

DECISION-MAKER:	CABINET		
SUBJECT:	CORPORATE RENT GUARANTOR POLICY FOR CARE EXPERIENCED YOUNG PEOPLE		
DATE OF DECISION:	16 JANUARY 2024		
REPORT OF:	COUNCILLOR WINNING CABINET MEMBER FOR CHILDREN AND LEARNING		
<u>CONTACT DETAILS</u>			
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STATEMENT OF CONFIDENTIALITY	
NOT APPLICABLE	
BRIEF SUMMARY	
<p>The Pathways Through Care Service proposes a 12-month pilot of the Corporate Rent Guarantor Scheme starting in January 2024. There will be a mid-way review after six months (June 2024) and it is proposed that the findings be presented to the Corporate Parenting Board.</p>	
<p>The policy will enable the council to act as a corporate guarantor for our care-experienced young people. This scheme will provide more housing options to young people by supporting young care leavers to access the private rental market. This could also result in cost avoidance for the council, as the council would not need to provide other sources of accommodation.</p>	
<p>The council will act as the guarantor for care leavers for 12 months of the tenancy, providing that the care leaver remains under 25 years old throughout the entire tenancy. The pilot scheme will be limited to 12 successful applicants in a year. This is to minimise the potential financial risks for the council and consider whether this scheme improves outcomes for care leavers.</p>	
<p>The council will guarantee to pay £850 per month for each care leaver. If a care leaver defaults on their rent every month for one year, the council must cover £10,200 per care leaver. If all 12 care leavers default on their rent every month for the year, the maximum amount the council will be liable for in this pilot scheme is £122,400. However, there are mitigations (outlined below) in place to reduce the risk of care leavers defaulting on this rent.</p>	
RECOMMENDATIONS:	
	<p>(i) To approve the pilot Corporate Rent Guarantor Policy for Care Experienced Young People.</p>
	<p>(ii) That the policy is returned to Cabinet after the pilot period has ended, in January 2025, to decide whether to pursue the policy.</p>
REASONS FOR REPORT RECOMMENDATIONS	

1.	To improve Southampton City Council's Corporate Parent offer and support care experienced young people to access the private rental market.
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED	
2.	The policy is not approved, and the council does not act as a corporate guarantor to support care for experienced young people.
DETAIL (Including consultation carried out)	
3.	The council has a responsibility to care for young people in Southampton who have experienced the care system. The Children and Social Work Act 2017 ensures that all local authorities establish a Corporate Parenting Board and publish a local offer for care leavers. In Southampton, the current local offer for care leavers includes support with accommodation, education, and employment including access to an allocated Personal Advisor (PA). This policy will enable the council to enhance the offer. The council will be able to act as a corporate guarantor on the care leavers' behalf and support care leavers to access the private rented sector.
4.	The Children Services and the Corporate Parenting Board are responsible for the delivery of the Corporate Parenting Strategic Plan 2022-2027 . This sets out 7 key priority areas, one of which is 'Home and Accommodation'. A key deliverable in this priority is increasing the council's housing offer for young people as they move into adulthood. The policy also aligns with the Corporate Plan 2022-2030 . One of the key performance indicators is the percentage of care leavers in suitable accommodation. This policy would help to achieve these aims.
5.	The Head of Service for Pathways Through Care will decide on whether the council will act as a guarantor for a care leaver. The Head of Service will also have overall responsibility for the tracking and monitoring of financial implications.
6.	PAs will receive training to help them identify appropriate young people for this scheme and to support them with the application form.
7.	There are certain eligibility requirements outlined in the policy, which a care-experienced young person must meet. For example, the care leaver must be between 18 and 24 years of age and be willing to pay their own rent each month and hold a tenancy in their name.
8.	If successful, the care leaver will be provided with a corporate guarantor who can stand as the official guarantor for the initial 12 months of their tenancy (provided they remain under 25 years of age throughout this entire tenancy). Some landlords/letting agents only require a guarantor for the first year and therefore, with good payment history and adherence to expectations, they may not need to find another for ongoing occupancy.
9.	The council will be a guarantor for rent costs only and will not cover the cost of other breaches of the tenancy agreement, for example, damages. If the care leaver has been unable to pay their rent due to an unforeseen change in their circumstances, the council will cover the rent costs up to £850 per month per care leaver whilst in this initial 12-month period of their tenancy. The £850 per month limit is based on the median price for one bedroom in England (except London) between April 2022 and March 2023.

10.	The council will act as an advocate and single point of contact for issues around care leavers' accommodation and where appropriate and permissible, will engage with the landlord/property management firm to ensure that issues which could affect rent payment are dealt with swiftly.
11.	A public consultation ran from 27 September 2023 to 7 November 2023. The consultation was promoted through the council's website and social media channels. There was a total of 60 responses. 92% of respondents agree with the council acting as a corporate rent guarantor for care-experienced young people. The feedback was carefully considered, and minor amendments were made to the policy. The consultation report and consideration of feedback table is amended in the report.
RESOURCE IMPLICATIONS	
<u>Capital/Revenue</u>	
12.	If the council agrees to be a guarantor, it will be legally liable to pay the landlord/letting agent the sums that are due, even if the council could seek legal enforcement against the tenant. The policy has no dedicated resources and relies on resources within the Children and Learning Service, to ensure a successful delivery of the scheme. The Housing team will be able to provide tenancy support if needed.
13.	The scheme could potentially result in cost avoidance as the council will not have to provide other sources of accommodation. There are currently 281 young people aged 18 – 24 years old who have been in care and are being supported by the Children and Learning Service. These young people are in a range of different types of accommodation. Of the 281, there are 37 young people currently living in private rented accommodation. Before moving into private rented accommodation, these 37 children were in other types of accommodation (not privately rented) and were costing an average of £2,976 per month to the council. By acting as a corporate guarantor, the council can support young people to access the private rented sector and avoid the cost of paying for accommodation.
14.	The Pathways Through Care team will undertake a review of young people in both supported and semi-independent accommodation and move those who are eligible into the private rented sector. This may also result in lower costs for the council.
15.	The pilot policy will accept a maximum of 12 care leavers. The council only will provide a maximum of £850 per month per care leaver to cover rent costs, in the initial 12-month period of tenancy. The young person will not have to repay any cost covered by the council. If a care leaver defaults on their rent every month for one year, the council must cover £10,200 per care leaver. If all 12 care leavers default on their rent every month for the year, the maximum amount the council will be liable for in this pilot scheme is £122,400. Due to the mitigations in place, the risk of every care leaver defaulting every month is very low. The risks and mitigations are outlined in the risk table below.
LEGAL IMPLICATIONS	
<u>Statutory power to undertake proposals in the report:</u>	
16.	The council is using powers under the Localism Act 2011 to carry out this scheme. The Localism Act 2011 contains a wide range of measures to

	<p>devolve more powers to councils and neighbourhoods. The Localism Act 2011 states 'A local authority has the power to do anything that individuals may generally do', subject to certain exceptions, none of which are applicable here. This Act gives the power to Local Authorities to act as a corporate guarantor for young care leavers.</p>
<p><u>Other Legal Implications:</u></p>	
<p>17.</p>	<p>The Children and Social Work Act 2017 ensures that all local authorities establish a Corporate Parenting Board and publish a local offer for care leavers. The local offer provides practical information and advice to care for experienced young people and sets out the services on offer from both the local authority and other agencies. Private rented accommodation is not currently an area that the council can support their care leavers with.</p>
<p>RISK MANAGEMENT IMPLICATIONS</p>	
<p>18.</p>	<p>A table outlining the risks, probability, impact and controls is appended to this report. To minimise the financial risks to the council, this is a pilot policy for a maximum of 12 care leavers. The pilot will allow for any other risks or issues to be highlighted and considered. The risks and some mitigations are summarised below:</p> <ul style="list-style-type: none"> • There is a risk that the council will need to cover the cost of rent for care leavers who are unable to pay. There are some mitigations to this risk. The council will only be obliged to cover rent payments up to £850 a month per care leaver. During the application process, the care leaver must show that they can manage a realistic budget and afford rent. If accepted into the scheme, the care leaver has a responsibility to inform the PA if they are at risk of not being able to pay rent. The PA will support the care leaver in applying for Universal Credit, finding employment, or adjusting the household budget to help the young person pay their rent. • Some landlords/letting agencies will not accept corporate guarantors. This may limit the number of properties care leavers can apply for with the council as a guarantor. This pilot will provide a better understanding of which landlords and letting agencies will accept corporate guarantors. If the relevant landlord or letting agency will not accept a corporate guarantor, the PA will work with the young person to review their options with other landlords and letting agencies. • Some landlords/letting agencies may need a guarantor for longer than a year. Therefore, care leavers will not be able to apply for this 1-year pilot scheme. The PA will work with the young person to review their options with other landlords and letting agencies. • There may only be a limited number of care-experienced young people who apply for the scheme and are successful for the scheme. This pilot is to test out certain parts of the scheme, such as the financial implications of the number of young people who default on rent payments. There will be a review after 6 months of the policy where limited numbers can be discussed, and options can be explored to encourage young people to apply for the scheme. • There is a risk that the legal services do not have the dedicated resources and capacity to support this pilot. There are ongoing

	discussions between the Legal team and the Pathways through Care team to ensure this is in place.
POLICY FRAMEWORK IMPLICATIONS	
19.	This policy is in accordance with relevant Policy Framework items (embedded in the council's Constitution: Part 2, Article 4.01).

KEY DECISION?	Yes
WARDS/COMMUNITIES AFFECTED:	All
<u>SUPPORTING DOCUMENTATION</u>	
Appendices	
1.	Appendix 1: Corporate Rent Guarantor Policy for Care-Experienced Young People
2.	Appendix 2: Risk Log Table
3.	Appendix 3: Equality and Safety Impact Assessment
4.	Appendix 4: Data Protection Impact Assessment
5.	Appendix 5: Consultation Report
6.	Appendix 6: Consideration of Feedback Table

Documents In Members' Rooms

1.	None
Equality Impact Assessment	
Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.	Yes
Data Protection Impact Assessment	
Do the implications/subject of the report require a Data Protection Impact Assessment (DPIA) to be carried out.	Yes
Other Background Documents	
Other Background documents available for inspection at:	
Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
1.	None.