
NORTH AYRSHIRE COUNCIL

30 November 2021

Cabinet

Title:	Coronavirus (COVID-19) Tenant Grant Fund
Purpose:	To advise Cabinet on the Scottish Government's Tenant Grant Fund and provide information on how the grant will be allocated in North Ayrshire.
Recommendation(s):	That Cabinet (i) notes the Coronavirus (COVID-19) Tenant Grant Fund award of £0.298m to North Ayrshire Council for distribution; (ii) approves the proposed eligibility criteria for use in North Ayrshire; (iii) approves the proposed process for administration; and (iv) approves that the Coronavirus (COVID-19) Tenant Grant Fund be open for application in North Ayrshire from Tuesday 7 December 2021.

1. Executive Summary

- 1.1 On 23 June 2021, the Deputy First Minister announced the Scottish Government's intention to launch a £10m grant fund later in the year to support private and social rented tenants who have incurred rent arrears as a direct result of the COVID-19 pandemic.
- 1.2 The £10m fund will enable local authorities to assist tenants in the private and social rented sectors who are struggling with rent arrears and are consequently at risk of homelessness.
- 1.3 North Ayrshire Council has been awarded £0.298m from the Coronavirus (COVID-19) Tenant Grant Fund, with a further £0.016m awarded to support administration costs. The funding is for use within the 2021/22 financial year. Whilst the Scottish Government has provided guidance and eligibility criteria on use of the funds, local authorities have discretion in how it will be utilised.
- 1.4 This report sets out recommendations for the criteria to be applied in allocating the Coronavirus (COVID-19) Tenant Grant Fund within North Ayrshire.

2. Background

- 2.1 On 23 June 2021, the Deputy First Minister announced the Scottish Government's intention to launch a £10m grant fund later in the year to support private and social rented tenants who have incurred rent arrears as a direct result of the COVID-19 pandemic.
- 2.2 The £10m fund is intended to enable local authorities to respond quickly, efficiently and flexibly to assist tenants in the private and social rented sectors who are struggling with rent arrears and are consequently at risk of

homelessness. Through this fund, the Scottish Government has provided a one-off grant to each local authority in Scotland.

- 2.3 North Ayrshire Council has been awarded £0.298m of the Coronavirus (COVID-19) Tenant Grant Fund, with a further £0.016m awarded to support administration of the fund. The funding is for disbursement within the 2021/22 financial year.
- 2.4 The purpose of the fund is to mitigate the challenges experienced by tenants who have been adversely impacted by the pandemic. Local authorities should use the fund to prevent homelessness and sustain tenancies by directly reducing or paying off rent arrears for social housing and private rented sector tenants.
- 2.5 The grant fund is flexible, enabling local authorities to exercise a large degree of discretion in administering it, as part of a holistic homelessness prevention approach. It can be used alongside other existing tools and financial support such as Discretionary Housing Payments (DHPs), benefit checks, etc., and it can cover a proportion, or all, of a tenant's rent arrears. The Scottish Government has, however, set high-level eligibility criteria as follows:
 - The grants are limited to helping with rent arrears which accrued between 23 March 2020 and 9 August 2021. Arrears before 23 March 2020 cannot be covered.
 - Arrears after 9 August 2021 can only be covered in exceptional circumstances, where the local authority is satisfied that arrears relate to the continued impact of pandemic restrictions.
 - Grants can be used to make a full or partial payment of arrears, depending on individual circumstances.
 - Grants will be targeted towards current tenants who are at risk of becoming homeless and do not have any other way of clearing the arrears.
 - Payments will be made to landlords rather than tenants on the strict condition that the payment will be used to credit the tenant's rent account.
 - Landlords must demonstrate that they are complying with the pre-action requirements for rent arrears and agree not to progress a repossession on the basis of Covid related rent arrears where a grant is paid and the tenant meets all future agreed rent and repayment obligations.
- 2.6 The Scottish Government intends the Grant Fund to assist the tenant and landlord to come to a (further) sustainable and reasonable arrears repayment plan. This could include a proportion of the arrears being paid off by the Grant Fund, alongside the landlord reducing the amount of arrears owed (if it is able to do so, without causing undue difficulty), and the local authority, or others, providing income maximisation support to the tenant, resulting in a more manageable level of debt to repay.
- 2.7 The Grant Fund works on the assumption that both social and private landlords would already be using the existing pre-action requirements, to signpost tenants to get support. It recognises that there may have been previous arrangements which have since broken down.

Proposed Arrangements in North Ayrshire

2.8 In order to establish suitable arrangements for administration of the Grant Fund in North Ayrshire, several multi-service workshops were undertaken. In addition, current practice across other local authorities, as well as their initial proposals for the Tenant Grant Fund, were reviewed. As a result, the following proposals have been developed:

Eligibility Criteria

2.9 The following assessment criteria is proposed for the Coronavirus (COVID-19) Tenant Grant Fund, in addition to the criteria set by the Scottish Government:

- The landlord must be either a local registered social landlord (including North Ayrshire Council) or a private landlord registered with the local authority
- The tenant must have received Notice of Proceedings of Recovery of Possession (social tenancies) or Notice to Leave (private tenancies), and landlord must have undertaken all pre-action requirements in accordance with the relevant legislation, with a Section 11 notification provided to the local authority
- Provision of the grant must ensure that homelessness is prevented
- The landlord must agree that no further action will be taken regarding any remaining arrears included in the qualifying criteria if an award is paid

2.10 Appropriate proof of satisfying the above criteria will be sought from the tenant and/or landlord to ensure due diligence and mitigate against fraud, and for audit purposes.

2.11 A grant payment to reduce or clear rent arrears should be seen as a 'fresh start', meaning past COVID-19 related arrears (accrued within the applicable timeframe) paid off by the grant will no longer be considered as a ground for future eviction action.

Administration of the Grant

2.12 Staff from the Welfare Reform Advice Team will be responsible for processing applications. The administration of the Coronavirus (COVID-19) Tenant Grant Fund will, in the main, mirror the established process for assessing Discretionary Housing Payments. In addition, the following rules will apply:

- Consideration must be given to other solutions (Discretionary Housing Payments, income maximisation, payment arrangement) before approving any grant award
- The grant provided will be 50% of the arrears accrued in the qualifying period, up to a maximum of £1000
- The Processor will have authority to directly award grants up to the value of £500
- Applications for between £500 and £1000 will be assessed by a Coronavirus (COVID-19) Tenant Grant Fund Panel
- The Processor will encourage the tenant and landlord to come to a suitable arrangement for the remaining 50% of the arrears

- Any award from the Coronavirus (COVID-19) Tenant Grant Fund will be paid directly to the landlord

2.13 A dedicated telephone number and email address have been established to receive applications and enquiries regarding the fund. Applications can be made online or via telephone.

2.14 The multi-service Tenant Grant Fund Panel will approve Fund awards of between £500 and £1,000 and undertake appropriate auditing of awards of less than £500. The panel will include officers from the Welfare Reform Advice Team, Housing Operations, Homeless Assessment and Advice Team, Money Matters and Customer Services.

2.15 In the case of North Ayrshire Council tenants, the Council will reduce the remaining arrears by up to 50% by matching payments made towards the qualifying arrears by the tenant up to and including 31 March 2022. The Council will actively encourage other landlords to adopt a similar approach, if able to do so.

2.16 The tables below illustrate how the Coronavirus (COVID-19) Tenant Grant Fund could support a reduction in COVID-19 related arrears for a Council tenant with £1,000 arrears.

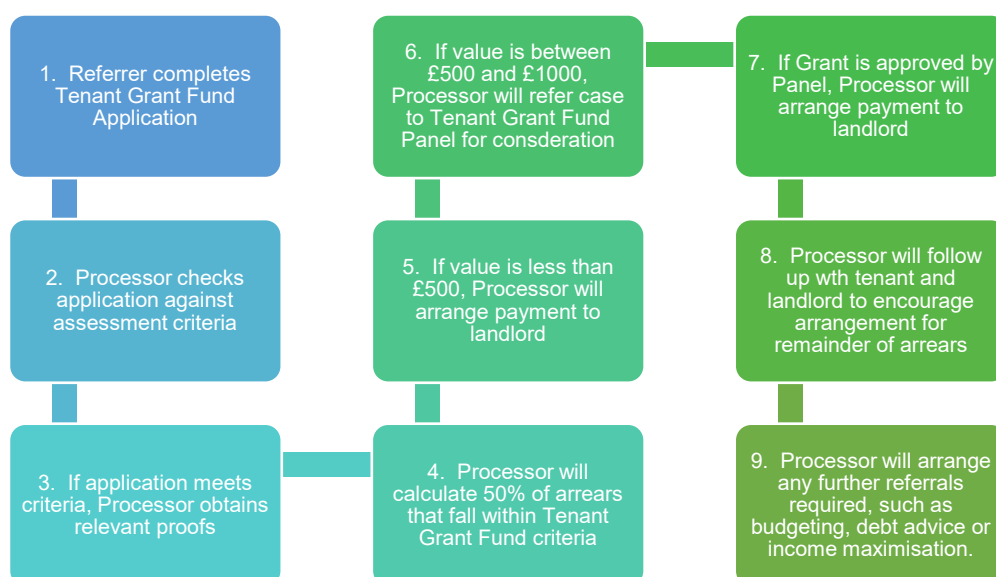
Scenario 1	
Total COVID-19 related arrears	£1,000
Tenant Grant Fund payment	£500
Payment from tenant	£250
NAC matched reduction	£250
COVID-19 related arrears balance	£0

Scenario 2	
Total COVID-19 related arrears	£1,000
Tenant Grant Fund payment	£500
Payment from tenant	£125
NAC matched reduction	£125
COVID-19 related arrears balance	£250

2.17 Non COVID-19 related arrears will not be considered in the Tenant Grant Fund application. Rent payments received from tenants will be allocated towards ongoing rent in the first instance and thereafter proportioned across any arrears. For example, if the tenant had a £2,000 arrears balance, £1,000 of which is COVID-19 related arrears, 50% of any monies received above the ongoing rent will be assumed as contributing towards the COVID-19 related arrears.

Process for Administration

2.18 The proposed process for administration of the Tenant Grant Fund is as follows:



2.19 With reference to the 'Referrer' at point 1 in the process, there are several pathways that could generate a grant application. These include:

- A tenant submitting an application
- A landlord submitting an application on behalf of their tenant
- A tenant presenting to a Council service with financial related housing difficulties who is at risk of homelessness or is referred by a third sector/housing advice organisation
- The Council's Homeless Team via a Section 11 notification from a private landlord of intent to evict, or direct contact from a landlord or letting agent concerned about a tenant in rent arrears

2.20 Should a grant award be made, private landlords should withdraw any ongoing application with the First-tier Tribunal for Scotland, as the rent arrears which were the subject of eviction or repayment proceedings would be reduced or repaid in full. Adjourning proceedings would allow time to determine whether the arrears can be paid off in full by the grant or, if arrears are only reduced, it may allow time to determine if a sustainable repayment plan can be agreed for the remainder of the arrears.

Additional Support for Tenants

2.21 To ensure all action is taken to prevent Tenant Grant Fund applicants from facing further financial difficulty, an approach has been developed regarding the provision of financial advice.

2.22 Every tenant who is subject to an application, whether self-referred or referred by another party, to the Grant Fund will be given financial advice, support, and assistance, regardless of whether they meet the criteria for an award.

- 2.23 The referral process will mirror that of the traditional money advice referral routes, i.e., Council tenants will be supported by the Welfare Reform Advice Team, Registered Social Landlord (RSL) tenants will be supported by their landlord, and private tenants will be supported either through Money Matters or the Better Off North Ayrshire referral path.
- 2.24 If it is decided that a Tenant Grant Fund payment would not be suitable on grounds that the tenancy cannot be saved (such as the tenant's inability to pay rent even after an award has been made for COVID-19 related arrears), the tenant will still be supported with financial and appropriate housing advice.
- 2.25 Advice and support is also available for private landlords. For example, the PRS Landlord COVID-19 Loan Support Fund is available for private landlords who wish to work with their tenant to sustain a tenancy. The Fund can provide short-term support for private landlords where tenants are having difficulty paying rent as a result of the impacts of COVID-19.

Monitoring and Reporting Requirements

- 2.26 As part of reporting arrangements for the Coronavirus (COVID-19) Tenant Grant Fund, local authorities are required to provide a brief report to Scottish Ministers setting out:
- the number and level of grants issued and how much grant was paid, broken down by tenure, (e.g., private, local authority or RSL tenant)
 - how many of these grants paid off the rent arrears in full or partially, and
 - how many tenancies were sustained as a direct result of the grant being paid.
- 2.27 Reports must be submitted to the Scottish Ministers on 31 December 2021 and 31 March 2022.
- 2.28 It is intended to commence administration of the Coronavirus (COVID-19) Tenant Grant Fund from Tuesday 7 December 2021. A communication plan has been developed and publicity for the Coronavirus (COVID-19) Tenant Grant Fund has commenced, with details of the full criteria to be released following approval by Cabinet.

3. Proposals

- 3.1 That Cabinet (i) notes the Coronavirus (COVID-19) Tenant Grant Fund award of £0.298m to North Ayrshire Council; (ii) approves the proposed eligibility criteria for use in North Ayrshire; (iii) approves the proposed process for administration; and (iv) approves that the Coronavirus (COVID-19) Tenant Grant Fund be open for application in North Ayrshire from Tuesday 7 December 2021.

4. Implications/Socio-economic Duty

Financial

- 4.1 The Scottish Government has provided a one-off allocation to each local authority in Scotland, based on a distribution method agreed with CoSLA. North Ayrshire Council has been awarded £0.298m of the Coronavirus (COVID-19) Tenant Grant Fund, with a further £0.016m awarded to support administration of the fund. The grant funding is available until the end of March 2022. The proposed match funding for Council tenant arrears will be met from the Housing Revenue Account budget for managing rent arrears.

Human Resources

- 4.2 A multi-service panel has been established to oversee the administration of the fund. Representatives from Housing Services, Money Matters and Customer Services have developed procedures for administering the fund. Staff from the Welfare Reform and Advice Team will assist with processing applications.

Legal

- 4.3 None.

Equality/Socio-economic

- 4.4 The Tenant Grant Fund will have a positive impact on the lives of many tenants within North Ayrshire. The funds will prevent homelessness and reduce debts for some of our most vulnerable residents.

Environmental and Sustainability

- 4.5 None

Key Priorities

- 4.6 The purpose of the fund is to provide direct financial support to tenants via their landlord to help pay rent arrears that have arisen due to the impact of the COVID-19 pandemic. It is aimed at highly vulnerable tenants who would otherwise become homeless or do not have alternative sources of support. This will help to achieve the Council's priority for active and strong communities and that people enjoy good life-long health and well-being.

Community Wealth Building

- 4.7 Financial advice and assistance will be provided to support tenants, including maximising their income. Improving income and reducing debt will help to address poverty and inequality. Employment advice from our Welfare Reform &

Advice Team and Housing Support staff will help to bring social improvements to local communities.

5. Consultation

- 5.1 Officers from the Welfare Reform Advice Team, Housing Operations, Homelessness Service, Money Matters and Customer Services have been consulted on the proposals for North Ayrshire's Coronavirus (COVID-19) Tenant Grant Fund.

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Background Papers

none