

REPORT FOR DECISION



DECISION OF:	Cabinet
DATE:	11 June 2014
SUBJECT:	Adoption of Private Sector Housing Renewal Assistance Policy 2014
REPORT FROM:	Councillor Rishi Shori, Deputy Leader and Cabinet Member for Health and Well Being
CONTACT OFFICER:	Sharon Hanbury, Head of Urban Renewal
TYPE OF DECISION:	Key Decision
FREEDOM OF INFORMATION/STATUS:	This paper is within the public domain
SUMMARY:	<p>This report deals with the revision of the Councils Private Sector Housing Renewal Assistance Policy.</p> <p>It proposes new powers to enable the Council to supplement mandatory Disabled Facilities Grants (DFGs) with discretionary grants and loans in certain circumstances and provides for other minor amendments to the Policy in response to on-going financial constraints within Local Government since the Policy was last updated in 2009.</p>
OPTIONS & RECOMMENDED OPTION	<p>Option 1 That the proposals to revise the Private Sector Housing Renewal Assistance Policy 2014 are adopted.</p> <p>Option 2 That the proposals are not accepted.</p>

	<p>Option 1 is recommended for approval</p> <p>Reasons Approval and adoption of the Policy will :</p> <ul style="list-style-type: none"> • Add value to existing mandatory Disabled Facilities Grant (DFG) provisions and support the Council's wider welfare obligations. • Introduce streamlined processes and flexibilities for customers requiring adaptations. • In exceptional cases, it will help customers who need expensive adaptations above the mandatory DFG level of £30,000 in a prudent and proportionate way. • Maintain the Council's commitment to addressing poor housing conditions whilst operating within a more restrictive financial environment.
IMPLICATIONS:	
Corporate Aims/Policy Framework:	Do the proposals accord with the Policy Framework? Yes
Statement by the S151 Officer: Financial Implications and Risk Considerations:	The proposed revisions to the Policy reflect, amongst other things, the need for the Council to manage and prioritise demand with considerably reduced resource levels.
Statement by Executive Director of Resources:	There are no other direct resource implications.
Equality/Diversity implications:	Yes (see paragraph 2.7.1 below)
Considered by Monitoring Officer:	Yes As part of the risk management considerations, the legal issues are set out in the report at Paragraph 2.6. Legal advice has been given on the revisions to the proposed Policy.
Wards Affected:	All Wards affected
Scrutiny Interest:	None

TRACKING/PROCESS

DIRECTOR:

Chief Executive/ Strategic Leadership Team	Cabinet Member/Chair	Ward Members	Partners
n/a	30.5.14	n/a	n/a

Scrutiny Committee	Committee	Council	
n/a			

1.0 BACKGROUND

- 1.1 The Council's Private Sector Housing Renewal Assistance Policy was first adopted in 2003 following the introduction of the Regulatory Reform (Housing Assistance) (England and Wales) Order 2002. This Policy has been updated twice since then in 2006 and 2009 and has provided for financial assistance, usually in the form of grants, to supplement mandatory Disabled Facility Grant (DFG) provisions and also address poor housing conditions in the private sector through:
- Decent Homes Assistance to help owner-occupiers deal with housing conditions that impact on their health and to meet the decent homes standard,
 - Houses in Multiple Occupation Grants and Landlord Accreditation Grants to support engagement with private sector landlords and help ensure private tenants are provided with safe accommodation,
 - Empty Property Grants to reduce blight and maximise use of existing housing.
- 1.2 The Policy is an important document as it sets the framework within which the Council's powers to provide assistance can be exercised.

2.0 ISSUES

2.1 Reductions in funding availability

- 2.1.1 The proposed new Policy reflects the changed financial position faced by Bury and other local authorities which mean that the Council cannot deliver the full range of financial assistance options as before and thus needs to manage expectations and focus more on improved advice, information and other mechanisms to address poor housing conditions in private sector housing.
- 2.1.2 The revised forms of financial assistance proposed in the Policy reflect the need to provide discretionary financial support and increased flexibility around the mandatory DFG provisions to meet adaptation needs.

2.2 Summary of main changes

- 2.2.1 The new 2014 Policy is included at Appendix A. The main changes to the existing 2009 Policy are as follows:
- Removal of non funded specific forms of financial assistance specifically the Decent Homes Assistance for owner occupiers, assistance to landlords and empty property grants
 - Increased emphasis on the provision of advice and support for dealing with unsatisfactory private sector housing in addition to retaining the commitment to meeting statutory housing duties

- The introduction of more flexible forms of financial support to supplement existing provisions for mandatory grants

2.2.2 The specific forms of discretionary financial assistance for adaptations in the proposed Policy are:

- *Disabled Adaptation Grants*
A new streamlined form of assistance for eligible, mandatory works costing between £1000 and £5000; avoiding customers having to navigate the bureaucratic nationally prescribed mandatory DFG process and bringing about efficiencies in the process for the Council.
- *Major Adaptation Loan*
The ability to offer an equity based loan to cover the cost of eligible works that would normally fall within the scope of a mandatory DFG but where the mandatory DFG limit of £30,000 is exceeded. Loans represent a more prudent form of assistance to achieve the desired outcome and (except for in particular exceptional circumstances) would be repayable by customers upon sale of the property.
- *Relocation Assistance*
This is directed at customers who need adaptations and qualify for a mandatory DFG but where adapting their current home is impractical or where moving to an adapted or readily adaptable house is more cost effective. This is a modest amount of assistance of up to £2500 to assist with moving expenses. This will help to ensure that their assessed needs are met and in a cost effective way.
- *Discretionary Disabled Facilities Grant (notional allowance)*
This addresses those customers who need an adaptation and qualify for a mandatory DFG but who also want the work completing to a higher specification than that set by the Council. In these cases, the Council's contribution would be restricted to the value of the basic work required to meet the assessed needs of the customer. The Council would not incur any additional costs but the applicant would be able to exercise greater choice as long as the applicant funded the cost of any work over and above the basic standard from their own resources.
- *Discretionary Disabled Facilities Grant (top up)*
There are exceptional cases where the severity of the disability coupled with the circumstances of the household exceeds the provisions of existing legislation. The proposed policy therefore allows a degree of discretion in such cases to offer discretionary DFG top up grants. As with all DFGs, applications will be subject to financial assessment and must demonstrate a clear social care benefit. In addition, the new policy tightens up grant conditions and lengthens the repayment period. The full amount of the grant would be repayable up to the 6th anniversary of the award with a reducing proportion repayable for up to 20 years.

2.3 Details relating to the Major Adaptation Loan

2.3.1 The loan will become repayable on the sale of the property and is therefore particularly suited to people who are asset rich but cash poor.

2.3.2 Whilst the proposed Policy does not set out how loans will be delivered, it is proposed to use the AGMA loan framework which offers support to the householder throughout the loan process with advice, preparation of the legal charge and valuations and liaison with the Council as we will still provide funding for the loan. This is the most appropriate delivery mechanism given the constraints on expertise and capacity within the Council to deliver such a product. The cost of administering each loan will be approximately £2000 to cover fees, valuations, etc and this will be added to the value of the loan.

2.4 Transitional Arrangements

2.4.1 It is proposed that the new Policy will come into force on 30th June 2014. Any grant or other assistance approved on or after the 30th June 2014 will be subject to the new Policy. Existing grants which have grant conditions which are still in force will be dealt with under the provisions of the 2009 Policy until the condition period expires.

2.4.2 Empty Property Grant applications received prior to 31st March 2015 will continue to be dealt with under the provisions of the 2009 Policy subject to resources and agreed budgets. Any Empty Property Grant applications received on the 31st March 2015 or after will not be approved. This is to cover empty property grants provided through currently available capital for empty property grants.

2.5 Financial Implications

2.5.1 The new and revised forms of discretionary financial assistance within the proposed Policy will be financed through Government funding. This currently comes via the Department for Communities and Local Government although from 2015/16, adaptations funding needs to be built into the Better Care Fund.

2.5.2 The table below indicates the budget, total expenditure on DFGs and expenditure on discretionary DFGs under the existing Policy over the last 2/3 years and amounts/projections for this year and next year.

Year	Budget (from DCLG and slippage) £	Total expenditure on mandatory and discretionary DFGs, £	Expenditure on discretionary DFGs under current Policy, £
2012/13	1.0m	570k	20k
2013/14	1.1m	780k	8.5k
2014/15	952k (subject to slippage approval)	<i>Projected</i> 900k	Currently one approval of 3.5k
2015/16	781k (in Better Care Fund)	Projections not yet available	Projections not yet available

2.5.3 The proposed Policy is not expected to lead to any net increases in expenditure of DFGs, nor have any significant financial implications for the following reasons:

- The Disabled Adaptation Grants for adaptations under £5000 will have no net impact upon the expenditure as it is simply a mechanism for delivering what would currently be classed and delivered as a mandatory DFG.
- The Discretionary Disabled Facilities Grant (notional allowance) will also have no net impact as the amount of assistance is limited to what would be provided through a mandatory DFG.
- The Major Adaptation Loans and the Discretionary DFG (top up) replaces the Discretionary DFG top up provision in the current Policy. As indicated, the current and proposed mechanisms for topping up above the £30,000 mandatory grant level are only available in exceptional circumstances. Levels of expenditure have been low and the proposed changes are not expected to increase costs. In fact, the changes will tighten conditions and repayment provisions and could produce a small increase in the amount of repayments. Such income would then be available to be recycled into future adaptations.
- The Relocation Assistance will only apply in few cases where the overall costs of providing the relocation assistance and a DFG to a new property are lower than a DFG for the existing property.
- The transitional arrangements in relation to Empty Property Grants will be funded by agreed slippage from historical capital programmes.

2.6 Risk Management

2.6.1 By complying with the legal requirements of the 2002 Order, the risk of challenge to the new Policy is low. The provisions continue to deliver the Council's obligations whilst recognising the changing financial position and the responsibilities of property owners. There would be a greater counter risk of raising public expectations if the Council did not amend policy and practice in respect of the financial assistance that can be made available.

2.6.2 Change to the Policy will not, in itself, increase the amount of funding required although it is recognised that people with complex disabilities are living longer and this is likely to translate into increased demand. The Council also needs to be mindful that the source of funding from Government is set to change with DFGs competing with health and social care projects for money from the Better Care Fund. These risks are being managed by effective engagement in the Better Care Fund planning process, effective budgetary control and ensuring building works are directly related to needs.

2.6.3 There is a small risk that some loans may not be repaid in the event of a major collapse in the housing market but, given the extended period of time involved, fluctuations in the housing market will mitigate this risk.

2.7 Equality and Diversity

2.7.1 An Equality Analysis has been carried out and attached to this report. It has identified an overall positive effect on equality particularly in relation to disability, age and caring responsibilities. A small potential negative impact is mitigated by a proportionate approach to grant condition periods and safeguards built in in respect of the loan product.

2.8 Consultation

2.9.1 Informal consultation has taken place with disability related groups by way of the Bury Coalition for Independent Living and with customers who have received a service and assistance under the 2009 Policy. The consultation results generally indicate that the proposed new forms of assistance are welcomed. There was a concern in relation to Relocation Assistance that householders should not be compelled to move house and this has been acknowledged in the relevant part of the Policy document.

2.9.2 Once the Policy has been adopted it is a legislative requirement to give public notice of the adoption of the Policy. This will be in the form of advertising in local press and the usual customer communication channels.

2.9.3 A copy of the full Policy must also be available to be freely examined at all reasonable times by members of the public and a summary of the Policy made available.

3.0 CONCLUSION

3.1 It is important that the Council has a robust and sustainable Private Sector Housing Renewal Assistance Policy that reflects current circumstances and properly protects public investment. Option 1 achieves this objective and Cabinet are requested to approve the new policy.

3.2 The proposals bring a number of benefits in terms of:

- Increasing the range of support available to enable the Council to deliver its statutory DFG and wider welfare obligations. It gives the customer more flexibility in the packages of support available whilst protecting the Council's interests by extending and strengthening conditions attached to funding.
- Streamlining processes for adaptations under £5000 thereby reducing bureaucracy and increasing efficiency and delivery timescales.
- Removing forms of assistance which are no longer affordable for the Council, whilst maintaining a commitment to delivering improvements to private sector properties and helping people to remain at home safely.

3.3 The impact of the new policy will be kept under review to ensure that the desired outcomes are achieved within available resources.

List of Background Papers:-

Appendix A - Private Sector Housing Renewal Assistance Policy 2014

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