

## PORTFOLIO HOLDER DECISIONS



**Please refer to Guidance Notes overleaf**

Forward Plan Ref. No.	<b>2020/341/November – Help to Rent Contract</b>	Date of decision 13.11.2020
Name of Portfolio Holder	Cllr Richard Pinnock	
Name of Officer	Jan Errington	
Details of Decision	<p>To continue to award grant funding to contract with Mendip Community Credit Union (MCCU) at a cost of £3,000.00 per annum administration fee (current fee in 2020 -21) to deliver the ‘Help to Rent’ loan scheme on behalf of the Council.</p> <p>MCCU administer the loan fund (payable directly to landlords) on behalf of the Council. As applicants borrow and repay their loans they are contributing back into the fund. The Council has discretion to top up the fund when appropriate. The loan fund previously provided by the Council is now topped up periodically to ensure funds are available for our customers usually at around £20,000.00 per annum.</p> <p>The Mendip Help To Rent scheme is an established and successful provision which helps Housing Services to deliver its homelessness prevention duty. It makes finance available for households that are homeless or threatened with homelessness so they can access the private rented sector.</p> <p>This scheme can be used for no other purpose and is not open to customers who secure social housing accommodation. Access is only through a Housing Options Team referral following a homelessness assessment.</p> <p>Since its inception in 2013, it has helped 256 Mendip households to access housing in this way. This means that those households were either prevented from becoming homeless and needing temporary accommodation or were able to move out of temporary accommodation more quickly if already homeless.</p> <p>The average cost of temporary accommodation is £3,500 per placement which is the B&amp;B cost without any additional resource from the Council’s Housing Services or other statutory services that may be required. Therefore, as well as homeless prevention the scheme reduces the need for the more costly alternative of temporary accommodation.</p>	

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	<p>Mendip District Councils (MDC) rent deposit scheme is available to customers that are:</p> <ul style="list-style-type: none"> <li>• unintentionally homeless or unintentionally threatened with homelessness, to whom the Council are likely to have a statutory duty to assist <b>and</b></li> <li>• where such customers do not have the resources to pay for the financial obligations of a tenancy in the private sector (Deposit, rent in advance and refundable holding fees)</li> </ul> <p>Mendip Community Credit Union is uniquely placed within all settlements in Mendip to meet customer requirements to deliver this scheme. They are Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority &amp; the Prudential Regulation Authority ref 21369. This also connects financially excluded Mendip residents to a local service which helps low income families to save and borrow safely and responsibly.</p> <p>The contract has been granted exemption under the Council Constitution, Section 22 <b>Clause 12.1</b> f. Sole source of supply - Where suitable goods or service are genuinely only available from one supplier (e.g. if patent, copyright or other exclusive design rights exist). Similarly, for any highly specialised/niche services where, for all practical purposes, no realistic alternative source of supply exists.</p> <p>Portfolio Holder agreement is therefore sought to proceed with this contract. Further details are found in "reasons for decision".</p>
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<b>Details of consultation carried out:</b>		
<b>Chief Executive/ Deputy Chief Executive</b>	<b>Name:</b> Tracy Aarons	<b>Date:</b> 09/11/20
<b>Legal</b>	<b>Name:</b> Alex Kershaw-Moore	<b>Date:</b> 10/11/20
<b>Finance</b>	<b>Name:</b> Duncan	<b>Date:</b> 09/11/20
<b>Group Manager</b>	<b>Name:</b> Jai Vick	<b>Date:</b> 05/11/20
<b>Portfolio Holder</b>	<b>Name:</b> Richard Pinnock	<b>Date:</b> 13/11/20
<b>Ward Member (mark NA if necessary)</b>	<b>Name:</b> N/A	<b>Date:</b>

<p>Reasons for Decision</p>	<p>Homelessness can have significant negative consequences for the people who experience it. At a personal level, homelessness can have a profound impact on health, education and employment prospects. At a social level, homelessness can impact on social cohesion and economic participation.</p> <p>Early intervention to prevent homelessness can therefore bring benefits for those concerned, including being engaged with essential services and increasing the likelihood that children will live in a more secure environment. Investment in prevention services can also produce direct cost savings for local authorities, for example through lower use of temporary accommodation and fewer social services interventions.</p> <p>Furthermore, measures to prevent homelessness will also help to reduce longer-term pressures on wider services, such as health and employment. The Secretary of State considers that housing authorities should take steps to prevent homelessness wherever possible offering a broad range of advice and assistance for those in housing need.</p> <p>Our Somerset Homelessness and Rough Sleeper Strategy in line with the Homelessness Reduction Act 2017 prioritises early interventions and prevention (priority 4).</p> <p>Prior to contracting MCCU to deliver this loan scheme, we ran an in house service with a full time member of staff. MCCU administer our loan fund for £3,000.00, significantly cheaper than paying a Full Time worker to administer the fund as we used to.</p> <p>There were and would remain a number of issues with providing the service in house again, not least that it was disempowering of our customers. It was also very poor value for money because the recovery rate of the scheme was low (and much less successful than MCCU's recovery rate). This was mainly due to the following factors:</p> <ol style="list-style-type: none"> <li>1) As the Council is unable to loan individuals money (we are not FSA approved) finance made available to customers is not required back from the applicant until after the tenancy has ended, which could be several years, and this undermined the likelihood of getting the money back.</li> <li>2) The processes for administering finance and recovering it are not core activities of the Housing Options Team.</li> </ol>
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3) Customers did not take responsibility for repaying the money administered through the scheme and some saw this as a gift despite signing a contract to the contrary.

Whereas, with the MCCU administering the scheme, customers needing to access finance for a private let are borrowing money through a loan agreement from a reputable local regulated lender that has a remit to work with financially excluded individuals. The borrowers (customers referred by Housing Options) are responsible for paying the money back from the beginning and are also encouraged to save and borrow responsibly in the future. The MCCU actively pursue all debts.

The Help to Rent scheme includes a current provision of 39% bad debts in part due to the longer repayment periods that some of our customers require. With some of the challenging circumstances and needs of our customers inevitably not all customers repay the full loan. However, this is still more cost effective than homelessness in relation to the cost to the Housing Options budget and to other public services. It also helps us deliver our statutory duty to prevent homelessness. The current write off rate is 16.6%.

The Credit Union teaches its members an ethos of good money management. This is always beneficial to applicants providing added value to the scheme. Applicants generally will have a greater feeling of self-worth and will be obtaining the finance themselves which provides a greater incentive to repay the money rather than the Council providing the money directly. They are introduced to the ethos of community lending and understand that by honouring their loan agreement they are in turn helping somebody else that finds themselves in a potentially homeless situation.

MCCU work with financially disadvantaged communities and have a business model centred on providing small, ethical and low cost loans. They have infrastructure and presence in Mendip which customers are easily able to access. Their volunteers will go out to meet customers locally if they are unable to get to the service points in order to facilitate assessments and sign ups. They have crucially ensured service continuity throughout 2020 despite the challenges helping to prevent further hardship (whilst observing the relevant restrictions and measures to keep their volunteers and our customers safe).

It is critical that customers in crisis, who are often vulnerable, are able to talk to someone face to face about the loan and to understand what is needed for the loan assessment. This organisation is able to provide this very personal, very local and reassuring service through its volunteers.

MCCU is uniquely placed and is now, to the best of our knowledge, the only provider able to deliver this service locally, affordably, in person across the whole district and in the responsive way that we need. In addition no other organisation is able to offer the added value that MCCU brings.

Historically when we looked to procure in May 2013, it was identified that only 2 services within Somerset could realistically administer our fund – Wessex Reinvestment Trust and Mendip Community Credit Union. Both organisations at that time supplied a proposal with associated costs and the Housing Options Team Manager made the decision to move forward with the Credit Union as they offered the customer a well set up local infrastructure across Mendip and best value for money (a fifth of the cost of the alternative proposal).

Wessex Reinvestment Trust is now part of a group specialising in supporting community land trusts and other forms of community led housing and enterprise Wessex Community Assets (WCA). WCA supports communities with technical advice and mentoring to develop and take on community owned assets; it advises on raising finance through issuing community shares for projects with social benefit such as community housing and community enterprises.

It supports community interest or social enterprise organisations and groups rather than individuals. It doesn't offer a financing service for other purposes to individuals. It does not have the infrastructure to enable face to face delivery across Mendip.

Lendology are the only other relevant organisation we are aware of who have local infrastructure in Mendip. Lendology provide loans to homeowners, landlords, empty property owners and more for a variety of purposes for example home improvement, first time buyer loans, disabled adaptations. Loans are normally secured on properties and are low interest, both of which are not applicable in this case. They consider that our Help to Rent scheme does not fit directly with their current business plan and they would not be able to redirect resources away from other services to finance a new service of this nature to support it.

	<p>They also consider that at this time they could not provide the same level of service as currently provided with the added value that the MCCU bring. In addition they would have less ability to ensure repayments where customers are on Universal Credit compared to the Credit Union (as a member of the Eligible Loans Scheme they can agree DWP direct payment). Therefore the bad debt write offs could potentially be higher (effectively meaning less of the loan fund would be recycled into new loans).</p> <p><b>Further supporting information</b></p> <p>With universal credit placing emphasis on customers’ managing their money and taking ownership of making rental payments themselves, along with the recent impact of the pandemic measures resulting in delayed eviction and increasing unemployment, it is likely instances of homelessness may increase.</p> <p>It is imperative that we continue to work with private landlords to try to secure available properties for individuals which are affordable – especially given the gulf between the Local Housing Allowance rate and the actual market rental rates which continues to increase – meaning affordable housing options continue to reduce.</p> <p>It is therefore critical that we as an authority ensure services are in place to continue to support the prevention of homelessness.</p> <p>Therefore the Council is seeking to continue to commission the Help to Rent scheme for a further period of 4 years + up to 2 year extension (reviewed annually).</p> <p>The contract procurement rules allow an exemption under certain circumstances. The current situation can be exempted under section 12.1 (f) of the Contract Procurement rules which allows for the proposed contract if there is only one organisation that can provide the services which applies in this circumstance.</p> <p>The value of the one year contract is £3,000.00 per year for 4 years + extension for up to 2 years and is below the EU limits and as such an exemption can be given.</p> <p>As explained above – there are no other organisations who could conduct this work at a local level who have services and venues already in place to engage with customers specifically throughout the Mendip area.</p>
<p>Any alternative options considered and rejected</p>	<p>Not providing the assistance would increase Temporary accommodation costs and see an increase in Homelessness.</p>

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	<p>Keeping it in-house is rejected for the reasons given above.</p> <p>Going out to the market would be resource intensive and Mendip Community Credit Union are the only organisation with the locally accessible face to face presence and infrastructure to deliver the flexible service we require to customers in crisis (who are often vulnerable). It offers exceptional value at £3,000.00 p.a. cost.</p>
<p>Financial and personnel implications</p>	<p>No personnel implications</p> <p>Each year Mendip District Council receives core grant funding from Government to prevent and deal with homelessness. In 2020/2021, this funding is just over £400,000. On current funding levels, we anticipate that all expenditure in delivering this contract will be met in full through the Housing Options budget. This consists of the administration fee and periodic top up of the loan fund. Services commissioned by Housing Services including the Help to Rent Scheme are monitored regularly and reviewed annually to measure effectiveness and ensure value for money. At £3,000.00 per annum, the contract represents excellent value for money. This is within the parameters of current commitments and therefore, there is no additional impact.</p> <p>Furthermore, without the loan scheme for Homelessness Prevention Housing Services would incur additional costs for Temporary accommodation at an average of £3,500 per temporary accommodation placement.</p>
<p>Any relevant personal Interest under the Code of Conduct</p>	<p>None</p>
<p>Reports and Background papers relevant to the decision</p>	<p>None</p>
<p>Contribution to Corporate Priorities</p>	<p>contributes to the following of our <b>Corporate Priorities</b> to:</p> <ul style="list-style-type: none"> <li>• Make Mendip a fairer place</li> <li>• Protect and enhance our towns and rural communities</li> </ul> <p>The strategy also shares the following <b>Principles</b> which underpin how we deliver our commitment above:</p> <ul style="list-style-type: none"> <li>• Be a relationship builder with local, regional and national partners</li> </ul>

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	<ul style="list-style-type: none"> <li>Be smart in how we manage resources and invest wisely</li> </ul> <p>In addition, it fits well with the Somerset Homelessness and Rough Sleeper Strategy Priority 4 'Support prevention and early intervention'.</p>
Climate Change Risks & Opportunities	This contract has no direct impact on climate change.
Date e-mailed to Members incl Scrutiny Board Chair	<b>16/11/2020</b>
Date of Publication of Notice	<b>16/11/2020</b>
Date Decision comes into force (*see below)	<b>24/11/2020</b>
<p><b>* Please Note:</b> The decision detailed above will come into force, and may be implemented, 5 clear working days after Publication unless subject to call-in by the Scrutiny Board.</p>	
<b>Signature of Portfolio Holder</b>	.....

**Please complete and return to Democratic Services**



## Guidance for Officers

1. The Council's Constitution sets out some quite specific procedures to be followed when decisions are made by individual members of the Cabinet/Portfolio Holders. These are based on statutory requirements and are intended to ensure that:
  - (a) such decisions are made available to the public in the same way as decisions made by the Cabinet as a whole; and
  - (b) Scrutiny Board has an opportunity to consider whether to call-in such decisions for review before they become effective.
  
2. The information required should be completed in relation to each decision made by a Portfolio Holder. Any relevant reports and background papers should be attached as these must be available for public inspection.  
**Please note** that, to comply with the Constitution, the form needs to confirm that various parties have been consulted and to give details of any relevant personal interest of the Portfolio Holder.
  
3. The form and attachments should then be forwarded to Democratic Services within 2 days of the decision being made. They will add the date of publication and the date on which the decision will come into force if not called-in, and make the necessary publication arrangements. These will include:
  - publishing the decision on the Council's web-site
  - storing a copy of the form centrally on SharePoint
  - e-mailing a copy of the form to all members, including the chair of Scrutiny Board.

Other methods of publicising the decision may also be used from time to time.
  
4. Democratic Services will return a copy of the form to the officer submitting it giving the date of publication and the date that the decision can be implemented.  
**Please note: It is important to be aware that the decision cannot be implemented until it comes into force – under the current constitutional arrangements this will be 5 working days after publication, provided the decision is not called-in.**
  
5. Decisions should only be called in under exceptional circumstances. Refer to the Council's Constitution. The decision cannot be implemented until these procedures have been gone through as appropriate.
  
6. Any queries on this procedure should be addressed to Democratic Services