

Report of	Meeting	Date
Assistant Chief Executive (Policy and Performance) (Introduced by the Executive Member for Business)	Executive Cabinet	3 rd December 2009

PRIVATE SECTOR HOUSING ASSISTANCE POLICY 2010-2012

PURPOSE OF REPORT

1. To present to members the revised Private Sector Housing Assistance Policy, which will replace the Housing Renewal Grant policy 2004.

RECOMMENDATION(S)

2. To seek members' in-principle approval for the Council to introduce the Private Sector Housing Assistance Policy, with effect from April 2010, subject to formal consultation and a final report to Executive Cabinet in March 2010.

EXECUTIVE SUMMARY OF REPORT

3. The report sets out the main themes of the Private Sector Housing Assistance Policy, which are Disabled Facilities Grant (DFG), Decent Homes Assistance (DHA) and Energy Efficiency Assistance (EEA).
4. A key theme within the policy is the uplifting of private sector housing standards to meet the Decent Homes Standard (DHS). Councils have been set a target that 70% of a Borough's housing stock should meet DHS by 2010 and 75% by 2020. Chorley's progress against this target will be monitored by the publication of a Private Sector Housing Stock Condition Survey, the outcomes of which are scheduled to be available by the middle of 2010.
5. The report highlights customer eligibility criteria, the eligible works relating to each strand of assistance, and the corresponding customer service standards. The report also introduces the proposal within the policy to use Home Improvement Loans as an alternative method, alongside grant finance, of providing assistance.

REASONS FOR RECOMMENDATION(S)

(If the recommendations are accepted)

6. The proposed policy is designed to offer a mechanism to provide housing assistance to customers in private housing, in a way that maximises the effective use of resources in targeting customers in most need.
7. The policy integrates the various strands of housing assistance and enables the Council to provide a more coherent approach to improving housing conditions across the borough.
8. The policy offers Value For Money in line with the Council's methodology/principles, for example by the recycling of funds using Home Improvement Loans.

9. The updated policy presented here for consideration reflects the updated legislation and government thinking as set out in documents such as “*Delivering Housing Adaptations for Disabled People: A Good Practice Guide*” (CLG, 2006) and “*Lifetime Homes, Lifetime Neighbourhoods: A National Strategy for Housing in an ageing society*” (CLG, 2008).

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

10. An option to focus the Decent Homes Assistance budget and Energy Efficiency Assistance budget on certain wards or areas was considered, but without robust information about the private sector stock conditions this option was disregarded.
11. An option not to update the policy was discarded because the existing policy is out of date, in light of new legislation and best practice, which means that the existing policy is no longer fit for purpose.

CORPORATE PRIORITIES

12. This report relates to the following Strategic Objectives:

Put Chorley at the heart of regional economic development in the Central Lancashire sub-region		Develop local solutions to climate change.	x
Improving equality of opportunity and life chances	x	Develop the Character and feel of Chorley as a good place to live	
Involving people in their communities		Ensure Chorley Borough Council is a performing organization	x

BACKGROUND

13. The Regulatory Reform (Housing Assistance) Order 2002 gave Local Housing Authorities in England and Wales new powers to improve living conditions in their area. This power enables an authority to provide any assistance to any person for:
- the acquisition of alternative living accommodation, where the Council wish to purchase a person’s home as an alternative to adapting improving or repairing it.
 - the adaptation or improvement of living accommodation (including by alteration, conversion or enlargement).
 - the repair of living accommodation.
 - the demolition of buildings comprising or including living accommodation.
 - the construction of replacement living accommodation to replace that which has been demolished.
14. Reflecting this legislation, the Council introduced an interim Housing Renewal Grant policy in July 2003. This policy was subject to a review and amendment in April 2004 and a draft Housing Renewal Grant Policy was produced in early 2006, prior to the commencement of the outsourcing of the delivery of the Council’s housing grants to Anchor Staying Put South Lancashire in 2006.
15. The Council is about to commission a private sector stock condition and, through Lancashire County Council, has also contributed to a forthcoming thermal imaging survey of the main urban settlements of the Borough. The findings from both these studies should be available by the middle of 2010, and will help to inform discussions about housing assistance investment priorities for future years.

16. At the present time, Anchor Staying Put are delivering the DFG and small repairs service on behalf of the Council. The Council's scheme to provide Energy Efficiency measures (Chorley Home Energy Savings Scheme or CHESS) is delivered on behalf of the Council by Eaga plc. This scheme has been in place during 2009 and has delivered a combined total in excess of 800 cavity wall and loft insulation measures across the Borough.
17. Under the existing arrangements, owner occupiers and private tenants are eligible for all existing forms of assistance, subject to certain eligibility criteria. Housing Association tenants do not qualify for the CHESS scheme or for small repair grants.
18. The updated policy presented here for consideration reflects the updated legislation and government thinking as set out in documents such as "*Delivering Housing Adaptations for Disabled People: A Good Practice Guide*" (CLG, 2006) and "*Lifetime Homes, Lifetime Neighbourhoods: A National Strategy for Housing in an ageing society*" (CLG, 2008).
19. Therefore it is now timely, in light of updated legislation and best practice, to present a revised policy to members which meets the needs of the community as well as providing an efficient and effective mechanism to target resources on the most vulnerable households.
20. Whilst it is acknowledged that the prime responsibility for maintaining and improving private sector housing rests with home owners, the Council is committed to improving housing quality across all tenures. It is recognised that there are vulnerable home owners who cannot afford to repair or improve their homes and who may not be able to obtain loans from commercial lenders. Hence this policy is an opportunity for the Council to clearly set out its position for the next two years in an approach that maximises the effectiveness of its use of resources.
21. The issue of effective use of resources is an important consideration not least in a challenging financial climate but also because of the way that the Audit Commission assesses the effectiveness of the Strategic Housing function.
22. The Audit Commission have indicated that, through CAA (Comprehensive Area Assessment) and inspection of private sector housing functions, they will assess:
 - a) How effectively the Council have targeted resources at people living in the worst housing conditions
 - b) How effective the Council is in providing Value For Money. In this context it will judge the Council's ability to lever in additional resources.
 - c) The Council's capacity to demonstrate positive outcomes for residents.
23. Thus the Council's ability to respond positively to these requirements will influence how the Strategic Housing service is perceived externally.

DISABLED FACILITIES GRANTS (DFGs)

24. The provision of Disabled Facilities Grants (DFGs) is mandatory under the Housing Grants, Construction and Regeneration Act 1996.
25. DFGs are intended to provide specialist adaptations, as deemed necessary and appropriate by an Occupational Therapist, to meet the care and mobility needs of people with disabilities to enable them to live independently with privacy and dignity.
26. DFGs are means tested apart from cases where an application is being made on behalf of a child or young person with a disability. For the financial year 2009-10 the maximum grant available is £30,000.

27. Applicants must be over 18, must own or rent their home, and the disabled person must intend to occupy the home as their only or main residence for at least five years after the completion of the works.
28. Under the Housing Grants, Construction and Regeneration Act 1996, any grant above £5,000 is repayable if the home is sold within ten years after completion of the works, subject to a maximum repayment of £10,000.
29. Over the last four years the Council has funded DFGs as follows:

Year	Number of DFGs funded	Value of average grant (£) (includes 10% agency fee to Anchor Staying Put)
2006-07	71	£ 4, 120.30
2007-08	61	£6, 045.97
2008-09	81	£ 4,198.12
2009-10 (as at 12 th November 09)	43	£5, 393.20

30. The Council does not offer discretionary DFGs and any amount above the statutory maximum must be self financed.

FUNDING AND PRIORITISATION OF DFGs

31. 2009-10 funding for the provision of DFGs consists of £180,000 from the CLG with 'top up' from Chorley Council using Regional Housing Pot funds. The sum total for the provision of adaptations in 2009-10 is £350,000 although it is not known at this stage whether this level will be maintained for 2010-11.
32. The Council's ability to offer all forms of Housing Assistance is constrained by the availability of funds. The Council's drive to enable people to remain in their own home is taking place against the backdrop of demographic changes that are likely to see a marked increase in the percentage of older people living in the borough over the next 20 years.
33. Latest population estimates indicate that by 2015 18.9% of Chorley's population will be over 65, compared with a Lancashire wide estimate of 19.7% and a North West estimate of 18.2%. By 2020 these proportions are set to rise further, with 20.6% of the Chorley population being over 65 compared with 20.8% across Lancashire and 19.2% in the North West region In 2006 it was estimated that 15.5% of the Chorley population was aged 65 or over, but by 2020 it is estimated that 23,600 (20.6%) of the population will be in this age range.
34. Given this anticipated rise in the percentage of elderly people living in Chorley, and the financial pressures that are being felt in delivering the service, a system of DFG prioritisation is being examined by Officers.
35. The Council would be likely to face legal challenge and possible censure by the Ombudsman if it did not provide DFGs, in the event of the Council being unable to meet its legal obligations (due to a shortage of resources or increased demand) then some of the risk to the Council may be mitigated by the adoption of a transparent prioritisation system.
36. To date the Council has not operated a formal DFG waiting list; however the reality of a situation where funds demand is increasing means that it will now be necessary to operate a waiting list in order to remain within the allocated budget.
37. Team Lancashire has initiated a DFG project which is looking at all aspects of the DFG process. The project is sponsored by the Deputy Chief Executive of Wyre Borough Council.

The objective of the project is to produce a set of best practice recommendations designed to minimise 'end to end' processing times, minimise the amount of resources required by partners to administer and deliver grants, and to reduce waiting time and effort involved for the customer.

38. One of the key themes raised at a workshop session in October 2009 was that of prioritisation, as waiting lists. Subsequently Officers from Chorley have recently met with LCC to discuss DFG prioritisation issues.

DFG PROVISION TO RESIDENTS IN HOUSING ASSOCIATION PROPERTIES

39. The majority of DFG recipients in Chorley have traditionally been owner occupiers. However the legislation allows for DFGs to be installed in privately rented homes and also in homes owned by Housing Associations.
40. In Chorley the stock transfer Housing Association Chorley Community Housing has committed to funding DFGs for its own tenants for the first five years of its existence (2007 to 2012).
41. However there are a number of other Housing Associations operating in the borough whose tenants could apply to the Council for public funds to facilitate DFGs.
42. The DFG prioritisation system referred to in paragraphs 17 to 24 above will classify applications from tenants of Housing Associations separately in the first instance. The Council will discuss each case with the Housing Association before classifying the application as either High, Medium or Low need.
43. The Council is currently setting up meetings with Housing Association partners to discuss the formation of Adaptation Agreements that would clarify respective roles and responsibilities in the funding of DFGs in homes owned by Housing Associations.
44. Within the revised policy, all households who are resident in intermediate housing and who have a repairing obligation to their homes (i.e. those living in Shared Ownership/Low Cost Home Ownership properties) would be classed as "private" occupiers for the purpose of DFG applications and such customers should approach the Council for assistance in the first instance.

DECENT HOMES ASSISTANCE (DHA)

45. This form of assistance has previously been known as **Home Repair Assistance (HRA)**. It is a discretionary form of assistance in accordance with the Regulatory Reform Order 2002, and is one which the Council has operated for a number of years.
46. Its purpose is to help vulnerable households on low incomes to carry out repairs and improvements to their home which will enable them to bring their home up to Decent Homes Standard. No assistance can be offered if the property does not meet DHS on completion of the works.
47. The eligibility for assistance focuses on households who receive one or more of a range of qualifying benefits (see page 10 of the accompanying policy document for full details). Households not in receipt of such benefits, or not receiving Working Tax Credit, would be assessed using the Government's test of financial resources (means test) to determine the level of income and any contribution that the applicant may be required to make.
48. If the property is sold within the certified occupation period the grant is repayable on a sliding scale.

49. A prioritisation system will be used to administer the DHA budget as it is anticipated that demand will outstrip supply.
50. The policy recommends three priority categories as follows:

Priority 1

The home fails the decent homes standard, where there are one or more Category 1 hazards (under the Housing Health and Safety Ratings System) and where there is an imminent risk of injury or illness to the household eg electric shock, unsafe/dangerous appliances, unsafe structures or parts, no hot water, no heating.

Priority 2

Home fails the decent home standard, has one or more Category 1 hazards, but does not present an imminent risk of illness or injury to the household.

Priority 3

Home fails the decent homes standard but there are no Category 1 hazards present.

HOME IMPROVEMENT LOANS

51. Many Local Authorities have introduced a loan scheme to supplement small Home Improvement grants.
52. Such schemes enable the householder to access loan finance by releasing some of the equity in their property, thus enabling them to carry out repairs to their home.
53. From the Council's perspective the equity release option provides an opportunity to 'recycle' funding, particularly given the limited financial resources available and the level of demand for assistance. Any loan supplied by an agent appointed by the Council would be repayable on disposal of the property (either via sale or other form of disposal).
54. In researching this product the Private Sector Housing Officer has contacted Stockport and Rossendale Councils who use loans schemes. A research visit to Oldham Council has also been undertaken. Oldham Council have been operating a successful loan scheme for several years and have appointed an independent company to operate it. This prevents the need for the Council itself to register with the Financial Services Authority.
55. In the event of members approving the revised policy, Officers will explore proposals to implement a Home Improvement Loan facility during 2010-11. This would include a partnership with an external organisation, following a tendering exercise, who would provide the loans service on a fixed term contract.
56. Under the proposals set out in the policy, the maximum loan would be £5,000.
57. There would be no minimum loan, but as a guide, where the value of smaller repair schemes is considered to be less than £1,000 excluding VAT, then the first choice of assistance would be to consider a Decent Homes Assistance grant providing that the customer meets the eligibility criteria.

ENERGY EFFICIENCY ASSISTANCE

58. The Home Energy Conservation Act 1995 requires Councils to improve the energy efficiency of homes in their area, ie to reduce energy usage and carbon dioxide emission within the housing stock and to help vulnerable people to achieve affordable warmth. The energy efficiency of homes is measured in a number of ways. One well known way is the SAP rating (SAP stands for Standard Assessment Procedure).

59. Energy efficiency measures help to bring warmer, healthier homes to older and vulnerable people living in 'fuel poverty'. Fuel poverty is defined as the need to spend more than 10% of household income on domestic energy in order to achieve a warm and healthy indoor environment.
60. In the past few years the numbers in fuel poverty have risen dramatically largely due to the substantial increases in the price of gas and electricity to domestic customers since 2003. In the North West the percentage of households in fuel poverty rose from 6.6% (190,000 households) in 2004 to 22.1% (631,000) in 2007. The average for England rose from 5.9% in 2004 to 18.4% in 2008.
61. The existing policy enables householders aged 60 or over and householders with a qualifying disability to receive both cavity wall and loft insulation free of charge.
62. The scheme has proved extremely popular during 2009 and has resulted in households across the borough accessing the offer. This of course has benefits for the customer in terms of saving on their utility bills, as well as having a positive impact in terms of reduction in carbon emissions, which is a performance indicator (NI 187) on which the Council is assessed.
63. In reviewing the 2009 scheme it has become apparent to officers that the strong emphasis on the age related criteria, without reference to a customer's ability to pay, has directed funds away from households who most need Energy efficiency assistance from the Council.
64. The CHES scheme had aimed to target those wards that were identified as having greatest need, namely Chorley South West, Chorley East, Chorley North East and Clayton-le-Woods North.
65. However the scheme has not been formally restricted to those wards and as a result the take-up across the rest of the Borough has been high, with word of mouth proving to be an effective means of communication.
66. Given the Council's wish to provide assistance to households in most need, the intention is to adjust the eligibility criteria for 2010-11 as follows:
 - The Council will not fund any applications from customers who are eligible for the government's warm front scheme (www.warmfront.co.uk).
 - The Council will fund the provision of cavity wall and loft insulation to a published maximum with the householder paying the difference. This is in order to 'stretch' the available funds to enable the Council to assist as many households as possible.
 - To enable low income households who may be in fuel poverty but who are not in receipt of qualifying benefits to access the energy scheme, it is proposed that the Council would fund the whole amount in the first instance and will repay the outstanding amount to the Council in instalments.
67. Eaga was selected as the Council's preferred partner during 2009. They were chosen under the LHC framework.
68. Officers are currently entering into discussions, again using the LHC framework, in order to enhance the value for money aspects of the energy scheme for 2010-11.

Finance	x	Customer Services	
Human Resources		Equality and Diversity	x
Legal	x	No significant implications in this area	

COMMENTS OF THE ASSISTANT CHIEF EXECUTIVE (POLICY AND PERFORMANCE)

69. The key focus of this policy to ensure we continue to improve the decency of private sector housing across the Borough. In line with the Council's Equality Scheme, the policy will be subject to an Equality Impact Assessment and all reasonable endeavours will be made to ensure to none of the Council's seven equality strands will be disadvantaged.

COMMENTS OF THE ASSISTANT CHIEF EXECUTIVE (BUSINESS TRANSFORMATION)

70. There are no immediate financial implications associated with this report. The aim of the proposed policy is to better prioritise the resources that the Council has available at its disposal and this is something that would be a step forward for the Council.

COMMENTS OF THE CORPORATE DIRECTOR (GOVERNANCE)

71. There are no legal issues with the content of this report on the understanding that the Grants awarded to residents are compliant with the terms of the funding provided to the Council.

LESLEY-ANN FENTON

ASSISTANT CHIEF EXECUTIVE (POLICY AND PERFORMANCE)

There are no background papers to this report.

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Martin Sample	5704		Private Sector Housing Assistance Policy