and the Welfare Reform and Work Bill 2015 have placed additional demands on housing providers at the same time as reducing the disposable income of large numbers of our tenants.
- 3.8** We are no longer certain that all tenants are able to afford to pay us the rent for the home they are occupying. The eligibility criteria, earnings thresholds and tapers within the housing benefits regulations, in addition to the removal of the spare room subsidy, have reduced the proportion of rental debit that is covered by housing benefit. As a consequence we have to physically collect more money from tenants who are finding themselves in increasingly difficult financial circumstances.
- 3.9** As a consequence of this we have found that since 2009/10 arrears have increased by £472K. Part of the reason for this is the increasing numbers of tenants, particularly new tenants, who are struggling from the start to sustain their tenancy and comply with their tenancy conditions:
- 63% of all new tenancies (current tenancy started in the last 12 months) are in arrears, totalling £236k. 69% of introductory tenancies (first time tenancies started in the last 12 months) are in arrears, contributing £131k to the above amount.
 - 105 tenants, who started their tenancies in the last 12 months, have already terminated those tenancies; 55 of them left with arrears totalling £25k.
 - Last financial year 51% of terminations left with arrears outstanding compared to 47% the previous year and 42% the year before.
 - 11% of new tenancies terminate within 12 months. In the last year this has led to former tenant arrears (FTA's) totalling £60K.
 - There has been a 15% increase in terminations due to financial difficulty, welfare reform or lack of support since the beginning of 2013/14.
 - During 2014-15 the average cost to repair an empty property was £2666. There were 1200 empty homes during the year; therefore we spent £3.2m on repairing empty homes.

- New tenants who are struggling to sustain their tenancy are more likely to be involved in Anti-social behaviour, and more likely to have problems maintaining their home and gardens.
- There is also the cost associated with reallocating and re-letting an empty property.

3.10 To tackle these outcomes we need to take more time assessing applicants' circumstances prior to starting their tenancies so that we can understand their needs and provide them with the help and support they need.

4. Creating sustainable tenancies - Sustainable Tenancies Team

4.1 We acknowledge and understand that some people are able to make appropriate financial decisions without help and support, but as Welfare Reform and austerity continues we are finding increasing numbers of people, especially those on low incomes, or with complex issues, are not equipped to do so and need some form of help or support.

4.2 We have realigned our staff resources; bringing together three existing teams to create a new Sustainable Tenancies Team. The new team came together in April 2015 and are responsible for delivering new processes.

4.3 The key to our new approach is to ensure we are able to accurately assess the needs of customers. And, have a clear understanding of what we can and will do for each potential assessment outcome.

4.4 We have developed a toolkit to enable us to consistently assess prospective tenants to identify their needs and to either provide necessary assistance or signpost / refer them to where they can get it.

4.5 We know what the key indicators and risk factors are:

- Lack of financial capability
- Lack of financial capacity / existing debts
- Physical, mental health and learning issues
- History of (or current) drug or alcohol abuse
- Homelessness
- Digital or social exclusion
- First time tenants or those under 25

Applicants will be assessed to identify if they have any of these risk indicators.

5. Our New Process

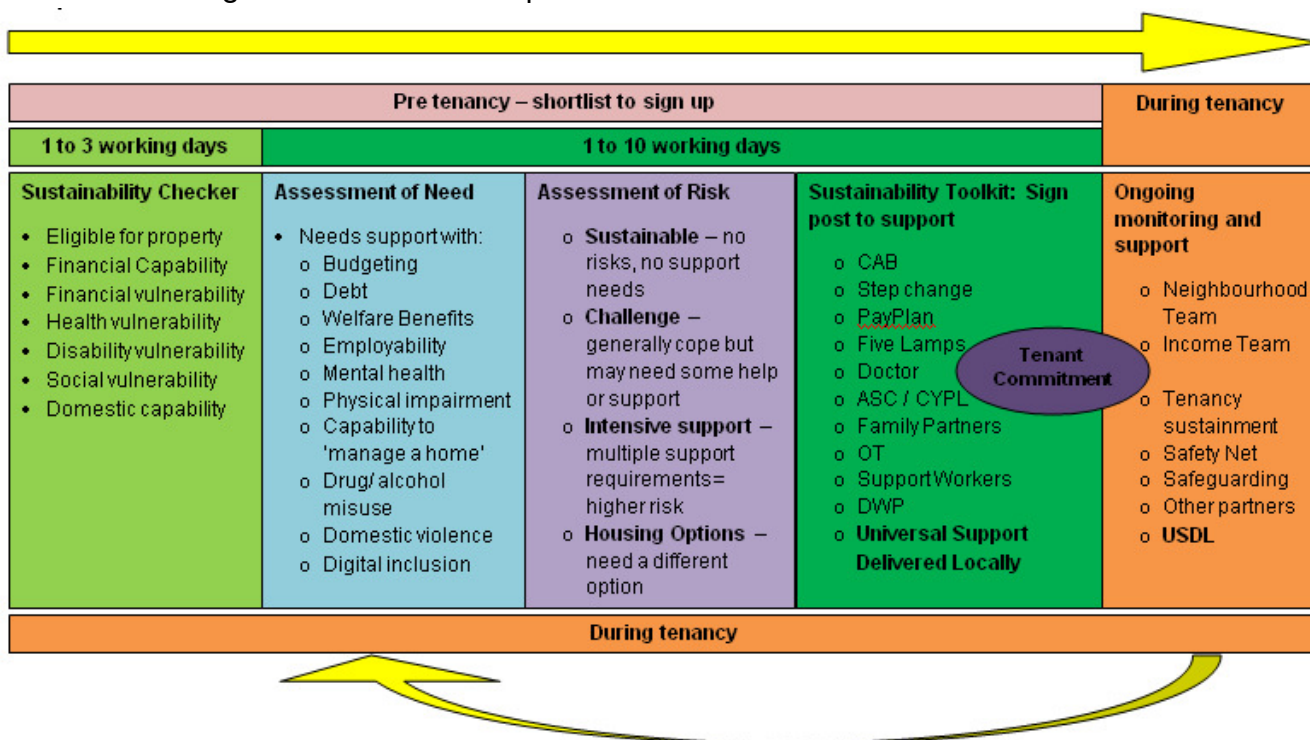
5.1 The Homefinder team will carry out the initial 'triage' assessment to identify those applicants who do not require an in depth assessment of their circumstances and needs. The initial triage will be completed with 3 working days of the short listing process.

5.2 Any applicants who are assessed as being at risk of not being able to sustain a tenancy will be required to meet a member of the Tenancy Sustainment Team who will discuss

their circumstances and assess their needs and requirements. We will then ensure that if the applicant requires any help, support or training they will be referred to services that can meet their needs. This part of the process will take between 1 and 10 working days depending upon the individual circumstances of the applicant.

- 5.3 We know this is likely to increase the time it takes to process an allocation for applicants with complex circumstances and/or multiple needs. We anticipate this will increase empty property turnaround times by an average of 5 days. This will increase rent loss due to empty properties **but** it will mean that all new tenants are given the best possible start to a tenancy leading to a reduction in the impacts outlined above.
- 5.4 Once the assessment has been completed all applicants will be required to sign a 'tenant commitment' that is bespoke to their particular needs. The tenant commitment will include descriptions of any help, support or training that the tenant agrees to positively engage with in order to help maintain their tenancy. It will also record where tenants are not willing to engage if applicable.
- 5.5 At the sign up, the Neighbourhood Housing Officer will review the Tenancy commitment with the tenant making sure that they understand what help and support they have agreed to engage with, what the implications are of non compliance and crucially the importance of paying the rent and adhering to the tenancy agreement.

The following chart illustrates the process and the timescales:



- 5.6 Neighbourhood Housing Officers will be responsible for monitoring the key indicators and compliance with the tenant commitment.

6. Next steps

- 6.1** We are now carrying out a 'live' test of the procedures and toolkit. Over the next 6 weeks the Tenancy Sustainment Team 'pilot' will test the new procedures, templates, forms and recording mechanisms. The pilot will be concentrating on the new properties that are being built on the Blandford Road site.
- 6.2** Once the pilot is completed, at the end of October, the Tenancy Sustainment team will start working with all applicants that are pre-offered a home.
- 6.3** We believe that this new approach will significantly help new tenants and in time it will reduce the number of failed or unsustainable tenancies. This in turn will reduce the arrears levels amongst new tenants, reduce the number of empty (void) properties, contribute to reducing the cost of repairing and re-letting those properties, reduce the admin costs for the authority, increase our rental debit and ultimately leading to a better service for all our tenants.
- 6.4** The next stage will be to develop processes for referring and dealing with existing tenants who find themselves in need of help and support as a result of a change in circumstances.

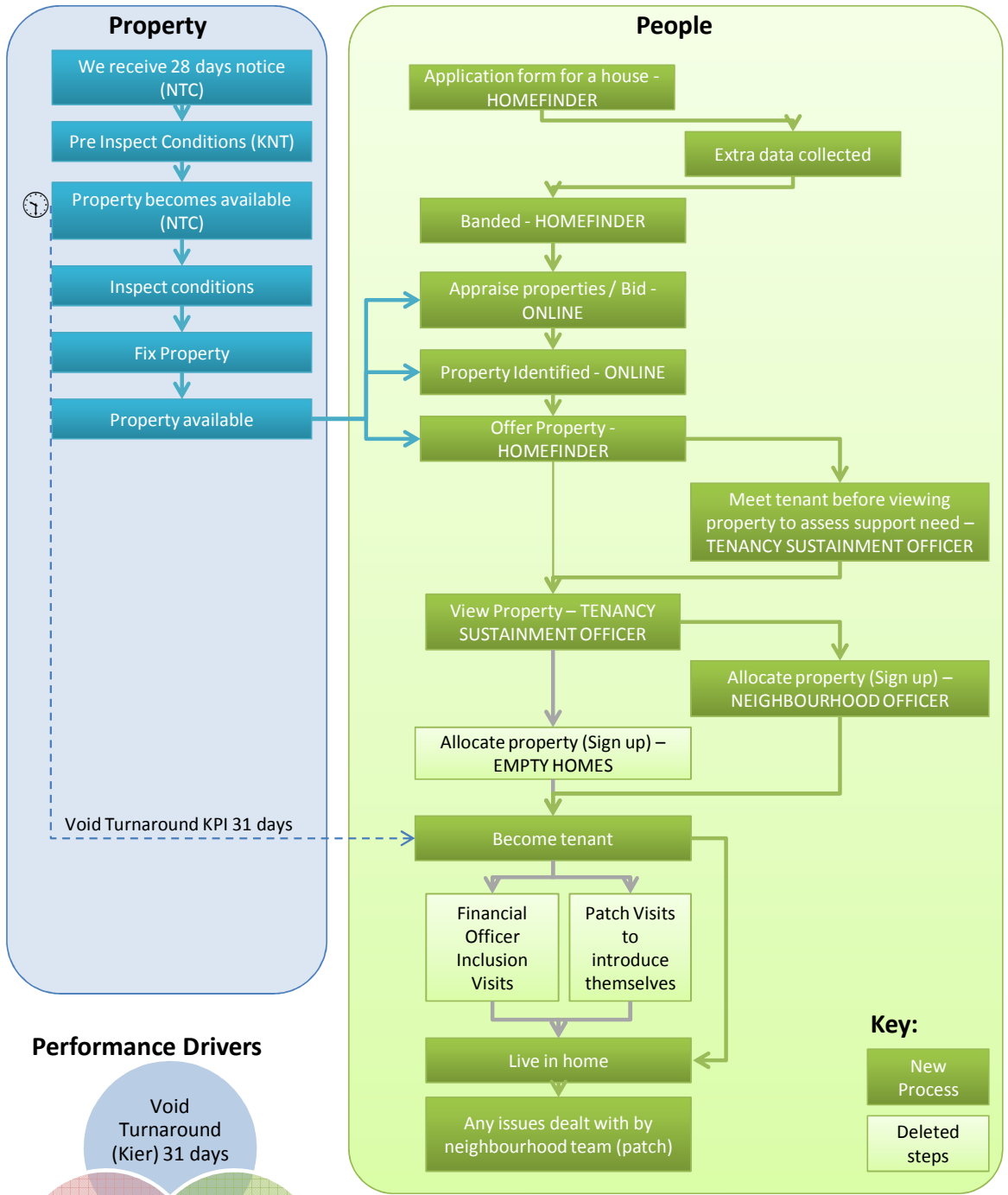
7. Appendices

Comparison of existing process and new process

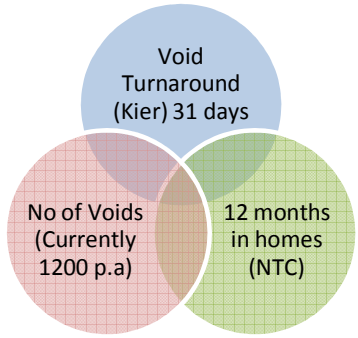
8. Background Information

The following documents have been used in the compilation of this report and may be inspected at the offices of the author.

Comparison of existing process and new process:



Performance Drivers



Delivered by

