

<b>Board/Committee:</b>	Extraordinary Housing Board
<b>Date of meeting:</b>	25 August 2022
<b>Title:</b>	Procurement of a rent guarantor service
<b>Author:</b>	Head of Housing
<b>Status:</b>	For Decision

### **Purpose**

To seek the Board's approval to waive the requirements within the Contract Procedure Rules for the procurement of a rent guarantor scheme with RentGuarantor Ltd, so as to assist customers that are homeless, or threatened with homelessness, to access private rented accommodation.

### **Recommendation**

That the Board approves the procurement of a three year contract with RentGuarantor Ltd with the further option to renew annually for up to two years.

## **1.0 Background**

- 1.1** The Homelessness Reduction Act 2017 (enacted in April 2018) places prevention at the heart of homelessness service delivery, and has introduced new duties on local housing authorities to intervene earlier and work to prevent and relieve individuals' homelessness by helping them to secure accommodation.
- 1.2** Nationally, there is a shortage of social housing, and there are currently 647 households on the Housing Register in Gosport. Many customers can expect long waiting times before a suitable social housing property becomes available.
- 1.3** It is not possible for local authorities or registered providers to meet all housing need, and not all customers needing help with housing are eligible to join the Council's Housing Register. In these cases, private renting is often the only option available, but many households struggle to access homes let by private landlords.
- 1.4** This is because the up-front costs of private renting can be high, with tenants expected to pay a deposit and up to six month's rent in advance. These costs are a real barrier for those households on low incomes, or who are reliant on welfare benefits. In addition, landlords and letting agents are most likely to ask these households for a guarantor, i.e. someone who will agree to pay their rent if it is not paid, before they will offer them a tenancy.
- 1.5** Whilst the council can provide assistance with deposits and rent in advance, it cannot act as a guarantor for those households that are unable

to secure a guarantor in their own right.

- 1.6 The need for a guarantor scheme became particularly evident during the Covid-19 pandemic when the housing service needed to find move-on accommodation for those that were accommodated temporarily in the welfare pods. Landlords and letting agents were not prepared to offer tenancies to these clients, many of whom were vulnerable and had complex needs, without a guarantee that their rent would be paid.
- 1.7 During the height of the pandemic, the housing service worked with RentGuarantor Ltd, a company that acted as a guarantor for tenants who were unable to secure their own guarantors, providing greater security for those landlords prepared to offer tenancies to this client group.

Through this scheme, the housing service was able to assist 64 individuals into private rented accommodation, in what was a particularly challenging time in the private rented sector.

- 1.8 The housing service would like to build on this success and continue working with RentGuarantor Ltd to enable more homeless households, or those threatened with homelessness, access accommodation in the private rented sector.

## **2.0 Report**

- 2.1 Following the moratorium on evictions during the Covid-19 pandemic, and the uncertainties private landlords face with the proposed abolition of 'no fault' eviction notices, there is a real risk some landlords will move away from the private rented sector altogether, reducing the amount of housing available for people who cannot afford to buy their own home or access social housing.
- 2.2 Therefore, the housing service needs to be able to incentivise landlords to assist homeless households, or those threatened with homelessness, to access much-needed rented accommodation, in what is already a very competitive market. Being able to offer a rent guarantee to private landlords is one way in which this can be achieved.
- 2.3 RentGuarantor Ltd.'s scheme offers private landlords peace of mind and greater security in the event a tenant fails to pay their rent, guaranteeing rent payments for up to twelve months. As a direct result, landlords are agreeing to twelve month tenancies, as opposed to six month tenancies, providing more stable housing for customers and additional benefit to the council.
- 2.4 In the event a tenant defaults and legal action is taken to recover possession of the property, the scheme manages and pays all eviction costs.

The scheme also guarantees up to £10,000 compensation for accidental or

malicious damage by tenants.

**2.5** RentGuarantor Ltd.'s fee varies dependant on risk, size of the property, rental charge and household size, but the average cost is between £250-£500.

**2.4** The housing service worked with RentGuarantor Ltd. throughout the pandemic, when significant additional demand was placed on the service, and RentGuarantor Ltd. provided an excellent service. They demonstrated that their scheme can assist clients with complex needs to secure private rented accommodation in a very challenging environment, and the Council wishes to build on this relationship and continue working with them.

**2.5** The total contract value for five years is £150,000 plus VAT, therefore Board approval is required to make a direct award, in line with the council's Contract Procedure Rules.

**2.6** All costs will be met by the Council's Homeless Prevention Grant.

### **3.0 Risk Assessment**

**3.1** A rent guarantor scheme is required to assist homeless households, or those threatened with homelessness, with no recourse to other guarantors, to access private rented accommodation. Being able to offer a rent guarantor scheme not only helps customers, it enables the housing service to continue to build relationships and trust with private landlords, in conjunction with our Move-On Co-ordinator role funded through the Rough Sleeper Initiative.

**3.2** Officers compared the market and there are no other companies that offer the level of service provided by RentGuarantor Ltd, in particular accepting customers with a poor credit history and offering accidental or malicious damage cover up to £10,000. Therefore, RentGuarantor Ltd. remains the council's preferred option for providing a rent guarantor scheme for homeless households, or those threatened with homelessness.

**3.3** The contract will be kept under review with the council comparing the service and costs against those of other suppliers when the private rented market is more settled, to ensure continued value for money.

### **4.0 Conclusion**

**4.1** The housing service worked with RentGuarantor Ltd. throughout the Covid-19 pandemic, at a time when additional demand was placed on the service. The scheme was an invaluable homeless prevention tool which helped facilitate a move from temporary accommodation into the private rented sector for many vulnerable customers.

**4.2** The housing service has developed an excellent working relationship with RentGuarantor Ltd. and can demonstrate that this scheme provides value

for money.

- 4.3** A rent guarantor scheme is required to help homeless households, or those threatened with homelessness, who have no recourse to other guarantors, access private rented accommodation.
- 4.4** The Board is therefore asked to approve the direct award of a contract to RentGuarantor Ltd. as detailed in the report.

<b>Financial Services comments:</b>	Contained within the report
<b>Legal Services comments:</b>	Contained within the report
<b>Equality and Diversity:</b>	N/A
<b>Climate Change implications:</b>	No implications; no IIA required since no procurement of material goods, or policies or services that would influence relevant behaviours, are proposed.
<b>Crime and Disorder:</b>	None
<b>Service Improvement Plan implications:</b>	Link with the Homelessness and Rough Sleeping Strategy and Action Plan
<b>Corporate Plan:</b>	Ensure services and initiatives are delivered efficiently.
<b>Risk Assessment:</b>	<i>If the risk assessment is extensive you may choose to add a further section to the report to cover this off and refer in this box to that section [shown in section 3 by way of example]</i>
<b>Background Papers:</b>	None
<b>Appendices:</b>	None
<b>Report Author/Lead Officer:</b>	Julie Smith