

## **EAST AYRSHIRE COUNCIL**

### **HOUSING COMMITTEE MEETING - 19 MAY 2004**

#### **PILOT RENT DEPOSIT GUARANTEE SCHEME**

##### **Report by Executive Director of Neighbourhood Services**

### **1. PURPOSE OF REPORT**

- 1.1 To seek Committee approval to establish and manage a pilot Rent Deposit Guarantee Scheme with a view to establishing a permanent Rent Deposit Guarantee Scheme in due course.

### **2. BACKGROUND**

- 2.1 Both the Homelessness Strategy 2003 and the Local Housing Strategy 2004 have emphasised the need to improve links between the Local Authority and the Private Rented Sector. They highlight the benefits for tenants in improving choice, and providing appropriate, affordable quality housing.
- 2.2 The Pilot Rent Deposit Guarantee Scheme will enable those on a low income to access private sector housing without the need to raise their own deposit. The scheme guarantees Private Landlords payment of a maximum of 4 weeks rent at the end of the tenancy should any loss of rent, or damage to the property be experienced.

### **3. PROPOSAL**

- 3.1 To ensure that all aspects of a Rent Deposit Guarantee Scheme have been considered national and local research has been carried out. This highlighted the most appropriate and successful models which could be adopted. Three schemes were visited in South Ayrshire, East Dunbartonshire and Glasgow. National research by the Scottish Executive and the National Rent Deposit Forum (2002) was considered and a number of examples of good practice in relation to working policies and procedures have been identified.

- 3.2 Based on this research into established good practice the following pilot is proposed:

#### **3.2.1 Duration**

The pilot scheme is designed to assist 20 tenants and will run for a period of 6 months to allow progress to be monitored and the scheme evaluated. It is anticipated that, subject to Committee approval, the pilot scheme will start in June 2004.

### 3.2.2 Referrals

For the pilot period only, referrals to the scheme will be routed through housing/social work staff. A data base of landlords who are interested in working with the scheme will be established and will include updated information on vacant properties.

### 3.2.3 Landlord Criteria

To participate in the pilot scheme, private landlords will have to be members of East Ayrshire's Private Landlord Forum and their properties will have to be of a standard equivalent to the Council's own "Lettable Standards"

### 3.2.4 Deposit

The amount of the rent deposit guaranteed will be up to the value of one month's rental of the property. It will cover both uninsured damage to the property and any loss of rent. The duration of the bond will be flexible with a view to the tenant saving to take over this responsibility, therefore freeing funds for subsequent deposits.

### 3.2.5 Administration

Appropriate processes are in place to ensure that the scheme operates effectively and that public resources are protected.

### 3.2.6 Client Criteria

Appropriate criteria have been established to ensure that priority is given to those in housing need. The pilot scheme will be available to those over 25 years of age until the 'single room rent' issue that apply to this age group has been resolved.

### 3.2.7 Staffing

During the initial pilot phase, the scheme will be administered by the Private Sector Liaison Officer. Future resource requirements will be determined through evaluation of the pilot scheme.

### 3.2.8 Monitoring and Evaluating

A key stakeholders steering group has been established involving officers in Housing, Social Work, Housing Benefit, Citizens Advice Bureau, private Landlords, and Health. It will be this group's task to establish an appropriate monitoring and evaluation framework, monitor and evaluate the scheme, and submit an evaluation report to the Committee in due course.

#### **4. FINANCIAL IMPLICATIONS**

4.1 It is estimated that the costs associated with the pilot project will be:

Set up costs: £7,890.00

Deposit guarantee: £4,000.00

Total £11,890.00

4.2 The above costs will be met from Homelessness Strategy Funding awarded to the Council by the Scottish Executive and funding from Ayrshire and Arran Health Board

4.3 The cost of employing a Private Sector Liaison Officer is being met through Homeless Strategy Funding and was approved by Committee on 3 September 2003.

4.4 There are therefore no direct costs to the Local Authority for this pilot.

#### **5. LEGAL AUTHORITY / IMPLICATIONS**

5.1 The introduction of the pilot Rent Deposit Guarantee Scheme will enable the Authority to meet its obligations in terms of The Housing (Scotland) Act 2001 and the Homelessness etc. (Scotland) Act 2003.

#### **6. POLICY IMPLICATIONS**

6.1 The introduction of the Rent Deposit Guarantee Scheme will meet the relevant policy objectives set out in the Council's approved Local Housing Strategy and Homelessness Strategy.

#### **7. CONCLUSIONS**

Local Authorities are required to recognise the role that the private sector plays in providing a range of accommodation in East Ayrshire. Within both the Homelessness Strategy (2003-2006) and Local Housing Strategy (2004-2009) reference is made to the need for successful engagement with the private rented sector. The pilot Rent Deposit Guarantee could play an important role in assisting those on a low income to access the private sector where this is appropriate and in encouraging improvements in the quality and management of private rented accommodation in East Ayrshire.

#### **8. RECOMMENDATIONS**

8.1 The Committee is recommended to:-

(i) approve the establishment and implementation of a pilot Rent Deposit Guarantee Scheme;

(ii) approve the spending proposals contained within the report; and

- (iii) otherwise note the contents of the report.

William Stafford  
Executive Director of Neighbourhood Services

CMCA/LC/LA

21<sup>ST</sup> April 2004

### **LIST OF BACKGROUND PAPERS**

1. The Housing (Scotland) Act 2001
2. The Homelessness etc (Scotland) Act 2003

Any person wishing to inspect the background papers listed above should telephone 01563 576617 and ask for Joseph Cassidy, Policy & Strategy Manager.

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