

## EXETER CITY COUNCIL

### SCRUTINY COMMITTEE - COMMUNITY 29 MAY 2012

EXECUTIVE  
19 JUNE 2012

#### PRIVATE SECTOR HOUSING POLICY: FINANCIAL ASSISTANCE PACKAGES 2012/13

##### 1. PURPOSE OF THE REPORT

- 1.1 This report informs Members of the financial assistance awarded to private sector households in 2011/12 and seeks approval for proposed changes to the types and levels of financial assistance that will be available in 2012/13. 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 2012.

##### 2. BACKGROUND

- 2.1 One of the Council's strategic objectives is to ensure there are enough well designed, well maintained and affordable homes in the City. The private sector housing stock in Exeter forms the largest number of homes, and is made up of 41,630 dwellings in the owner-occupied and privately rented sectors. Consecutive house condition surveys have identified that the poorest housing conditions are found in the private rented sector, which is larger than the national average at 21% of the private stock, and particularly in houses in multiple occupation (HMOs) which represent 6% of the private stock, three times the national average.
- 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 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 and, in some cases, grants to assist and encourage home-owners to repair their properties in order to remove hazards. The advantage of loans is that the funding is recycled either by re-payment over a term or when the house is sold.
- 2.4 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 part funded by E.ON through their Carbon Emission Reduction Target (CERT) obligation and are administered through the Cosy Devon Scheme, a pan-Devon local authority partnership. CERT funded schemes are likely to come to an end in September 2012 when the Government's new initiative, the Green Deal / Energy Company Obligation (ECO), is due to be launched, although at present there is some uncertainty about the start dates for these schemes and there is a possibility that CERT may be extended.
- 2.5 The Government announced in the October 2010 comprehensive spending review that local authorities would not receive funding specifically for housing improvements for three years from 2011/12. The 2010 private sector house condition survey for

Exeter, published in 2011, has estimated that £23 million is needed just to undertake remedial repair to address Category 1 Hazards in the private sector, rising to over £115 million to undertake comprehensive repairs, and it is likely that these sums will increase, in the absence of the Regional Housing Pot funding.

- 2.6 In the case of adaptations, the 2010 private sector house condition survey has estimated that nearly £11 million worth of adaptations are required to address current needs, which is liable to increase with an ageing population. Clearly with the level of budget available to local authorities and the demand for adaptations, the budgets need to be closely managed to avoid waiting lists occurring.

### **3. PERFORMANCE IN 2011-12**

#### **Financial assistance to adapt or maintain homes**

##### **Disabled Facilities Grants**

- 3.1 93 Disabled Facilities Grants (DFGs) with a total value of £341,400 were awarded during the year, an increase of 11 over the previous year. The average value of the grants has not significantly changed at £3,600 as opposed to £3,400 the previous year. DFGs ensure that clients can remain living independently in their own homes, and include adaptations such as replacing baths with level access showers, and installing stair-lifts. The increased demand demonstrates that there continues to be a strong need for adaptations.

The City Council has joined with the other district councils in Devon in developing a framework agreement with contractors for the installation of stairlifts and a second agreement is currently being developed for level access showers. These agreements should reduce the average cost of straightforward, non complex, adaptations significantly.

##### **Renovation Grants**

- 3.2 7 Renovation Grants with a total value of less than £5,000 were awarded during the year, marking a significant shift from the previous year when the transition from grants to loans was made and 27 Renovation Grants were awarded with a total value of £245,000. These grants address hazards in private sector houses and are only awarded in the place of loans where clients cannot, for legal reasons, take out a loan, (for example if they are bankrupt). They also are used for priority repairs costing less than £1200, which is the minimum loan amount that can be economically administered.

##### **Wessex Home Improvement Loans**

- 3.3 22 referrals were made to Wessex Home Improvement Loans (a Community Development Finance Institution) during the year and 15 loans, with a value of £139,000, drawn down. A further 15 loans with a value of £76,000 are in the pipeline. £14,000 has already been repaid on the loans that have been awarded which will be recycled into the loan fund. A marketing plan is about to be put in place to encourage greater take up of loans.

Wessex Home Improvement Loans are constantly developing loan products, which range from low interest repayment loans to fixed fee loans, where no repayments are made throughout the life of the client, the loan being recouped from their estate. The loan products considered most suitable to each clients will be offered.

## **Cosy Devon**

- 3.4 During 2010/11 a total of 327 households received financial assistance through the Cosy Devon Scheme to fund loft and/or cavity wall insulation. In all 373 measures were installed either at subsidised rates or free of charge, funded by our partners E.ON energy under their CERT obligation. These grants are instrumental in eradicating excess cold, by far the most common health hazard found in homes, and fuel poverty, which is rising as a result of increased fuel costs and reducing incomes.

## **Empty Homes**

- 3.5 During the year, in partnership with Empty Homes (Housing Services), 183 grants to landlords were administered, with a total value of £109,000, as part of the Extralet Scheme to bring empty properties up to a lettable standard. Funds have now been put into Wessex Home Improvement Loans so that, in future, loans will be offered rather than grants.

## **4. PROPOSALS FOR SPENDING THE FINANCIAL ASSISTANCE ALLOCATION**

- 4.1 The total amount of capital funding for housing renewal and adaptations for 2012/13 is £690,000, of which £400,000 is approved from the Council's own capital programme and £290,000 from Government for DFGs.
- 4.2 It is proposed that £200,000 will be paid into the loan fund administered on the Council's behalf by Wessex Home Improvement Loans. Although the loan fund will eventually move towards a self-funding model with the repayments balancing out the loans, it is essential to top up the fund in the early years in order to make loans viable.

**WESSEX HOMES INDEPENDENT LOANS                      £200 000**

- 4.3 It is proposed that £50,000 will be allocated to fund an updated house condition survey which will inform future funding needs and identify areas of concern for a period of five years.

**5 YEAR HOUSE CONDITION SURVEY                      £50,000**

- 4.4 It is proposed that £150 000 will be allocated to provide financial assistance specifically to improve the energy efficiency of the private sector housing stock both by funding Warm-up Exeter and PLEA grants, for loft and cavity wall insulation, and to fund grants or loans for, expensive, solid wall insulation which improve the energy efficiency of private sector homes.

**ENERGY EFFICIENCY FUNDING                      £150 000**

- 4.5 It is proposed that the £290,000 subsidy for DFGs is specifically used to fund mandatory DFGs. However, due to the reduction in funding for DFGs overall, there will be close monitoring of the demand on this budget, and priority given to any re-allocation of uncommitted parts of the respective budget allocation between financial assistance tools, in order to reconcile any unmet demand.

**DISABLED FACILITIES GRANTS                      £290 000**

## **5. FINANCIAL IMPLICATIONS**

5.1 The amended policy will be funded from the 2012-13 budget allocation.

## **6. RECOMMENDED that**

Scrutiny Committee - Community supports and Executive approves:

- 1) the financial assistance tools outlined in this report, and their respective budget allocation; and
- 2) that the Assistant Director Environment, in consultation with the Portfolio Holder for Housing and Community Involvement, may re-allocate uncommitted parts of the respective budget allocation between financial assistance tools, in order to meet need.

## **ASSISTANT DIRECTOR ENVIRONMENT**

S:PA/LP/ Committee/512SCC1 v2  
17.5.12

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