

# **Deposit Guarantee Schemes In Scotland**

## **A Sustainable Housing Option**

**2008**

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# Introduction

- *The private rented sector in Scotland is now seen as playing a crucial role in providing good quality, affordable accommodation to persons in housing need. It is now recognised that Deposit Guarantee Schemes (DGS) gives those choosing to be housed in the sector, choice, location and easy access to housing which fully meets their housing needs and which is cost effective to local authorities and other funders*
- *This report provides an overview of what schemes are, the services they provide, their cost effectiveness as well as the role they play in creating sustainable communities and preventing people from becoming homeless*
- *The production of this report has been possible with the support of all DGS across Scotland, the working group formed to drive the work forward, Crisis and the Scottish Government. We would like to take this opportunity to say thank you to all those involved in providing support and information*
- *This report will be of particular relevance to anyone with an interest in private sector housing and providing good quality accommodation, which is cost effective.*

# Summary

- *Local authorities in Scotland have now been making use of DGS since 1992 with 28 schemes now fully operational and two currently being developed*
- *Over 1,500 people in housing need were placed in DGS last year*
- *It is clear that the private rented sector has a key role to play in contributing to meeting housing need in local areas*
- *The five schemes that were clear about outcomes measurement have achieved between 68% and 86% success rates of cases closed*
- *Landlords should be seen as partners in the delivery of sustainable housing in their local areas*
- *In order to create sustainable tenancies, schemes must market themselves to both landlords and tenants as a long term 'home.' The key is to match the right person to the right tenancy, in the right area, with a landlord who provides good quality accommodation, and takes a professional approach when dealing with tenants. If these criteria are met, tenants will sustain the tenancy far beyond the 6-12 months for which DGS provide support and assistance. This has been evidenced both in the case studies in this report, and in the case of the Highland DGS where 89% of tenants still remain in tenancies after three years*
- *When it is evident that someone needs the flexibility, choice and location offered by the private sector then a referral can be made to the DGS to prevent them from becoming homeless*
- *It is planned that work will be done over the next year looking at the cost effectiveness of DGS in Scotland and outcomes measurement*
- *This report aims to build upon – and draw comparisons with – Julie Rugg's Scottish Government Social Research report published in 2003, in order to illustrate how the work of DGS in Scotland has developed over the last four years.*

# Deposit Guarantee Schemes (DGS)

Many people who are homeless or threatened with homelessness simply need a decent home of their own with limited support. At the same time, there are many suitable properties in the private rented sector but landlords usually demand deposits and rent in advance, which many people on low incomes and benefits have difficulty raising. Many landlords are also reluctant to let to people in receipt of Housing Benefit without some form of assistance.

DGS provide a service to assist and support persons who are in housing need, and to enable them to access the private rented sector. Schemes provide support and advice to both landlords and clients. Most private landlords ask for between one and two months deposit in advance. Schemes will generally offer a written guarantee to landlords in place of the deposit. The written guarantee is normally valid for between 6-12 months.

Different schemes may have different objectives and target client groups, and so will work to their own criteria. The majority will assist people who are homeless, potentially homeless or in housing need, and who do not have the means to raise the deposit.

This is a cost effective housing solution, which assists in breaking down barriers, and enables people to access what is, for many, a sustainable housing option.

Over 250 schemes have now been established since 1993 across the UK, by voluntary organisations and local authorities.

It is vital that schemes offer a wrap around service to tenants and landlords in addition to the provision of deposit coverage.

DGS offer all or some of the following services to clients and landlords:

- Matching clients to suitable properties and locating suitable properties
- Negotiating deposits and rent levels
- Property and safety checks
- Providing updated available property lists
- Vetting prospective tenants
- Ensuring landlords are registered with local authority
- Access to energy advice
- Assistance with setting up gas and electric suppliers
- Inventory and lease preparation
- Housing advice
- Advice on rights & responsibilities
- Support
- Debt management
- Assistance with Housing Benefit applications and Discretionary Housing Payments
- Mediation
- Financial inclusion advice / support
- Assistance and advice with saving towards the deposit
- Befriending service
- Furniture / Starter packs
- Access to employment, training and education opportunities.

In 1999, Scottish Government guidance to local authorities specifically mentioned DGS: 'local authorities are encouraged to consider whether the development of rent deposit schemes would be appropriate in their area, and in the first instance to work with those organisations with experience of such schemes to develop proposals' (Scottish Government, 1999).

In 2002 in Scotland, the Homelessness Task Force recommended that all local authorities should provide access to such schemes by 2004.

This report has been written to provide information about the current nature of the DGS operating throughout Scotland. It will give an overview of 'where we are now' and give practical suggestions for improvement that will benefit all stakeholders.

This report is based on the following research methods: project visits being carried out over last eight months to 26 DGS throughout Scotland, the establishment of a working group, and interviews with local authority staff.

**30** schemes were included in this research.

## Working Group

A working group was established in September 07 and agreed the following aim:

***To raise the profile of DGS within Scotland as a cost effective long term housing solution: to ensure the long term sustainability of schemes: to raise performance standards and evidence success: to enable schemes to realise their potential as a key part of an integrated approach to tackling, reducing & preventing homelessness.***

Representation was as follows:

- Two persons who are involved in operating schemes within local authorities. These were Scottish Borders Council and East Renfrewshire Council
- Three persons who are involved in operating schemes within voluntary organisations. The schemes were: Glasgow Rent Deposit & Support Service, Fife Keyfund and SeaScape, South Ayrshire
- Representative from Scottish Government, Homelessness Division
- Crisis Development Officer (Scotland).

### Key Areas of Work

1. **Cost effectiveness**
2. **Outcomes measurement and evidencing success.**
3. **Prevention**
4. **Sustainability of tenancies**
5. **'Bolt-ons'**

# Current Overview of DGS

During the Crisis' Development Officers project visits it was found there were **28** operational schemes in 32 local authority areas. This currently means that **87.5%** of local authority areas have schemes with two or **6.25%** currently under development. There are currently only **two** areas that do not operate a scheme and have no immediate plans to do so.

**15** schemes were operating within a local authority.

**14** schemes were operating within voluntary organisations.

**1** scheme is currently being developed within a Registered Social Landlord

This means there has been an increase in schemes across Scotland. Research carried out in 2003 indicated schemes were in operation in 19 of the 32 local authorities, and were in development in a further ten areas. (JR 2003).

Over **1,500** people in housing need were placed in homes through DGS last year.

As was the case in 2003, no single model exists, and the only schemes operating in accordance with the same model occur when the same organisation is involved in delivering schemes in more than one area (as is the case with Edinburgh Cyrenians and Community Housing Advocacy Project). It continues to be the case that the local housing market, the administration of Housing Benefit and the needs of clients locally dictates the model used in a given area. It is desirable that schemes are responsive to their local housing market and homelessness situation, but a key function of the working group is to identify and share best practices between schemes.

Schemes still vary in their management structure: some were managed wholly within the local authority; some were based on a joint working agreement between a voluntary sector agency and the local authority; there were some schemes that operated within a large voluntary sector agency that had other 'arms' offering services such as accommodation provision, advice and support. (JR 2003)

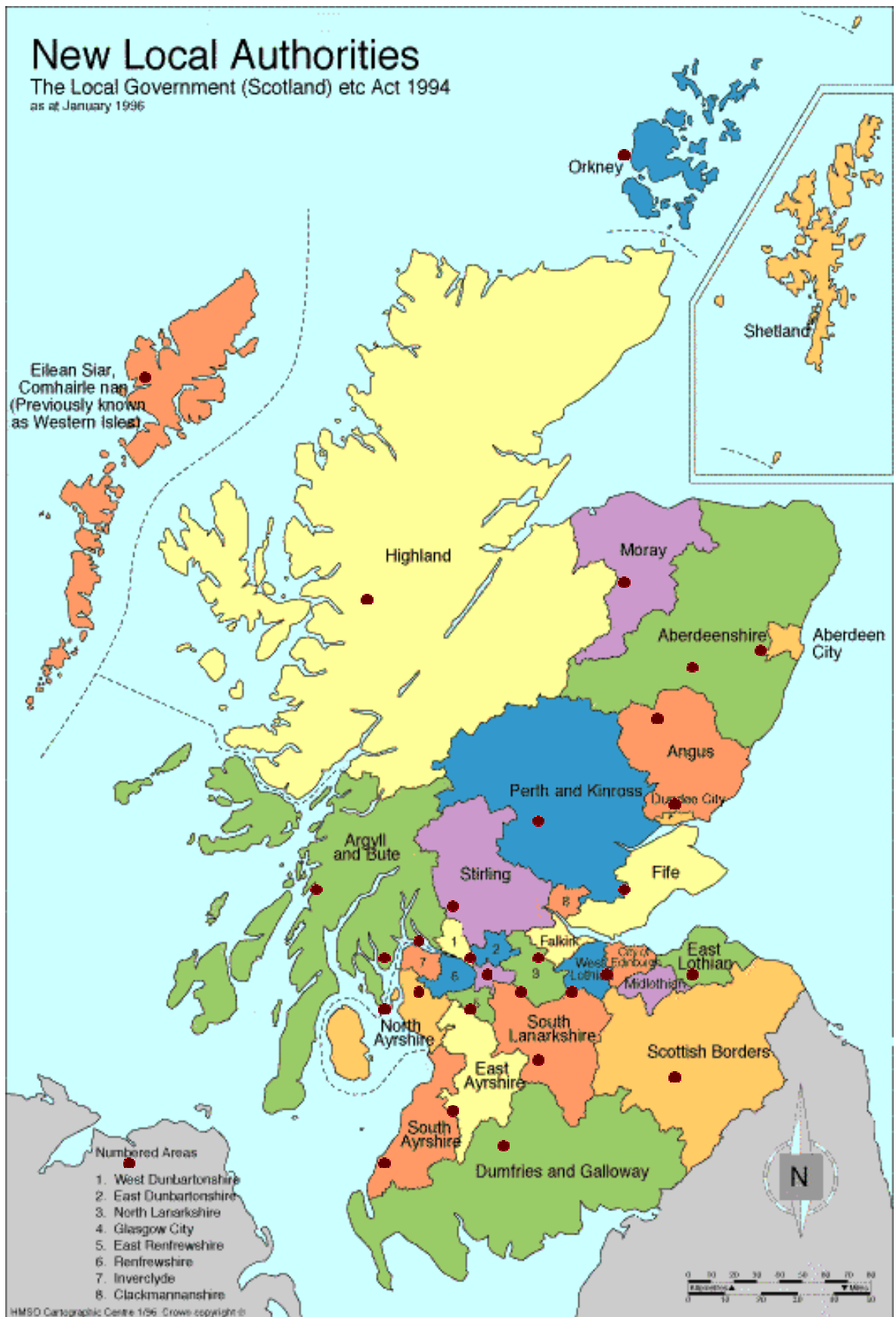
Only two of the local authority schemes had a full-time worker dedicated to scheme administration. This was also the case in 2003. Most of the voluntary sector schemes had a full-time worker with only two having a part-time worker. This was as a result of a lower level of funding available to the scheme.

The majority of schemes reported that their work was referenced in the local homelessness strategy. Overall, awareness of scheme work amongst housing strategy and homelessness officers was very good compared to the findings in 2003. This may be a result of DGS involvement in local strategies and meetings.

The map on the next page shows all DGS that are either fully operational or currently under development.

# New Local Authorities

The Local Government (Scotland) etc Act 1994  
as at January 1996



## SCOTTISH DGS FIGURES – 2006/07

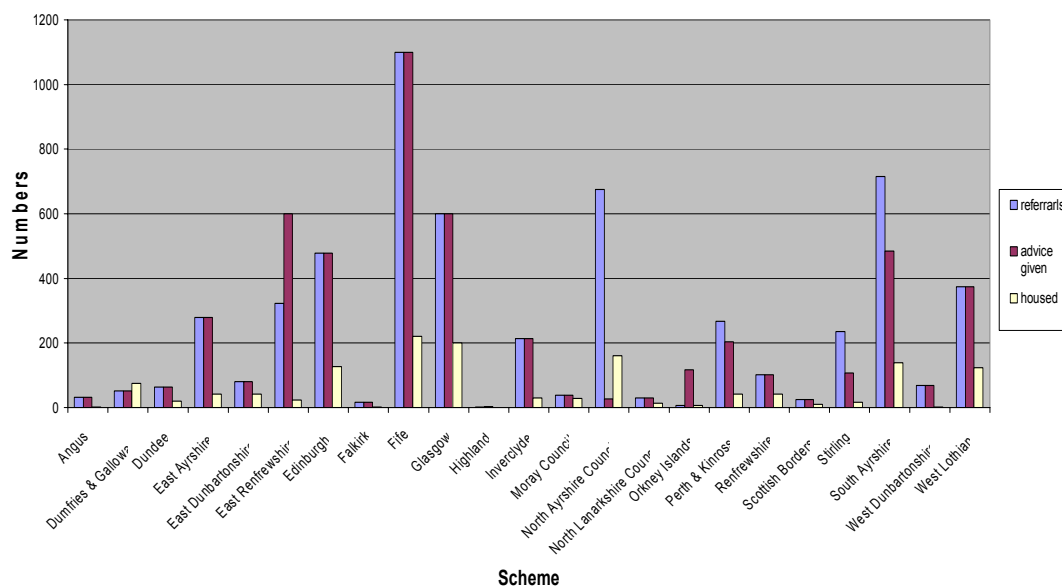
SCHEME	SCHEME START DATE	NUMBER of REFERRALS	ADVICE PROVIDED	NUMBER HOUSED
ABERDEEN	Info not given	10	10	6
ABERDEENSHIRE	Info not given	50	50	12
ANGUS	2007	31	31	1
DUMFRIES & GALLOWAY	2000	51	51	76
DUNDEE	2000	87	87	28
EAST AYRSHIRE	2004	279	279	42
EAST DUNBARTONSHIRE	2003	80	80	41
EAST RENFREWSHIRE	2004	323	600	23
EDINBURGH	1995	478	478	127
FALKIRK	2005	17	17	2
FIFE	2000	1100	1100	221
GLASGOW	1992	600	600	265
HIGHLAND	2007	2	4	0
MORAY COUNCIL	2000	40	40	40
NORTH AYRSHIRE COUNCIL	2004	676	27	161
NORTH LANARKSHIRE	2000	30	30	14
ORKNEY ISLANDS	2003	6	117	6
PERTH & KINROSS	2000	268	204	42
RENFREWSHIRE	2004	102	102	41
SCOTTISH BORDERS	2007	25	25	10
STRILING	1999	235	107	16
SOUTH AYRSHIRE	1999	716	485	138
WEST DUNBARTONSHIRE	2005	68	68	1
WEST LoTHIAN	2002	375	375	123

The discrepancies between the number of referrals received and the numbers given housing advice occurred as a result of:

Some organisations having separate departments who offered advice, so their main focus is on providing support and accommodation. They would only give advice when needed.

Other organisations gave advice to clients without a referral ever being made to the service.

Deposit Guarantee Scheme 2006/07



The above table and graph shows when schemes were established, number of referrals they received last financial year, how many people were given housing advice and the number of people accessing homes through DGS.

There were four schemes that could not provide us with the information requested.

- Over **5,500** referrals were received to DGS across 24 local authority areas
- Just under **5,000** of these referrals received housing advice from schemes
- They assisted over **1,500** people into homes.

## Unique Selling Points of DGS

DGS offer a unique service that works across the private, public and voluntary sectors to the benefit of the following groups:

### Landlords

- Free service that provides landlords' with access to prospective tenants without costly advertising fees
- Written guarantee in place for 6-12 months to provide security to landlord/tenant and to enable tenants to save towards their own deposit
- Access to a free range of housing advice/support services for tenants if needed to enable them to sustain their tenancy long term
- Access to free mediation service if required to prevent tenancy failure
- Free guidance and information on landlord's rights and responsibilities
- Unique completion/vetting of Housing Benefit claims by trained staff to minimise delays in payment of benefit and ensure swift resolution of any problems that occur during the tenancy.

## Tenants

- A unique long term housing initiative empowering them to take control of their own housing options and move out of homelessness/housing need
- Good quality affordable accommodation in the private sector in an area of their choice
- Quality advice about a range of housing options available locally
- Expert advice on how to claim Housing Benefit and assistance to complete relevant forms
- Access to support, housing advice & mediation services to enable them to settle into their new home and to enable them to maintain the tenancy long term
- Savings schemes to enable them to save towards the deposit over a 6-12 month period
- Free guidance & information of tenant's rights & responsibilities.

## Local Authorities / Funders

- A unique service offering people who are homeless/potentially homeless or in housing need a home in the private sector long term
- An opportunity to engage with the private sector to enable private landlords to give this client group a home
- A forum to engage landlords/tenants and other local services users in the homelessness strategy
- A cost effective service to provide a sustainable and prevention housing option for vulnerable people
- A service that liaises with local authority departments and other local agencies to enable the breaking down of barriers/perceptions & attitudes around homelessness and vulnerable clients
- A service to gain information about the nature and activity of the private sector locally to explore creative options on how to use the accommodation effectively.

# Cost Effectiveness

Deposit guarantee schemes are widely recognised as an effective approach to increase access to the sector for people on benefits and low incomes. However, little work has been done establishing a robust method of analysing the value for money provided by schemes.

While different objectives and varying operating environments make it complex to carry out comparative studies, it is possible to break down the costs of schemes into three broad components outlined below.

Staffing costs	Housing-related costs	Wider support costs
1. Employed staff 2. Associated staff costs 3. Volunteer costs 4. Related support services e.g. links with Housing Benefit, mediation, tenancy / landlord support.	1. Cash deposits to landlords (reclaimable) 2. Rent in Advance payments (reclaimable) Incentives / Grants (non reclaimable) 3. Claims made against Guarantees and Deposits	1. Overheads 2. Marketing 3. Legal costs / support 4. Other support services e.g. skills training 5. Fundraising

The overriding output indicator for deposit guarantee schemes is the number of clients housed. However, in assessing value for money it is also necessary to look at the wider benefits of schemes, and wider savings (which may include indirect costs and costs borne by individuals, such as friends and family providing temporary accommodation). This requires identification and assessment of desired *outcomes*.

An assessment of the cost-effectiveness of the schemes proved to be problematic in Scotland for two reasons. First, given the variation in types of management structure it was not possible to arrive at a like-for-like comparison of schemes in terms of cost: for example, local authority schemes evidently had hidden costs in terms of administrative support offered to schemes by other parts of the authority, and the voluntary sector schemes routinely used volunteers. (JR 2003).

Assessing the actual cost of schemes will be very complex as there is a current lack of information available, but, given the findings from the recent research in London detailed above, there is a strong case for examining this across Scotland.

North Ayrshire was used as a case study to look at the service costs rather than cost effectiveness. Over a 2-year period there had only been four claims made against the guarantee. The main costs assessed were staff salaries, which were £57k annually. 40% of salaries were allowed for overheads giving a total cost of £79.8k or £1,150 for each of the 69 households recorded as having been re-housed under the scheme. (Hal Pawson – SE Social Research 2007)

## **Outcomes measurement and evidencing success**

Historically, DGS have focussed on measuring and meeting the targets set for them by funders. However, there is an increasing awareness that they need to improve their ability to measure the outcomes being achieved if they are to better evidence the real impact of the scheme on people's lives. There are a couple of exceptions and some good practice examples of schemes who are clear what their outcomes are and how to measure them to 'show the difference they are making in clients lives'. Good examples of this work are Edinburgh, West Lothian & Glasgow. The working group has taken on responsibility for developing a standardised approach to outcome measurement and encouraging all schemes to effectively and efficiently monitor and evaluate the impact they are making. This will be done across Scotland in the following ways;

### **Outcomes Training Day**

A bespoke training day has been agreed with Evaluation Support Scotland to bring together 16 schemes from all over Scotland. The purpose of this training day is to agree 'shared outcomes', to agree what information needs to be collected, how the information needs to be collected and what we will do with it.

It is anticipated that there will be another day arranged to allow the remaining schemes to attend so all schemes will be collecting the information.

### **Database**

Crisis currently provide a database to nearly 30 SmartMoves (DGS) across Scotland, England & Wales which collects mainly target information and individual information with a couple of outcomes. As it stands this is an efficient database, which collects information on clients, landlords, properties, deposits and produces standardised reports. It is planned that after the training day the agreed outcomes will be passed to Crisis who will use this information alongside information from similar exercises involving the Smart Move network, to commission an upgrade of the database. This will enable the database to effectively collect and produce reports on outcome information, which can then be collected from individual schemes.

### **Feedback from Landlords/Tenants**

Schemes are collecting feedback from within their local authority area. The majority of schemes are collecting some information from landlords and tenants with only a small number collecting this on a regular basis. Given that the private sector has much to offer tenants including flexibility, choice of where they want to live and good quality homes, we need to increase the feedback to evidence this. This information can be used to increase the use of the private

sector at a local level. For landlords it will mean that they can be encouraged to become involved in the strategic planning and become involved in the discussions around Local Homelessness Strategies. If they are satisfied with the service they are currently receiving for free then there should be more encouragement to invest in more good quality homes in appropriate areas.

Crisis is keen to develop an annual questionnaire for both landlords and tenants. If this information is collected at a local level and sent to Crisis for analysis then it will give all stakeholders across Scotland a clear indication of whether both parties are content with the current service and what improvements are required for the future.

## Case study

### Michelle's Story

Michelle came into contact with Glasgow Rent Deposit & Support Scheme (GRDSS) when she returned to Scotland with her two young children from South Africa in January 2005. Initially Michelle moved back to her parents' home but due to the little amount of space there, she decided to look for private rented accommodation and how she could access this type of housing.

Michelle said ***'I looked on the internet for private housing but couldn't access them due to financial restrictions; I heard about GRDSS from a housing caseworker and decided to give them a call.'*** Michelle was then interviewed at the office and after around 4-6 weeks was offered a 2-bedroom property. Michelle was very happy and overjoyed at the size of the flat.

She said, ***'I have great access to a nursery for my son and my daughter's school is just around the corner. The children love it here and have made many new friends; my neighbours are great too as we all help each other. I now feel I have a home and with the support I have received it has made me feel happy, settled and can see myself living here at least until my children leave school. I would definitely recommend GRDSS to anyone in similar circumstances as they have provided me and my family with a quality home and a professional service'***.

Michelle is hoping to take over the tenancy herself in January 2008.

# Prevention

As a means of tackling homelessness, the deposit guarantee scheme has a particular preventive role if access to this service is offered early enough in the, often protracted, downward trajectory that usually characterises housing difficulties. (JR 2003)

This is still the case four years on with more prevention work being done across Scotland through the use of DGS in some local authority areas. It is encouraging to see the Private Sector recognised as playing a vital role within the housing market and that the Scottish Government want to allow the sector to flourish and play an even greater role in meeting local housing need (Firm Foundations Consultation 2007). Currently there are a few local authority areas providing housing options interviews prior to taking persons who are in housing need down the route of having to present as homeless. When it is evident that someone needs the flexibility, choice and location offered by the private sector then a referral can be made to the DGS. It is also encouraging that the Government wants to safeguard the interests of tenants, recognise the potential of the sector, setting the right conditions to enable the sector to contribute fully to meeting housing need. (Firm Foundations Consultation 2007)

Local authorities have expressed the desire to use DGS to place 'priority homeless' households as a final discharge of duty but they saw the current legislation as deterring such practice. There is still a belief that a great number of 'priority need' household would prefer a private tenancy to a social rented tenancy. (Hal Pawson – SE Social Research 2007).

It is therefore extremely important that discussions take place with private landlords around the tenancy agreements to ensure they have sufficient security of tenure for tenants to prevent repeat presentations. To date we are not aware of any such discussions taking place in Scotland. There seems to be no reason why discussions cannot be entered into around the tenancy agreement to ensure landlords are given the opportunity to gain an understanding of what local authorities would like to use their properties for. Local authorities will then start to identify private landlords as partners in the delivery of providing local housing solutions. Landlords may agree to offer assured tenancies instead of the normal short assured tenancy, as there is no recent evidence available to say that they won't agree to this. They currently have to go to court to evict a tenant so would offer an assured tenancy be any different? If so, a cost comparison exercise should be carried out to look at what this would mean for both the tenant and the landlord signed up to an assured or short assured.

Schemes are currently very well placed to play a greater role in the prevention of homelessness. Schemes could be used to maximise access to the private sector to increase the number of houses /housing options available to persons in housing need. An earlier understanding that this sort of assistance is available would help curtail a downward spiral that can mean someone ending up roofless. Schemes can play a valuable role in ensuring that people are able to move on quickly and effectively from vulnerable housing circumstances, but a better coordinated approach to referrals to schemes might reduce the number of people whose housing circumstances deteriorate to a level of rooflessness.

## Case Study

### Marion's story

Marion (39) is just one DGS client who has continued her private tenancy well beyond the period of her Deposit Guarantee Bond. Her life and lifestyle now are light years away from how they were when we first met Marion. That was in February 2005, when Marion was living with an abusive partner in a relationship that had broken down. It had taken a great deal of courage for Marion to even come in to our office and talk to us. We were able to assist with finding her a new home and guarantee a deposit bond. We kept in regular touch by visiting to make sure Marion was settling in and that there would be no problems with her Housing Benefit claim. Marion no longer relies solely on benefits, as she has been able to find and keep a job. She loves her one bedroom furnished flat and she will soon be celebrating her third anniversary of living there.

Marion has this to say about the deposit guarantee scheme, "I don't know what I would have done without the scheme – because of it, I've got a home, good neighbours and friends round about. I've been able to get a job and start to pay my way at last. I've got a good landlord and I know that this flat is mine for as long as I want it. I'm safe and well and my daughter can come and visit me as often as she likes. For me the scheme was a lifesaver."

## Sustainability

A consideration with respect to scheme effectiveness in dealing with homelessness is whether the schemes were able to create sustainable tenancies. (Rugg 2003)

This is still the case in 2007. Schemes are only funded to monitor sustainability for either 6 or 12 months depending on when they close a tenant's case. They currently do not have the funding or the staff resources to collect information to prove that tenants are remaining in their tenancies long term.

Schemes were asked to tell us the percentage of all tenancies that were successfully closed last financial year. The percentage of the six schemes who were able to provide this information was between 68% and 86%. Most of these tenants who were classed as 'successfully closed' were remaining in their current tenancies.

If marketing a scheme to both landlord and tenants, both parties should be advised that it is not just a house, but a home that is being provided to people in housing need.

There was a pilot Scheme within Highland Council from 2003 to 2004, which created 18 tenancies and can confirm that 16 of those tenancies are currently being sustained with no input from the pilot organisation.

This means that **89 %** of these tenancies were sustained for **over 3 years**.

There is anecdotal evidence (as in case study above) shows there are tenants who have remained in their tenancies for longer periods but, this information has never been collected in a systematic way.

Schemes felt that the key to long term sustainability was providing access to a home in the right area, which is the right size, with a landlord who treats them with respect, listens to them and carries out necessary repairs. If this occurs the individual in housing need will want to live in this property and call it their home long-term.

If the right person is being matched to the right tenancy in the right area with a landlord who provides good quality accommodation and has a professional approach when dealing with tenants, the anecdotal evidence suggests that people in housing need want to live there long term, not just for 6 or 12 months.

As has been shown by previous research the cost of a failed tenancy to local authorities / housing providers can be around £15,000 and the 'hard cost' figures ranging from £3k to £28.5k depending on the scenario. (Scottish Council for Single Homeless – SCSH 2007). Other research previously factored in key costs e.g. NHS, police and Criminal Justice, which evidenced a typical 'hard cost' at around £15.5k. This increased the total amount of a failed tenancy came to around £25k with complex cases costing the public purse an estimated £83k. (Peter Kenway and Guy Palmer. Crisis 2003).

This research showed that using prevention measures reduces tenancy failure.

Enabling a person to access a home, alongside the 'bolt-ons' outlined below, will cost relatively little in comparison to the cost of the failed tenancy and will increase the likelihood of a person being in that home for years to come at a huge saving to the public purse.

## Case Study

### Chris's Story

My name is Christopher and I am 24 years old. The Glasgow Rent Deposit & Support Scheme (GRDSS) has been working with me for over 2 years and I would like to say thank you.

When I became homeless I was put into Hostel and I could not see a way out of there. I went to the council and they said they would get me out in two weeks but months later there was no word of me moving on.

I was a young man with no drug or alcohol dependency, which put me at the bottom of the housing list, but things were not good in the hostel. I found it hard to do anything. I could not get a job because I did not have an address and if you do get a job you can't save up for a new home because most of your wages goes to the hostel.

Then I went to GRDSS. They really helped me. I had a new place in a week or two and they made sure that all my housing paperwork was fine. I know that if I had any problems, even now after two years living in my tenancy I could go to them for help.

I have moved on with my life and got to do things I would never have done if I were still homeless. Such as, in December I went to Costa Rica for a couple of weeks where I was helping poor communities by giving them running water and schools. This was something that I always wanted to do. So I would like to say thank you again to GRDSS.

Footnote: When Chris came to GRDSS he was housed in a bed-sit. He then went on to share a two bedroom flat with his brother under the 'Flatmates' pilot scheme and has remained there for over 2 years.

Flatmates schemes are based on DGS models. They provide support, advice and assistance to persons in housing need who are willing to share with one other person. There is intense work done initially when 'matching' people to share, around affordability and setting of ground rules.

## 'Bolt-Ons'

All schemes are currently offering all or some of the 'bolt-on' services to both tenants and landlords. This has not changed since 2003 when it was found that 'the provision of help with deposits was usually accompanied by a package of 'add-on' services that were considered essential to the successful progress of a tenancy. The way in which the package of services was put together reflected schemes' strategies for dealing with local constraints such as a limited supply of properties or difficulties with local Housing Benefit administration. Add-on services were considered essential to the successful progress of a tenancy. (JR 2003)

This is a list of the main services considered to assist towards the long-term sustainability:

### Housing Advice

Housing advice is an important part of an integrated service provided by DGS as it helps people find suitable accommodation that meets their needs. It is also crucial to provide correct and up to date advice if concerns arise within a tenancy. This will assist with preventing the tenancy from breaking down and the person then being at risk of homelessness.

Most housing advice practitioners would, no doubt accept their 'success' in preventing homelessness should be judged not just in terms of the immediate outcome of an advice consultation, but in terms of whether the intervention helps

an otherwise homeless household to find a 'sustainable housing solution' (Hal Pawson – SE Social Research 2007). The outcomes measurements and evidencing systems will allow DGS to evidence their success from next year. The findings during the project visits showed that all DGS gave housing advice to clients when they initially made contact with the scheme. This was mainly around what a private sector tenancy meant for them in terms of legislation, rights, responsibilities, choice and availability. Most schemes did look at clients 'housing options' available in their local authority area. Once a client is housed in the private sector then schemes take more of an active role in providing housing advice. This is done on an individual need basis and the amount of input will depend on the confidence of the tenant and the outcome.

## **Support**

The advantages of being able to offer support are important and fundamental to the long-term sustainability, preventing the tenancy from failing and to the resettlement of the person/family. Ongoing visits/support to a property means that any problems are dealt with promptly, ensuring that tenancies do not fail because of simple misunderstandings between landlord and tenant; visits to the tenant also act as a property check, safeguarding the guarantee; and for many schemes, continued visits were instituted as part of a resettlement package in instances where the tenant had more intensive needs, for example, assistance with dealing with an addiction or mental health issues.

Most schemes only work with those who have either no or low support needs and have the ability to manage a tenancy without intensive support. Schemes are finding that tenants are misrepresenting their support needs to gain access to tenancies and staff are finding this out during routine visits. If schemes were able to offer/access an initial resettlement support package for at least the first month this would ensure that tenants were given the support needed to maintain the tenancy. If it became apparent that the tenant required more intensive support then DGS could increase the support package or bring in a local support agency already funded to provide the required level of support.

## **Mediation**

Mediation is considered to be the negotiation to resolve differences conducted by some impartial party. Every DGS in Scotland does this to some extent and it was found that some were not aware that they were actively involved in mediating between landlords and tenants. There are now a number of schemes that have a qualified mediator and advised that this service is available to both landlords and tenants. The feedback was positive when mediation has been used with the majority of the challenges raised dealt with after one meeting.

## **Financial Inclusion**

The majority of schemes concentrate on assisting and supporting clients at the beginning of their processes to access the management of their money, budgeting skills, affordability of property. The main reason is to ensure that the tenant will be able to afford to live in the private sector without having to get into debt. Income and expenditure calculations are being used as the main tool used to ensure this. The other areas of work being done successfully around financial inclusion are benefit maximisation; savings schemes; assistance with setting up bank accounts; bill paying and improving financial literacy.

From April 2008 Local Housing Allowance (LHA) – will be rolled out nationally and will have an impact on DGS. This potentially means that the Housing Benefit currently being paid direct to landlords in the private sector could go direct to tenants. The DWP guidance on LHA and what financial inclusion means to tenants and landlords states – 'Ideally, we want people to have their housing payments paid into a bank account and to set up a standing order to pay the rent to their landlord. This has the advantage of being a safe and secure method of payment and provides certainty for landlords that rent will be paid'. The experience of DGS is that some of the tenants will use this money to pay for other 'competing priorities' and in some cases the rent will not be paid. There is guidance available on 'vulnerability' and when they can continue to pay the benefit to the landlord. This is mentioned to raise awareness that local authorities can continue to pay benefit direct to landlords if their tenants are deemed to be vulnerable.

'The local authority must usually pay the benefit to the landlord if the tenant is eight weeks or more in arrears with their rent.'

Payment may be made direct to the landlord where we decide that the tenant is:

- likely to have difficulty in managing their financial affairs.
- unlikely to pay their rent (DWP website)

Mentioned in the guidance is that if a person is homeless they may be deemed as vulnerable along with a list of other circumstances. It also mentions that the following organisations can provide information to Housing Benefit in support of a person's application to be deemed as 'vulnerable'

- local/council rent deposit scheme administrators, homelessness or housing advice officers.
- homeless charities/organisations

Crisis has produced guidance, which has been circulated to all schemes in Scotland to assist with the preparation of LHA in April 2008.

### **Employment, Training & Education Opportunities**

Currently there are a small number of schemes who are able to offer this service in house with other schemes either referring or sign posting to external agencies to ensure tenants who want this opportunity can access a service. This service can assist with increasing people's confidence, self-esteem and skills base. Working in partnership with local colleges and other agencies to ensure opportunities are more accessible to people living in private sector tenancies. They offer practical and emotional support to move into learning or working lifestyle.

Tenants should be given the opportunity, if they are ready to go into any of these services. It is therefore important that this service links in with all the other 'bolt-on' services as it is imperative that tenants get the required support, that there is intensive work done to ensure that the tenant can afford to remain in their home. It is possible that some mediation will be required as a landlord and tenant maybe a bit anxious if a tenant is going to be working and paying the rent/bills themselves. Savings will need to be linked in, as it is important that tenants who can save for their future are encouraged to do so. If their aspiration is to eventually be able to buy their own property, they will require advice on how to do this.

It is not envisaged that a DGS must do all of these but it is envisaged that they should partner local agencies that are experts in any of these areas.

### **Savings Schemes**

DGS schemes are having mixed successes and challenges with clients being able to save. Schemes agree with tenants and landlords on day of signing for tenancies how much the tenant can afford to pay on a regular basis. It is normally the responsibility of the landlord to advise DGS is the tenant is not saving towards the deposit. Schemes would then visit the tenant and would usually agree to offer more support.

Feedback from schemes who did have some success stated that landlords and tenants viewed any sort of saving scheme as being positive, since it assisted with giving the tenants some responsibility and it enabled the landlords & tenants to build trust and good relations. Tenants who had saved a little towards the deposit would be less likely to abscond without notice or leave damaged properties. Landlords are prepared to be flexible in allowing the clients sufficient time to save, and there was an understanding of the difficulties of saving whilst on a low income.

This is an indication of the low level of importance placed on the deposit by landlords used to dealing with tenants. Schemes reported that landlords would not ask a good tenant to leave for the sake of a deposit payment, the value of which would be eaten up by possible voids in the property and having to re-advertise for another tenant.

## **Case Study**

### **David's story**

David is a 26-year-old male, who previously had alcohol and drug addictions.

The client also had previous convictions, which were all a result of his addictions and behaviour at the time. When he applied to DiGs (*Community Housing Advocacy Project's DGS, based in Arbroath*) he had already completed a detox programme and started to attend AA meetings. He is currently supported by Addaction and a probation officer from the Criminal Justice Service.

David self referred himself to DiGs, as he was sleeping on a couch in his mother's living room. His mother is also an alcoholic and this was having a detrimental effect on his rehabilitation.

The property was also overcrowded, as other siblings accommodate the family home (three teenage sisters). There were times when he felt the temptation was getting to great when living with his mother so he would stay over at friends and sleep on their sofa.

He was successfully accepted on to DiGs after looking at his housing options, helping him identify a property and securing a tenancy through the private rented sector.

There was a slight deficit between what Housing Benefit was paying towards the rent, and the actual rent. This was overcome, as DiGS supported David in applying for and being awarded a Discretionary Housing Payment.

He was referred to the Tenancy Support team in East Ayrshire Council for budgeting advice. As he had only previously had a tenancy for a short time and did not have much experience in the responsibilities relating to managing his tenancy and addressing the relevant bills and correspondence concerned. Due to the ongoing support from DiGS and the Tenancy Support Team, he is maintaining the tenancy well, and saving well towards his deposit. David engages well with all support agencies as he is determined not to return to previous situations and is receiving support to look at attending college next year.

He now feels safe and secure in his tenancy; he has built up a good social network, attends local support groups and now feels empowered and in control of his life once more. His landlord is also very pleased with him and states that he is an "ideal tenant".

David also claims that if it weren't for schemes such DiGs, he would still be homeless, as he could not raise funds to secure deposit, due to the fact that he is only in receipt of benefits.

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