

## **EAST AYRSHIRE COUNCIL**

### **HOUSING COMMITTEE 3 NOVEMBER 2004**

#### **DEPOSIT GUARANTEE SCHEME (DiGS)**

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

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

- 1.1 To inform members of the outcome of the Pilot Deposit Guarantee Scheme, (DiGS) and to recommend proposals for future action to continue and expand the scheme.

### **2. BACKGROUND**

- 2.1 At the Housing Committee meeting held on 3 September 2003, it was agreed to appoint a Private Sector Liaison Officer on a temporary basis, funded from the Scottish Executive Homeless Grant, to improve links with (and access to) the private housing sector.
- 2.2 At the Housing Committee meeting held on 19 May 2004, members agreed proposals to introduce a pilot Deposit Guarantee Scheme (DiGS) to run for 6 months, initially administered by the Private Sector Liaison Officer, with a view to assisting 20 individuals on low incomes to access private sector housing without the need to raise their own deposit.
- 2.3 The DiGS scheme commenced in June 2004, and by September 2004, had already assisted 21 clients with a further 17 awaiting assistance.

### **3. EVALUATION OF THE PILOT**

- 3.1 In line with the earlier Committee decisions, a project steering group was set up with membership drawn from the Council's Housing and Social Work services, Citizens Advice Bureau, Housing Benefit and Private Sector Landlords. The group has met on a regular basis to consider and evaluate progress to date. A copy of the evaluation report is appended. This evaluation has been supported by surveys of all landlords and tenants who have been assisted by the project. Copies of the completed questionnaires are available at the Members Service Information Point.
- 3.2 The overwhelming view of the stakeholders, landlords and tenants involved so far has been very positive. The scheme is considered to meet the needs of those who are homeless, or potentially homeless, and provides a good source of information and advice for both prospective landlords and tenants.

- 3.3 During the period from June to September 2004, 60 clients were referred to the scheme by staff working in Housing and Social Work. The scheme currently covers 21 clients, with 19 in accommodation and 2 still searching for suitable accommodation. The total value of rent deposits currently guaranteed amounts to £5,851 with only 1 claim (£120) for payment received to date. There are 17 other clients currently awaiting assistance.
- 3.4 There are 13 private landlords actively involved and registered with the scheme, with a further 10 having expressed an interest in future developments. It is estimated that on the basis of present landlord interest there are potentially over 100 properties which could be available to the project within East Ayrshire subject to continued funding being made available. All the landlords involved are members of East Ayrshire Private Landlords Forum and the properties have been inspected to ensure that they are in a good condition equivalent to the lettable standard for Council housing.
- 3.5 The stakeholders consider that on the basis of the evidence provided, the project has successfully achieved its objectives, viz;
- widening choice for clients
  - enabling clients to access the private rented sector
  - assisting in the prevention and alleviation of homelessness
  - developing and improving working relations between East Ayrshire Council and the Private Rented Sector.

#### **4. PROPOSAL**

- 4.1 On the basis of the success of the pilot scheme, it is proposed to continue and extend the Deposit Guarantee Scheme in East Ayrshire to support and meet the objectives of the Council's Local Housing Strategy and Homelessness Strategy.
- 4.2 As previously noted, the Private Sector Liaison Officer has been heavily involved in setting up and administering the pilot project. Although this has contributed greatly to the early success of the scheme, it has restricted progress on other aspects of the postholders remit including the development of a Private Sector Housing Strategy and preparatory works for the introduction of accreditation and registration schemes for landlords.
- 4.3 Research by the National Rent Deposit Forum has shown that there are positive benefits in having a deposit scheme managed by an independent organisation, whilst maintaining a close relationship with the Local Authority, so as to ensure its strategic fit with other homelessness services. Deposit schemes based within the voluntary sector were also found to be more likely to expand through the use of other voluntary organisations and initiatives, such as befriending projects.
- 4.4 On the basis of this research and local experience obtained to date, it is considered that the use of the social or voluntary sector would provide the most suitable vehicle to take forward an expanded scheme within East Ayrshire.

- 4.5 However, the establishment of a suitable social or voluntary sector partner will take time and it is therefore proposed that an interim post of a Deposit Scheme Officer should be established to maintain the scheme during the transition phase, and to assist in the hand over to the social or voluntary sector in due course. It is anticipated that this post will be required for no longer than 6 months.

## **5. FINANCIAL IMPLICATIONS**

- 5.1 DiGS is currently funded from specific Scottish Executive grants to help deliver the local Homelessness Strategy and a separate grant from Ayrshire and Arran NHS Trust.
- 5.2 The cost of expanding and operating the scheme including the interim salary for the temporary officer is estimated at £74,000 over the next two financial years and these costs can be met from Scottish Executive funding up to 31 March 2006.

## **6. LEGAL AUTHORITY / IMPLICATIONS**

- 6.1 The expansion of DiGS will assist the Council to meet responsibilities in terms of the Housing (Scotland) Act 1987, as amended by the Housing (Scotland) Act 2001 and the Homelessness etc. (Scotland) Act 2003.

## **7. POLICY IMPLICATIONS**

- 7.1 The expansion of DiGS will meet the relevant policy objectives as set out in the Council's approved Community Plan, Local Housing Strategy and Homelessness Strategy.

## **8. CONCLUSIONS**

- 8.1 Local Authorities are required to recognise the role that the private sector plays in providing a range of accommodation. Within both the East Ayrshire Homelessness Strategy (2003-2006) and the Local Housing Strategy (2004-2009), reference is made to the need for successful engagement with the private rented sector. It is considered that DiGS can 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.
- 8.2 The current pilot scheme has established the need for a rent deposit guarantee scheme within the area. It is clear from the number of clients currently within the scheme, and those awaiting assistance, that the expansion of the scheme will assist the Council in meeting corporate objectives and the needs of individuals across East Ayrshire.

## **9. RECOMMENDATIONS**

- 9.1 The Committee are recommended to:

- (i) approve the development of the Deposit Guarantee Scheme as outlined in the report;
- (ii) authorise the Executive Director of Neighbourhood Services, in conjunction with the Head of Personnel, to submit the staffing proposals for approval by the Corporate Governance Committee;
- (iii) approve the Housing Service entering into discussions with the appropriate social or voluntary organisations to identify a suitable partner for the management of the scheme;
- (iv) note that a report on progress will be submitted to a future meeting; and
- (v) otherwise note the contents of the report

William Stafford  
Executive Director of Neighbourhood Services

CMCA/LC/LA

5 October 2004

#### **LIST OF BACKGROUND PAPERS**

1. National Rent Deposit Forum Research 2002
2. Scottish Executive Social research 2003, Julie Rigg

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

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**East Ayrshire Council**

**PILOT DEPOSIT GUARANTEE SCHEME  
(DiGS)**

**Evaluation Report October 2004**

## **1. BACKGROUND**

The East Ayrshire Council Pilot Deposit Guarantee Scheme was established to assist 20 people access private sector accommodation over a 6 month period from June to November 2004.

An evaluation was undertaken involving all the clients and landlords who had accessed the scheme. A total of 27 questionnaires were sent out and 14 (52%) were returned.

In addition key stakeholders who have been involved in the DiGS Steering Group were asked for their comments. This group consists of representatives from Social Work, Private Sector Landlords, Housing, Housing Benefits and Citizens Advice Bureau.

## **2. REFERRALS**

<b>Source of Referral</b>	<b>Number</b>
Tenancy Support team	22
Homeless persons Officer	18
Social Work	7
Women's Aid	5
Other	8
<b>TOTAL</b>	<b>60</b>

The progress of the 60 people referred to the scheme can be broken down as follows:

<b>Action</b>	<b>Number</b>
Assisted to access accommodation	21
Lost contact	10
References not suitable	5
Secured EAC accommodation	5
Raised own deposit	1
Moved to North Ayrshire	1
Pending	17
<b>TOTAL</b>	<b>60</b>

Of the **21** people given assistance with accommodation:

Still actively looking for suitable accommodation	2
Settled in their accommodation	17
Terminated their tenancy due to external violence and moved into a 'safe house'	1
Tenancy has failed due to the anti-social behaviour of the tenant (despite support from Tenancy Support, The Private Sector Liaison Officer and the landlord).	1
<b>TOTAL</b>	<b>21</b>

### **3. DEPOSITS**

To date 19 deposits have been guaranteed with a further 2 pending. The total guaranteed at present is £5,851.

One claim of £120 has been made to the scheme, which at 2% of the total guaranteed, is significantly lower than the average national claim rate of 18%.

### **4. LANDLORDS EVALUATION**

Seven landlords returned the evaluation questionnaire. The results were generally favourable and can be summarised as follows:

Three landlords heard about the scheme through the landlord's forum, one from a tenant, one from the newspaper and two were contacted by the EAC.

All landlords found the scheme easy to access and were pleased with the time scales involved.

All landlords found the process of being matched to tenants helpful and an extra means of 'vetting' applicants.

The majority of landlords felt that the level of support / advice and information they were given was good. One commented that it was more than enough. Most landlords were happy with the paperwork used and commented that it was easy to use and self explanatory. One landlord commented that it was not detailed enough.

Six of the seven landlords said that they would use the scheme again. The landlord who stated that they would not use it commented that they had not received housing benefit for the tenant yet.

The most positive aspects of the scheme were given as:

- the speed of placing a tenant
- re-assurance of support for the tenant if required
- the double vetting of the tenant
- the reliable source of information on potential tenants
- the tenant being responsible to the council as well as the landlord
- prior knowledge of the tenants eligibility for housing benefit
- giving people the chance of a new start
- the ease of moving the tenant in

Areas for possible improvement were given as follows:

- Once the tenant and landlord have been matched could we have a target of moving in within 2 weeks.
- Improvement in the processing of housing benefit
- Clearer process for the tenant to raise their own deposit
- Speedier rent assessment by the rent registration service
- Perhaps use photographs of the property in addition to the inventory
- Landlord could be given feedback on the progress that a tenant is making in raising their deposit
- The transaction of housing benefit being paid to the landlord could be quicker

Additional comments made were:

- We believe this scheme to be beneficial to tenants, landlords and the council as it helps us all work more closely together
- We feel that the lack of housing in our area will continue over the next few years and it is therefore imperative that the scheme should continue
- Housing benefit still not received

## **5. TENANTS EVALUATION**

Seven tenants returned the evaluation questionnaire.

Five people heard of the scheme through staff within housing, one through an Estate Agent and one through Women's Aid

All the tenants were seen by a member of staff from the scheme within 1-3 days

All the tenants found the scheme easy to access. One commented that everything was explained well beforehand and another felt that it was well structured.

All the tenants felt that a good level of support was given to help them secure appropriate accommodation and to help settle in. Support was given from both the Private Sector Liaison Officer and the Tenancy Support Team (where required).

The most positive aspects of the scheme were given as:

- It helps people who cannot afford to pay a deposit
- Good source of properties that can be accessed by people in receipt of housing benefit
- Good to have someone who can give you advice and support and help in the setting up of the tenancy.
- Able to secure accommodation in under 14 days
- Great help to people like myself with young families who can't afford a deposit and need somewhere to live quickly
- The support and information regarding housing areas, housing benefit and form filling

Possible areas for improvement were given as:

- Provide clients with a list of landlords and estate agents who accept DiGS
- To ensure that the scheme is extended past 6 months to truly benefit tenants
- To allow tenants to choose the size of accommodation they would like to enable them to plan for the future. Currently this is restricted within the scheme due to housing benefit restrictions and to prevent high top-up payments being paid by tenants.
- Improve the choice of properties available through the scheme
- Landlord to be made more aware of the policies and procedures of the scheme
- More clarification on how the deposit operates once the tenancy has begun

Other comments received were:

- "There are a lot of positive aspects of the scheme, especially for me as I was actually homeless at that time and fleeing domestic violence. Finding my own accommodation through the scheme has helped me with my medical conditions".
- "The process was done as quickly as possible for me. I am very grateful for this and the support received"
- "I think the help and support you receive is really good especially for someone in my position".
- "DiGS is to be commended in helping those who are in danger of becoming homeless. Thank you once again".
- "Without the rent deposit scheme I could not have got a private let".
- "Good work. Keep it up and grow"
- "I am grateful for the help you have given me and I'm now doing a crash course at College!"
- "I found I wasn't judged and the tenancy got me on my feet"
- "Friendly and helpful service and a genuine concern for our welfare was evident"

## **6. STEERING GROUP EVALUATION / FEEDBACK**

The DiGS Steering group have met on 4 occasions and have been involved in continuously assessing the progress of the scheme. The main issues which have been raised from the pilot are:-

#### The Deposit

- Proposal that the full deposit should be in place for the first 6 months then reduced to 50% for the remaining 6 months.
- Contact should be made with the Kilmarnock Credit Union to establish a scheme to encourage tenants to save on a regular basis.

#### Top-up payments

- To establish a written means of assessing tenants income / outgoings to identify a realistic amount which can be used as a weekly top-up.

#### Criteria for referrals

- To establish clearer criteria which ensures that those most at need are able to access the scheme
- To accept referrals only from Homeless Persons Officers, staff within Housing Options and Social Work
- To accept referrals only from those who are in receipt of a qualifying DWP benefit (although build into the policy some scope for exceptions to the rule e.g. women fleeing domestic abuse who are not on benefits)

#### Landlords

- To develop a list of landlords and estate agents who are willing to accept people on the scheme. Provide all applicants with a copy which will narrow their search and prevent other landlords unable to work with the scheme from being repeatedly asked.

## **7. FUTURE ACTION**

The findings of the above evaluation will be taken forward into the Action Plan for DiGS - with a view to implementing any changes required prior to any expansion of the scheme.

Louise Collatin  
Private Sector Liaison Officer  
October 2004