



Cabinet 16 March 2011

Housing Access Scheme

1. Summary and Reasons for Recommendation

- 1.1 The Council's current Damage Deposit Scheme offers a bond to assist low income households into the private rental sector. Officer's have been exploring options to improve and develop the scheme to provide a Housing Option tool to assist those households who are homeless or threatened with homelessness.
- 1.2 The scheme will be renamed as The Access Scheme and will aim to assist in the region of 20 households in the first year.
- 1.3 The Access Scheme aims to further assist access to private rental accommodation by the inclusion of rent in advance payment. The rent in advance payments are recouped via housing benefit at cessation of the tenancy. The cost to the Council would be covered by the existing Damage Deposit budget with an additional £15,000 from the homelessness prevention grant received from the Department of Communities and Local Government, making a total of £20,000 for this scheme.
- 1.4 Recovery of rent in advance monies paid via the scheme will be in full at the end of the tenancy. In order to safeguard this money it will be loaned on our behalf by the Ipswich and Suffolk Credit Union. Payment of the initial rent in advance has historically taken place under the existing scheme. The Access Scheme allows for money to be collected via weekly payments to repay any loan made and/or full collection of final rent payment on termination of the tenancy. The Ipswich and Suffolk Credit Union are able to monitor and chase loan payments and are regulated by the Financial Services Authority. Monies collected will be recycled to allow further access to the scheme.

2. Recommendation

- 2.1 Cabinet approve the implementation of The Access Scheme to be formally launched on the 1 April 2011.

3. Corporate Objectives

- 3.1 The recommendation meets the following, as contained within the Corporate Plan:-
- (a) Corporate Priority: *'Improving the safety and wellbeing of the Community'*; and
- (b) Vision 2025: St Edmundsbury will be a place which: *'has a range of affordable accommodation'*.

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4. Key Issues

- 4.1 The original Damage Deposit scheme was developed in 2002. It was developed to assist households who were in priority need and homeless or threatened with homelessness into the Private Rented Sector.
- 4.2 The Damage Deposit scheme offered the landlord a deposit bond to cover any damage that occurred at the property. This bond did not cover rent arrears or rent in advance. Rent in advance payments have previously been made on occasion as a grant in order to prevent a household from becoming homeless with limited means of recollection as part of homeless prevention.
- 4.3 The new scheme, to be named The Access Scheme, will provide an increased incentive for landlords to join the Scheme and open up the Private Rented Sector to households who are on a low income.
- 4.4 Most households struggle to find the monies to cover the initial costs of private renting, therefore The Access Scheme will be able to offer assistance with Rent in Advance, as well as continuing to provide a 'Bond' to cover for any damage up to the value of one month's rent.
- 4.5 Involvement of the Ipswich and Suffolk Credit Union will allow safeguarding of loans made via the scheme with an effective mechanism for monitoring and recollection of payments made. The Credit Union would, following completion of a financial assessment and credit check, provide a loan on behalf of the Borough Council to the household. The loan would be repayable on a weekly basis with agreement to recollect any outstanding amount from the final housing benefit payment.
- 4.6 A one-off payment of £2,000 will be paid to the Credit Union to cover administration costs. This money will be taken out of the existing Damage Deposit budget. There will also be a Service Level Agreement between the Borough Council and the Ipswich and Suffolk Credit Union to review the scheme after a 2 year period.
- 4.7 The Borough Council's Landlord Liaison Officer, who is a member of the Housing Options Team, will offer the increased incentive to landlords of having a dedicated officer to monitor the tenancy and complete schedule of dilapidations along with tenancy sustainment checks.
- 4.8 The differences in the scheme are as follows:

| Damage Deposit Scheme | The Access Scheme |
|---|---|
| A 'bond' against damage issued to the value of one months rent or 6 weeks rent. | The 'bond' will be to the value of one months rent only. |
| The 'bond' would automatically terminate after 12 months. | There is the opportunity to extend the 'bond' at 12 months. |
| Adhoc Rent in Advance payments with no means to recoup. | Rent in Advance will be paid and collected via the Credit Union partnership. |
| | Housing Benefit claims to be fast tracked and paid directly to the landlord via the Credit Union. |
| | Dedicated Officer to deal with any queries. |

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| 5. | Other Options considered |
| 5.1 | To not use the Ipswich and Suffolk Credit Union (ISCU), and for the Housing Options Team to pay the Rent in Advance to the landlord and re-coup it via the final housing benefit payment at the end of the tenancy. However, by using the ISCU, the tenant will be expected to make regular payments to repay the rent in advance, which will not only help them establish a regular savings plan, but also pay back the rent in advance. It will also enable them to make other uses of the Credit Union for loans in the future, especially if they wish to move on to other accommodation in the future. If they fail to repay all the rent in advance by the end of the tenancy, the final housing benefit payment will be reduced by the amount outstanding. |
| 5.2 | To not have a Rent Deposit Scheme, however, the number of homeless applicants who require support is increasing and there is a clear need for housing in the Private Rented Sector. The new social housing reforms also allow the Council to offer applicants a tenancy in the private rented sector as a way of discharging our duty to homeless applicants, and this access scheme may assist in that process. |
| 6. | Community impact <i>(including Section 17 of the Crime and Disorder Act 1998 and diversity issues)</i> |
| 6.1 | <u>General</u> |
| 6.1.1 | The provision of The Access Scheme will help meet local housing need in the Borough and contribute to the overall supply of housing to meet demand. |
| 6.2 | <u>Diversity and Equality Impact</u> <i>(including the findings of the Equality Impact Assessment)</i> |
| 6.2.1 | This Scheme will ensure the most vulnerable housing applicants have the opportunity to secure housing within the private sector |
| 7. | Sustainability Impact <i>(including environmental or social impact on the local area or beyond the Borough)</i> |
| 7.1 | The Scheme will give an additional tool to low income families to access housing in the Borough, and to ensure those tenancies are sustainable. |
| 8. | Consultation |
| 8.1 | Discussions have taken place with other local authorities to discuss their Rent Deposit Models to find the most efficient way to develop The Access Scheme. Discussions have also been held with the Borough Council's Revenues and Benefits Section, and the Ipswich and Suffolk Credit Union. |
| 9. | Resource implications <i>(including asset management implications)</i> |
| 9.1 | As outlined in paragraph 4.6 above, the Borough Council will pay a one off fee of £2,000 to the Ipswich and Suffolk Credit Union to cover administration costs for the lifetime of the Scheme. This funding will be taken out of the existing Damage Deposit Budget, which is funded by Government grant and will not be an extra cost to the Council. |
| 9.2 | The Ipswich and Suffolk Credit Union are able to monitor and 'chase' loan payments. Therefore, any monies collected can be recycled to allow other households to access the Scheme. |
| 9.3 | The Housing Options Team will review after 12 months and look at additional funding for the Homeless Prevention fund if necessary. |

10. Risk Assessment *(potential hazards or opportunities affecting corporate, service or project objectives)*

10.1

| Risk area | Inherent level of Risk (before controls) | Controls | Residual Risk (after controls) |
|--|--|---|--|
| | High/Medium/Low | | High/Medium/Low |
| Council fails to discharge its homelessness duties effectively through the private sector. | High | Continuation of Rent Deposit Scheme as The Access Scheme. | Low |
| Failure to recoup money from final housing benefit payment. | High | Work with the Credit Union who have the facility to monitor payments and 'chase' monies owed. | Low |
| There is no money collected by the Credit Union and no money to recycle. | Medium | Service Level Agreement in place for the Scheme to be reviewed after 2 years. | Low |

11. Legal or policy implications

11.1 A Service Level Agreement has been drawn up with the Ipswich and Suffolk Credit Union to ensure the Scheme is reviewed after 2 years and if the Scheme is made redundant, any remaining monies held by the Credit Union will be returned to the Borough Council.

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| Wards affected | All | Portfolio Holder | Haverhill and Housing |
| Background Papers | | Subject Area | Housing |

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