

First Month's Rent Flexibilities Good Practice Guide

Six-month review

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Until there's a home for everyone.

shelterscotland.org



Shelter
Scotland

Authors

Aoife Deery, Campaigns and Policy Officer, Shelter Scotland

Janine McKenna, Research Officer, Scottish Federation of Housing Associations

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Background

In August 2017, Shelter Scotland and the Scottish Federation of Housing Associations (SFHA) jointly published a First Month's Rent Flexibilities Good Practice Guide¹. This was in response to concerns raised by Shelter Scotland staff that some housing associations were ceasing to be able to offer flexibility around the first month's rent payment, which is expected by most housing associations in advance of starting a tenancy. Between October 2016 and August 2017, Shelter Scotland and SFHA worked together to better understand why this might be the case and explore ways of helping housing associations to be more flexible. These learnings are captured in the good practice guide.

Both Shelter Scotland and SFHA continue to be concerned about the roll-out and impact of Universal Credit (UC) and believe it is causing issues for both tenants and housing associations. Both organisations have repeatedly called for Universal Credit to be paused to allow for the issues with the system to be fixed², however despite some recent concessions by the UK Government, this has not happened. Both organisations continue to use an evidence-based approach to build the case for improvements and lobby local and national elected members on these.

Shelter Scotland and SFHA believe that paying rent must always be the first priority of tenants, however we are both concerned that elements such as low-paying jobs and the in-

built delays for Universal Credit mean that it is likely that more people will struggle to find the money for the first month's rent, which on average is in the region of £300-400. With the roll-out of Universal Credit continuing and with six months having passed since the publication of the guide, we wanted to understand if it was beginning to have any impact on housing associations' practice or service users' experiences.

Engagement with SFHA members

The authors of the guide presented at each of SFHA's three regional housing management forums in 2018 and held a workshop at SFHA's housing management conference in September 2018. We ran a follow-up survey at the same time as speaking at these events and asked attendees at each to fill out the survey.

Key points from the SFHA regional forums and the Housing Management Conference

- Most housing associations said that they try to be flexible and to offer support where possible to people who are struggling to pay the first month's rent up front.
- There appeared to still be **significant variation in the support available** in different local authority areas; some housing associations were able to help their clients access Discretionary Housing Payments (DHPs) or local funds to help pay their first

¹ Shelter Scotland & SFHA (2017); [First Month's Rent Flexibilities - Good Practice Guide](#)

² Scottish Housing News (2017); [Scottish charities call for halt to roll-out of 'flawed' Universal Credit](#)

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- month's rent, while others were not.
 - Many housing associations felt that more work needed to be done around **personal budgeting** and pointed to [Orbit Housing Association's Better Days](#) project as an example of good practice, which offers money, employment, wellbeing and digital support.
 - Some housing associations were **sceptical of the helpfulness of Universal Credit advance payments** and said that those who needed them were more likely to have other debts that they prioritised over rent, and as a result, housing associations were still not receiving the first month's rent payment from many people who had accessed advance payments.
 - Some housing associations were also concerned that the **repayment rate for advance payments was unmanageable** for many tenants.
 - Some housing associations noted that social work services in several areas were able to help with housing costs including the first month's rent for young people who had been previously looked after.
 - Those who said that the first month's rent payment was less problematic for them attributed this to their housing associations **spending significant resources on proactively visiting tenants** and meeting prospective tenants. These associations also actively helped tenants with the UC application process and applying for all

other benefits and entitlements, alongside providing budgeting and financial management information.

Key points from follow up survey with SFHA members

As above, Shelter Scotland and SFHA ran a follow up survey for SFHA members between July and October 2018 alongside presenting at the forums and conference. This survey asked for views on the report and whether it had had any impact on housing associations' work since it was launched.

- Twenty-four housing associations responded to the survey, and all but three indicated that they were aware of the good practice guide.
- Out of the 24 housing associations who responded, 14 reported that prospective tenants had difficulty paying the first month's rent on a daily, weekly or monthly basis, and others indicated this happened less often.
- Only eight housing associations said that they had referred to the guide in the course of their work.
- Some also commented that they felt it was too early to understand the full impact of the guide.
- One respondent said that despite being flexible when necessary, more support from the local authority would be helpful as well as a specific fund for this as DHP was nearly always reserved for bedroom tax and benefit cap cases.

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- Nearly every respondent noted that either they did not usually charge rent in advance, or that they had always been flexible in their approach, which ultimately suggests that the survey failed to reach the housing associations who were having difficulty being flexible with the first month's rent.

Impact of the good practice guide

Engagement with Scottish Government on the guide's recommendations

Following the publication of the good practice guide, Scottish Government officials picked up on a small number of recommendations. Shelter Scotland and SFHA were subsequently invited to present to the Scottish Government's Housing and Social Security Group on the recommendation to create a new national repayable loan scheme. The scheme was suggested by respondents to the first survey during the development of the guide, as existing schemes such as Discretionary Housing Payments and the Scottish Welfare Fund did not seem to be accessible for all (or there was inconsistency between areas) for people who needed help with the first month's rent.

Ultimately, the Government decided not to progress with the idea of the loan scheme after attending SFHA regional housing management forums and receiving mixed feedback from housing associations. However, it has said that the guide has helped to

make the case for more funding for welfare and benefits advice.

Experience of Shelter Scotland

Since the publication of the guide, Shelter Scotland helpline advisers have received a small number of cases relating to issues with the first month's rent and they have mostly reported that they have cited the good practice guide to positive effect.

However, Shelter Scotland has also been made aware of examples of continuing inflexible rent policies. A number of these related to existing tenants rather than new tenants but is still relevant to the principles of the good practice guide;

- Citizens Advice Scotland contacted us to highlight incidents concerning housing association tenants in the North East of Scotland who were on full housing benefit and who had received letters from their housing association asking them to start paying approximately £5 per week towards their rent account to bring it into credit, in anticipation for the impact of Universal Credit.
- Shelter Scotland advisers in Aberdeen and Dundee highlighted similar cases in their cities and a particularly concerning case where an 80-year-old housing association tenant was receiving letters to advise her that despite her full housing benefit she was expected to pay towards her account to bring it into credit, which she wasn't able to do.
- Shelter Scotland's Glasgow hub was contacted by another support organisation in

October 2018 for assistance in the case of a vulnerable young woman who was offered a housing association tenancy. She was not told that a month's rent in advance would be expected until two days before her tenancy began. The housing association was very firm in its decision to charge rent in advance and gave the reason that it was their policy that applicants who were working had to pay. The young woman felt she had no option but to pay the rent in advance and as a result was left with no money for two weeks until her next wage was paid.

Lastly, in January 2018, Shelter Scotland was informed that the good practice guide was referred to in the process of formal arbitration proceedings between a local authority and a housing association around a disputed Section 5 referral. The arbitrator found that a homeless applicant's inability to find a month's rent in advance was not 'good reason' under Section 5 of the 2001 Act for the housing association to refuse to house them. While this decision is not binding in terms of any future cases, it may be taken into account.

Next Steps

- Shelter Scotland and SFHA will continue promoting the First Month's Rent Flexibilities Good Practice Guide among housing associations, forums and third sector organisations.
- Shelter Scotland and SFHA should consider building a map of support available to housing associations in each local authority area which can help with paying the first month's rent.
- Shelter Scotland and SFHA should decide whether DHPs are still a workable solution for the first month's rent due to the local inconsistencies in its application and consider other solutions.
- Shelter Scotland and SFHA will continue gathering evidence on the impacts of Universal Credit and campaign for improvements to the system which would support people to start and sustain tenancies.
- Shelter Scotland will directly address occasions whereby the first month's rent causes difficulty and take forward discussions with housing associations on their decision to require tenants to top up their rent accounts.
- SFHA will promote good practice around personal budgeting and welfare advice.

Shelter Scotland helps over half a million people every year struggling with bad housing or homelessness through our advice, support and legal services. And we campaign to make sure that, one day, no one will have to turn to us for help.

We're here so no one has to fight bad housing or homelessness on their own.

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Shelter Scotland
Scotiabank House
6 South Charlotte Street
Edinburgh EH2 4AW

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