EXETER CITY COUNCIL

SCRUTINY COMMITTEE - COMMUNITY
1 JUNE 2010

EXECUTIVE
15 JUNE 2010

PRIVATE SECTOR HOUSING POLICY: FINANCIAL ASSISTANCE PACKAGES 2010/11

1. PURPOSE OF THE REPORT

1.1 This report informs Members of the financial assistance awarded to private sector households in 2009-10 and proposes changes to the types and levels of financial assistance that will be available in 2010-11. Financial assistance packages form one of the policy tools available to improve housing conditions in the private sector. A review of the other policy tools will be contained in the Private Sector Housing Renewal Policy that will form a sub-strategy of the Housing Strategy, which will be reported to this committee in September.

2. BACKGROUND

2.1 One of the Council's priority objectives is to safeguard and improve the private sector housing stock in Exeter, which is made up of 39,600 dwellings in the owner-occupied and privately rented sectors. At nearly twice the national average, Exeter has a large private rented sector (22% of the private stock) and large number of houses in multiple occupation (HMOs), estimated at 2700 or 7% of the private stock. It is in this sector, particularly HMOs, where the poorest housing conditions are found.

2.2 Under the Housing Act 2004, the Council also has a legal duty to remove or reduce Category 1 Hazards (e.g. excess cold, severe dampness, and overcrowding) from dwellings in its area, and a discretion to deal with lesser Category 2 Hazards.

2.3 In addition to the policy tool of enforcement, the Council currently offers financial assistance in the form of means-tested loans, administered through Wessex Home Improvement Loans in the first instance, and grants to assist and encourage home-owners to improve their properties and remove hazards. In terms of housing renewal, the advantage of a loan is that the funding is recycled either by re-payment over a term or when the house is sold. This financial assistance helps home-owners to repair and adapt private sector houses. Energy efficiency grants through Warm-up Exeter and PLEA (Private Landlord Energy Action) grants are also made available to improve the energy efficiency of private sector houses. These grants are administered through the Cosy Devon Scheme, a pan-Devon local authority partnership.

2.4 Government funding for financial assistance comes in two separate awards from the Government Office South West, one is a specific allocation ring-fenced for Disabled Facilities Grants the second to fund other financial assistance measures. Both of these awards have been substantially reduced from the 2009-10 allocation.

3. PERFORMANCE IN 2009-10

Financial assistance to improve or adapt homes

3.1 115 Disabled Facilities Grants (DFGs) with a total value of £471,000 were administered ensuring that clients could remain living independently in their own homes. All adapted properties are brought up to the decent home standard as a condition of grant assistance. This is 20 more adaptations than were achieved during 2008-09 but at a significantly reduced cost of £48 000 less. The increased demand demonstrates that there continues to be a strong need for adaptations in the home.

3.2 Only 23 Renovation Grants with a total value of £104,000 were administered to address hazards in private sector houses and to undertake improvements to ensure that dwellings meet the decent home standard. This represents a significant decrease on the 64 grants awarded during 2008-09, which had a value of £421,000. This can be attributed to the shift from grants to loans, due to the initial resistance, that was anticipated, from clients viewing these as less favourable than grants. This resistance, however, has been exacerbated by the relatively low interest rates currently available in the high street, although these would normally be unavailable to the clients seeking assistance from the Council.

3.3 Since renovation grants were substantially replaced by low-interest loans in November 2009, administered through Wessex Home Improvement Loans, 63 referrals with a value of £308,000 have been made. All are being processed and it is hoped that the first loan will be awarded early in 2010-11.

3.4 The overall figure for the value and number of grants and loans for 2009-10 equates very closely with the number of grants administered the previous year.

3.5 During the financial year 403 households received financial assistance through the Cosy Devon Scheme to fund loft and/or cavity wall insulation. These grants are instrumental in helping to achieve the Council's fuel poverty and climate change targets.

4. PROPOSALS FOR SPENDING THE FINANCIAL ASSISTANCE ALLOCATION

4.1 It is proposed that £300,000 of the Regional Single Pot formula allocation of £549,970, is paid into the loan fund administered on the Council's behalf by Wessex Home Improvement Loans. This will bring the total fund to £830,000. In addition, £100,000 is required to fund the loan subsidy of 3% for each loan administered.

£400,000

4.2 It is proposed to use £149,970 for Home Repair Assistance and Renovation Grants. Home Repair Assistance is used to fund the removal of Category 1 Hazards costing below £1,200 (for which a loan is not available) or urgent adaptations that cannot be facilitated by a DFG in the timescales necessary. Renovation Grants will be used to assist households who cannot access the Council's loan mechanism; these will be paid in exceptional circumstances to remedy Category 1 Hazards only, but will no longer be used to top-up loans. In addition, the Council will seek to record any grant as a land registry charge, and the fee for registration will form part of the grant.

£149 970

4.3 It is proposed that the £284,030 allocation from the Regional Single Pot, specifically to provide financial assistance to improve the energy efficiency of the private sector housing stock is used to fund Warm-up Exeter and PLEA grants which improve the energy efficiency of private sector homes.

£284 030

4.4 It is proposed that the £270,000 DFG allocation is specifically used to fund mandatory DFGs. Should demand increase above expectation during the year, then it may be necessary to move a portion from one of the other schemes to help fund this demand.

£270 000

4.5 In order to manage the DFG budget a priority system is to be introduced so that the Occupational Therapist referrals which are received at the beginning of the DFG process will be scored to ensure that applicants in most need get more priority than those with a lesser need. The Occupational Therapists assign a classification to each case dependent upon the situation, which are defined as 'Dangerous, Deteriorating, and Difficulty'; the Council will give greater priority to the Dangerous and Deteriorating classifications. This will mean that those applicants classified as 'Difficulty' are likely to have a longer waiting time, which may be up to a maximum of 6 months for DFG approval, and 12 months for completion of works.

4.6 During 2010/2011 Wessex Home Improvement Loans will be introducing an interest-free loan to help households who are assessed as being unable to afford the repayments on the loans currently on offer. In effect this will replace the need for any top-up to the loan, which in the previous year was met by the Renovation Grant. The Council will provide the same subsidy of 3% as for other loans. It is anticipated that the availability of these loans, later this year, will help improve the take-up of loans.

5. FINANCIAL IMPLICATIONS

5.1 The amended policy will be funded from the 2010-11 budget allocation. The financial implications of the prioritisation of DFGs and the introduction of the interest free loans will be closely monitored and the information used to inform the next review of the policy.

6. RECOMMENDED that

1) Scrutiny Committee - Community comment on the report; and

2) Executive note the views of Scrutiny Committee and approve:

   a) the adoption of changes to the Private Sector Housing Renewal Policy in respect of financial assistance packages outlined in this report;

   b) the close monitoring of the expenditure of the single pot allocation with the proposed financial allocation to each of the schemes proposed or further schemes to be developed to be subject to approval of the Portfolio Holder for Housing & Social Inclusion and Head of Environmental Health Services;

c) the annual review, or sooner if needs be, of the policy in order to ensure that it properly addresses local needs and/or government policy.

HEAD OF ENVIRONMENTAL HEALTH SERVICES

S:LP/Committee/610SCC2
18.5.10

COMMUNITY & ENVIRONMENT DIRECTORATE

Local Government (Access to Information) Act 1985 (as amended)
Background papers used in compiling this report:

None