



**Somerset
Council**

Rent Guarantor Scheme for Care Experienced Young People aged 18-25



January 2024

Organisation	Somerset Council
Title	Rent Guarantor Policy
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Version History

Review Date	Author	Version	Description of Revision
31 st January 2025			

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1. Purpose

- 1.1 The Council is responsible for providing care and support for children and young people who are in the care of the local authority. Somerset Council (the Council) wants to support these young people and help them to become more independent as they journey into adulthood.
- 1.2 Under the Children and Social Work Act 2017, the Council have a well-established Corporate Parenting Board and have published a local offer for care leavers. The offer sets out the services for children leaving care from both the local authority and other agencies.
- 1.3 As part of this local offer for care leavers, the Council wants to act as a Corporate Parent to support young people leaving care to lead happy and independent lives.
- 1.4 Many parents offer to be rent guarantors to support their children move into their own tenancy. Under this scheme, the Council can act as a Corporate Rent Guarantor for eligible young people, where there is no family member willing/able to do so.
- 1.5 This scheme aims to expand housing options by enabling young people leaving care to access private accommodation and to support them becoming more independent.

2. Scope

- 2.1 This 12-month pilot will trial the Council acting as a Corporate Rent Guarantor for eligible young people leaving care. A maximum of 30 young people will be accepted for the initial pilot. The eligibility criteria are outlined later in the document.
- 2.2 The Council is obliged to cover the cost of rent if the young person is unable to pay due to a change in their circumstances. The limit that the Council will guarantee to pay is £850 per month per young person for rent under this scheme. The Council would continue to pay this amount up until their 25th birthday if required.
- 2.3 The pilot will start on a small scale, to minimise the risks and consider learning from this scheme and further learning from other Local Authorities. After the pilot (December 2025), the Council will determine whether to implement this as a permanent policy change, with a larger cohort of young people, in 2025. There will be a mid-way review after six months (June 2024) and the findings will be presented to Corporate Parenting Board.

The pilot will test out:

- the financial implications by testing the numbers of young people who default on rental payments;
 - whether the scheme opens more choices of private rental accommodation, in terms of both quality and location;
 - whether young people in supported accommodation can be moved into rental properties by using the enhanced offer of the Council acting as a guarantor;
 - if the guarantor offer directly improves the outcomes for our care leavers in securing long-term quality housing options.
- 2.4 There will be scope to review young people in supported accommodation, with an aim to move them into independent rental properties. This may also result in lower costs for the Council.

Definitions

- 3 **Care Leaver:** Someone who has spent time in the care system, such as in a children's residential home or with a foster family, under the care of the Local Authority. This is for a period of 13 weeks or more spanning their 16th birthday.

- 4 **Leaving Care Worker (LCW):** A person who works with care leavers to ensure they receive the care, support, and entitlement they need when they leave care.
- 5 **Guarantor:** A financial term describing an individual who promises to pay a borrower's (tenant's) debt if the borrower (tenant) defaults on their loan obligation.
- 6 **Corporate Guarantor:** A guarantor for payment of debt (as above) but instead of having an individual person held responsible for these debts, a company or organisation (in this case Somerset Council) agrees to bear this responsibility.
- 7 **Deed of Guarantee:** This is a legally binding contract between the landlord and renter naming a Guarantor on the tenancy. This deed of guarantee 'formalises' the agreement through the production of an official document, completed and signed by necessary parties to be legally enforceable. These often outline the exact expectations and liabilities of each party. However, they sometimes simply contain the official contact and other details of all parties.

3. Policy Commitments

The offer

- 3.1 The successful applicant will be provided with a 'Corporate Guarantor' (not personal) who can stand as an official guarantor for the duration of their tenancy up until their 25th birthday.
- 3.2 During the application process, the young person will need to give evidence that they can afford their rent and utility commitments. Evidence includes: housing benefit eligibility letter, letter of financial support from Somerset Council or a university finance entitlement summary. The young person will also attach copies of the last 3 months' bank statements. Additionally, if the young person is in employment, they will attach the last 3 months' payslips and proof of employment to their application.
- 3.3 However, if there is a **change in circumstances, which means they become unable to pay their rent** the Council agrees to cover **unpaid** rent costs for this young person on a month-by-month basis, for as long as is necessary between the ages of 18 and 25, whilst offering support to improve their financial situation.
- 3.4 The limit that the Council will guarantee to pay is £850 per month per young person. The Council will only guarantee to cover the cost of unpaid rent and will not cover the cost of other breaches of the tenancy, such as damages.

3.5 The young person will only be eligible to use this scheme once. If the young person moves property and the scheme has been working successfully, it can be transferred to the new property. Other examples of accessing the scheme more than once will be assessed on a case-by-case basis.

3.6 Leaving Care will act as an advocate and single point of contact for issues around the young person's accommodation. Where appropriate and permissible, the Council will engage with the landlord/property management firm to ensure that issues which could affect rent payment are dealt with swiftly.

3.7 In addition to the rent guarantor scheme, care leavers aged 18 and over may be entitled to a 'setting up home allowance'.

Eligibility criteria applicable for all young people

3.7 The young person must be a Care Leaver who is engaging with the Leaving Care Service. They must be engaging with the support outlined on their current Pathway Plan, or if they are closed, they must be willing to request support from their previous Leaving Care Worker or the duty worker if rent support is needed.

3.8 Between the ages of 18 and 25 years old. The Council will be a young person's corporate guarantor up until their 25th birthday.

3.9 Willing and able to pay their own rent and utilities in full each month.

3.10 In agreement to pay ALL benefits issued for the purpose of payment towards rent costs in full towards their rent each month as per the purpose without exception.

3.11 Point 3.10 and 3.11 will be evidenced by agreement from the Leaving Care Team Leader and Leaving Care Worker (LCW). They will provide a written statement outlining that they believe this young person fits the criteria and that they officially nominate the young person for this scheme. They will ensure that a signature from the nominated young person is provided outlining that the young person intends to pay all funds received for the purpose of rent.

3.12 Be in either paid employment OR in full-time, higher education.

3.13 Be fiscally responsible and able to manage the variety of costs involved in running a home. This will be assessed with the involvement of the LCW. The LCW should record this on Liquid Logic (LCS) and include it within their latest Pathway Plan.

- 3.14 Not have any significant level of debt. The young person's current 'Debt to Income Ratio' must be no greater than 20%.
- 3.15 Engage regularly and meaningfully with any supporting professionals (and intention to continue) to ensure relevant support is being accessed and provided when required. If this is not occurring, (i.e. they have outstanding unaddressed need/s) this will need to be actioned prior to acceptance to avoid placing a young person at risk of homelessness. There will be updates and reviews of the young person required after a set period of time (3 months) OR at point of other significant change of circumstances.
- 3.16 Have the required independent living skills evidenced through a completed Tenancy Accreditation Scheme, including Award Scheme Development and Accreditation Network (ASDAN). This includes proactive problem solving, a 'proven ability to access support when required' and at least a basic ability to read and respond to correspondence in relation to their needs. For example, if they receive a letter which requires a response, they would either do this themselves or contact a relevant member of their support network to address this as a priority. This will be assessed by the involvement with the LCW. This should be included in their latest Pathway Plan. This is necessary to avoid placing this young person at significant risk of failing to maintain an independent tenancy.
- 3.17 The above criteria should be relevant to all young people who wish to access Private Rented Sector (PRS) accommodation and wish to receive support from the Corporate Rent Guarantor Scheme. However, as a service, we pride ourselves on being responsive to the needs of our young people and experts in their advocacy. If it is believed that a young person does not 'match' with one of the above criteria, but should be supported to access this scheme, please discuss this with a Leaving Care Team Leader, so that they might put a case forward to the Head of Service for Children Looked After.

Eligibility criteria applicable for those in employment

- 3.18 Earning an income above or in addition to state benefits. For example, if a young person is working, their total income must be more than the Local Housing Authority rate¹ in the area desired for PRS accommodation OR the young person must be earning income in addition to being in receipt of benefits.
- 3.19 Be engaged positively with their employment. This includes not being involved in, or expecting to become involved in, any disciplinary or other process which has the potential to limit or negatively impact their future income.
- 3.20 Have no intention to end this employment in the duration of the tenancy.

¹ [Search for Local Housing Allowance rates by postcode or local authority: DirectGov - LHA Rates \(voa.gov.uk\)](https://www.gov.uk/search-for-local-housing-allowance-rates-by-postcode-or-local-authority)

Eligibility criteria applicable for those in higher education

- 3.21 Currently enrolled in full-time education (Tertiary / Degree Level). This needs to be confirmed in writing. They must also have the intention to continue this study to its conclusion.
- 3.22 Be engaged positively with their education. They must not be involved in or expect to become involved in any disciplinary or other process which has the potential to limit or negatively impact their future enrolment in their current educational provision.
- 3.23 In receipt of all benefits/other incomes to which they are eligible to support with the costs of their studies and reduce the potential dependency i.e. Employment and Support Allowance, Personal Independence Payment, student grants/loans etc. This includes the Council's University bursary accessible via an application from the LCW of the care leaver.

Expectations for fulfilment by the young person

- 3.24 No choice will be made by the young person whilst under this scheme not to pay their rent. A choice does not mark a 'change in circumstance which affects their ability to pay their rent'. Therefore, if it is understood to be a choice by the young person not to pay, this will need to be addressed by the LCW in advance of funds being released by the scheme.
- 3.25 If a young person becomes aware that they are likely to experience problems in paying their rent at any point in the future, this must be communicated to their LCW and landlord/letting agent as soon as possible. This will allow a joint approach to supporting the young person to take preventative measures where possible and to work with their support network to avoid ongoing or recurring problems in this respect.
- 3.26 If the Council is not made aware of the amount owed, they cannot be held responsible for payment. Both the landlord/letting agent and young person have the responsibility to inform the Council's Care Leavers Service of issues regarding rent payment arrears at the earliest possible point.
- 3.27 At the point that a change in circumstances which affects the young person's ability to pay their rent becomes a reality and the scheme is required to cover their rents, the young person remains responsible for paying any benefits or other monies issued for use against rent payments to the landlord/letting agent. Only the shortfall will be covered by the Corporate Guarantor Scheme.

- 3.28 If a young person loses their job, they will be expected to notify their LCW within 48 hours, to discuss the next steps. They will then be expected to engage immediately with the Department for Work and Pensions, to ensure that Universal Credit (or other benefits) can be utilised to pay their rent.
- 3.29 If a young person claims benefits to support them to pay their rent and then disengages with or otherwise loses this provision, there is an expectation that this young person will notify their LCW within 48 hours. They will also accept support to reengage with this provision and explore other legal methods by which their rent liability can be met.
- 3.30 If the higher education setting accessed by the young person has an offer of support for care leavers in respect of their rent or living costs, there will be an expectation that the young person informs them of their change in circumstance. This is so that this support can be accessed to reduce costs for the Council.

The process for accessing the Rent Guarantor Scheme

- 3.31 The LCW will identify a young person who is suitable for the scheme and arrange a discussion with their Leaving Care Team Leader.
- 3.32 If the LCW and Leaving Care Team Leader are in agreement, the LCW will take the case forward to 16+ panel for approval.
- 3.33 If all parties agree the young person's eligibility, the LCW will help the young person to complete the application form. Throughout the process, the young person will show a good understanding of the main costs, including rent, rent in advance and deposit.
- 3.34 The young person will sign a statement to say that they promise to meet the commitments of their rent payments each month, using whatever legal income they receive to do this. They will also sign to agree that all benefits or other monies received specifically for the purpose of paying accommodation costs, will be used. The monies received by the young person will determine their budget when looking for private rental accommodation.
- 3.35 The LCW and the Leaving Care Team Leader will each sign a statement stating that they have assessed that there is affordability for this young person, for which they feel it is appropriate for the Council to 'Guarantee'. They will each sign a statement to say they are confident in the young person's ability to manage a tenancy with only basic input from their LCW.

- 3.36 The Leaving Care Team Leader will then forward all the documents (including signed statements found in the application form) to the Operations Manager who will check and assess whether it seems an appropriate agreement. The Operations Manager will decide whether to accept the application. The Operations Manager will have overall responsibility for the monitoring of financial implications.
- 3.37 The young person should not be made to believe that they *will* be eligible for the scheme until the application process is complete in order to avoid disappointing them.
- 3.38 Each agreement may be different; for some it will be for student accommodation, and for others long-term private rental agreements. The LCW and Leaving Care Team Leader will ensure that the risk is minimal for the young person.
- 3.39 If the Operations Manager agrees to the application, an email response will be given to the LCW to update the young person confirming the outcome. The Council will aim to provide a response to the young person within 2 weeks of the application being received.
- 3.40 If the young person is accepted into the scheme, they will receive an 'Acceptance in Principle' letter, from the relevant Leaving Care Worker which confirms the Council are prepared to stand as a Corporate Guarantor for their tenancy.
- 3.41 The young person can use the 'Acceptance in Principle' letter when speaking to letting agencies as evidence that they have a Guarantor in place and can begin their search for private rented accommodation once they have received this. However, the letting agent/landlord must be made aware that we are offering a Corporate Guarantee for rent only. Neither the Council nor any individual within the Care Leavers Service can stand as a personal Guarantor for a tenancy. Only if the letting agent/landlord is prepared to accept a Corporate Guarantor can we move forward.
- 3.42 Once a young person has found private rented accommodation they wish to apply for, they will inform their Leaving Care Worker.
- 3.43 The LCW will inform the Leaving Care Team Leader and the Operations Manager of the rental property, and any costs involved e.g. rent up front, deposit and monthly rental cost.

- 3.44 The Operations Manager will check and assess whether the property and costs involved seem an appropriate agreement. The Operations Manager will decide whether to accept the application.
- 3.45 If accepted by Operations Manager and the letting agent/landlord, the LCW will complete a supplier request form and send this to the relevant Finance Team.
- 3.46 If the young person who is subject of any Corporate Guarantor Agreement defaults on their rent, it will be the Council's responsibility to pay this, as per the terms of the agreement. The Council must have on file, **all** documentation for each part of this agreement. The LCW/Leaving Care Team Leader will discuss any payments with the Operations Manager.
- 3.47 Most letting agents/landlords will want to include information about the Guarantor either within the Tenancy Agreement or by completing a separate 'Deed of Guarantee'. The Council will ensure that these documents reflect the Council's Policy of the scheme.
- 3.48 All documents should be sent to the Operations Manager for agreement and signature. The signed copies can be returned to the letting agent/landlord. The LCW must save the information to LCS and update a case record.

The process if a care leaver defaults on their rent

- 3.49 The young person is to inform their LCW of any financial worries as soon as possible so that options such as accessing Universal Credit, finding employment, or adjusting their household budget can be explored to support the young person.
- 3.50 The LCW will inform the Leaving Care Team Leader as soon as the young person is facing financial difficulties. Finance will set up a Purchase Order against the Supplier.
- 3.51 If a young person is unable to pay their rent, the LCW will request a rent statement from the landlord/letting agent, and any narrative on the issues and upload it as evidence on LCS. The LCW will inform the Leaving Care Team Leader. The LCW will also inform the team Leader of the young person's plans to address rent payments in the future.
- 3.52 The Leaving Care Team Leader will liaise with the Operations Manager who will determine how much the Council will cover (a maximum of £850 a month per care leaver for rent only) and when the payment will be made.
- 3.53 The Operations Manager will authorise payment and update LCW who will then inform the landlord/letting agent when this has been actioned and when it will be paid. This will be recorded on LCS.

4. Legislative Context

- 4.1 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 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.
- 4.2 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. This sets out the services on offer from both the local authority and other agencies. It is important that young people have the best start in life possible. The Local Offer is designed to give care experienced young people some practical information. This scheme aims to improve our Local Offer and enhance accommodation options for young care leavers.
- 4.3 Other relevant legislation and codes of guidance have been considered, including the legislation outlined below.
- 4.4 The Housing Acts, 1985, 1988, 1996 and 2004– outlines the legal requirements for the provision of rented properties, including social rented properties, houses in multiple occupation, rights and responsibilities of both tenant and landlord.
- 4.5 Human Rights Act 1998 – This Act gives effect to the human rights set out in the European Convention on Human Rights. These include the right to life, the right to respect for private and family life and the right to freedom of religion and belief. Public authorities must follow this act.
- 4.6 Equality Act 2010- This Act protects everyone in Britain from discrimination, harassment, and victimisation. Under the Equality Act, there are nine protected characteristics. The Council has considered how this policy may impact people with protected characteristics and outlined ways to mitigate negative impacts in the Equality and Safety Impact Assessment.

Appendix

Appendix A – Application Form

18-25 Rent Guarantor Application Form

Appendix B – Young Person’s Guide to the Scheme

18-25 Rent Guarantor Young Person's Guide

Appendix C– Professional Guidance for Rent Guarantor Scheme

18-25 Rent Guarantor Professional Guidance

Appendix D – Acceptance in Principle Letter Template

18-25 Rent Guarantor Acceptance in Principle Letter

Appendix E - Decline Letter Template

18-25 Rent Guarantor Decline Letter

Somerset Council

Responsible	
Accountable	
Consulted	
Informed	

Issued by:

Issued Date: