

Cabinet

5 February 2009



Durham Private Sector Housing Renewal Financial Assistance Policy Key Decision CORP/LGR/11/08

Report of Ian Thompson, Corporate Director, Regeneration and Economic Development Cabinet Portfolio Member for Economic Regeneration - Cllr Neil Foster

Purpose of the Report

- 1 This report introduces and explains the purpose and content of the 'Durham Private Sector Housing Renewal Financial Assistance Policy'; a copy of the proposed policy is attached at Appendix 3.

Background

- 2 In 2002 The Regulatory Reform Order (RRO) repealed much of the existing prescriptive legislation governing the provision of grants and replaced it with a more general power for Councils to provide assistance in any form to any person to help them adapt, improve or acquire accommodation. The RRO seeks to reduce the dependency on grant aid by introducing equity release products and loan funding, alongside the issuing of grants and at the same time giving Councils the freedom to recycle their funds. This therefore meant that local authorities had to revise their existing Private Sector Housing Renewal Financial Assistance Policies to incorporate these changes brought about by the RRO.
- 3 Both the North East Regional Housing Strategy and the Durham Sub-Regional Housing Strategy highlighted the importance of local authorities using the freedoms available under the RRO to introduce Private Sector Housing Renewal Financial Assistance Policies that promote loans as well as grants in order to make effective use of available resources and maximise the number of property improvements through public sector intervention.
- 4 The North East Housing Board is committed to moving away from grants to a system of loans, (with grants only provided to those most in need) and have funded the ongoing development of a Regional Loans Scheme (RLS) to support this. It is proposed that the scheme will be operational from April 2010 and is intended to be the conduit for SHIP 3 investment in existing

private sector housing stock across the region. Key to the operation of the RLS is a 'North East Private Sector Housing Renewal Financial Assistance Policy', which all sub-regional Financial Assistance Policies should align themselves with. This Policy will take Durham to the forefront of this development, and allow Durham to operate on an equal footing alongside the other sub regions as this regional scheme becomes operational.

Current Position

- 5 Officers from across the sub region have contributed to the development of this Policy, alongside the Project Manager for the RLS. The Policy contains identical types of finance assistance, eligibility criteria and conditions to that of the 'North East Private Sector Housing Renewal Financial Assistance Policy', however the policy has been tailored to link with local strategies and priorities, and specifically allows Durham to determine the geographical availability of financial assistance such as 'Area Based Assistance' used to achieve 'Block Improvement' or 'Facelift Schemes'.
- 6 The fundamental basis of the proposed policy is to offer practical assistance and advice for those who have their own financial resources or are able to access finance themselves and subject to available funding provide financial assistance for those who do not have their own resources or are unable to access finance in any way themselves, or in some circumstances where works are not financially viable. The proposed policy includes a range of flexible loan products and grants for those who are unable to make repayments and for those who have insufficient equity to benefit from equity based products. The grant assistance will be repayable to the Council at the time that the Client sells their home, or upon their death, should the value of their home or their personal circumstances have improved to enable them to repay. The Policy includes a range of ways in which Clients can be exempt from repaying grant assistance should they be placed in undue hardship as a result of repayment. A key principle of the Policy is the flexibility to tailor financial assistance to an individual's financial circumstances, and where appropriate to use the services of an Independent Financial Advisor to make sure that any assistance provided is right for the Client, and that the Council is lending, or grant assisting in a responsible way.
- 7 As implementation gets underway, further development work will be undertaken alongside the RLS to ensure that the financial assistance types contained within the policy meet the needs of all residents, including those who wish to borrow in accordance with financially sensitive cultural beliefs or faiths.

- 8 The types of financial assistance that are contained within the proposed policy are those that will improve and maintain healthy living conditions within the existing housing stock, specifically to support individuals and neighbourhoods. The 3 key objectives of the policy are:-
- a) To improve and maintain healthy living conditions within private sector housing, specifically helping homeowners on limited incomes to repair, improve or adapt their properties and so facilitate independent living;
 - b) To contribute to the regeneration of areas suffering from market vulnerability, and to tackle poor housing conditions in areas where these may contribute to neighbourhood decline;
 - b) To encourage owners to undertake works that will make their homes more energy efficient and to reduce the number of people affected by fuel poverty.
- 9 Consultation on the policy has been carried out with a variety of key stakeholders and residents across the County. Consultation will continue throughout the implementation and delivery of the policy.
- 10 The contact details outlined on page 29 of the policy are incomplete. This is due to the timescales surrounding the development of the structures within the housing service. The policy will be updated prior to 1st April 2009 with this information.
- 11 A risk assessment has been carried out and is attached at Appendix 2.

Next Steps

- 12 The Durham Financial Assistance Policy Sub Group will continue to develop delivery procedures and practices in readiness for the establishment of the new County Council in April 2009. The group will continue to liaise with the NE Regional Loans Partnership Project Manager to ensure that Durham is well placed to participate in any regional initiative that will help to make positive and cost effective changes to the way in which the Policy is delivered.
- 13 An Equality Impact Assessment is in the process of being carried out in relation to the policy and may be subject to slight amendments.

Recommendations and Reasons

- 14 That the Durham Private Sector Housing Renewal Financial Assistance Policy be approved.
- 15 That the Head of Housing in consultation with the Portfolio Holder, has delegated authority to approve and amend any related procedures that are produced, which underpin the Durham Private Sector Housing Renewal Financial Assistance Policy.

Background Papers

Regulatory Reform (Housing Assistance) (England and Wales) Order 2002

Contact:	Glyn Hall	Tel: 01388 816166
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Appendix 1: Implications

Local Government Reorganisation

(Does the decision impact upon a future Unitary Council?)

Yes

Finance

Costs contained within existing budgets.

Staffing

Accounted for in LGR staffing proposals for Housing Service.

Equality and Diversity

Equality and Diversity Impact assessment currently being undertaken.

Accommodation

None

Crime and Disorder

None

Sustainability

None

Human Rights

Compliant with legislation.

Localities and Rurality

Available County-wide, subject to available funds.

Young People

None

Consultation

Consultation with staff, partner organisations and service users undertaken.

Health

Positive impact on health.

Appendix 2: Risk Assessment for Key Decision

Risk Description	Potential Impact	Treatment (if not already in place, state implementation date)	Risk Owner
Policy Related Risks:			
<p>Failing to approve the Policy may adversely impact on the Council's CPA result (an excellent CPA result will require the Council to have one comprehensive Financial Assistance Policy that will meet the needs of the whole Unitary Authority area) and will have a negative affect on the reputation of the Council.</p>	<p>A negative CPA result will reflect poorly on the Council; to Central Government, Stakeholders and to Service Users, and may have a detrimental affect on the availability of future funding.</p>	<p>The approval of this Policy is required to avoid the negative impact of the risk.</p>	<p>Glyn Hall</p>
<p>The Financial Assistance Policy is one of the key tools used by the Council to achieve the objectives of the Durham Housing Strategy. Failing to implement a comprehensive Financial Assistance Policy will compromise the ability of the Unitary Authority to achieve the objectives of the Durham Housing Strategy, and related Corporate Objectives.</p>	<p>Failing to achieve housing strategy objectives will have a detrimental affect on the sustainability of communities, and may lead to increased demand for reactive Council services. It may also adversely affect reputation, and access to future funding.</p>	<p>The approval of this Policy is required to avoid the negative impact of the risk.</p>	<p>Glyn Hall</p>

Risk Description	Potential Impact	Treatment (if not already in place, state implementation date)	Risk Owner
Financial Risks:			
The Policy has been endorsed by the North East Housing Board; failure to implement the Policy may result in negative funding advice from the NEHB to Central Government in relation to the Council.	Denied access to funding, the Council will be unable to achieve strategic housing related objectives, and unable to provide financial assistance to those in need. Existing budgets would be put under pressure to cover staffing costs previously funded through NEHB allocation.	The approval of this Policy is required to avoid the negative impact of the risk.	Glyn Hall
The Policy recommends a move from solely Grant Assistance to a mixture of Loan and Grant and Assistance. Not implementing the Policy would result in failure to maximise value-for-money opportunities.	Continuing to provide financial assistance based solely on Grant Assistance goes against guidance from Central Government, fails to take advantage of the ability to recycle funds where possible, and is unsustainable in the long term.	The approval of this Policy is required to avoid the negative impact of the risk.	Glyn Hall
Should the Policy be approved, the authority will be in a position to work in a joined-up manner with other authorities in the Region with similar Policies, and to benefit from efficiencies through joint procurement of any required services.	Such opportunities will be lost should the Policy not be implemented.	The approval of this Policy is required to avoid the negative impact of the risk.	Glyn Hall
Failure to approve the Policy within the proposed timescale.	The proposed timescale will allow the authority to work in a joined up manner with other authorities in the Region and to carry out joint procurement that will allow the Policy to be implemented in the most cost effective manner. Such opportunity will be lost should the Policy not be implemented within the proposed timescale.	The approval of this Policy is required to avoid the negative impact of the risk.	Glyn Hall

Risk Description	Potential Impact	Treatment (if not already in place, state implementation date)	Risk Owner
Risks associated with Policy Implementation following Approval:			
Resistance to change by staff.	It is possible that some staff may find operating within the proposed Policy more taxing than previous Grant based policies employed within the District Councils; this has been experienced elsewhere following implementation of a similar Policy approach.	Staff will be provided with support and training to ensure that they are equipped and confident in operating within the terms of the proposed Policy.	Glyn Hall
Failure to meet Service Users expectations.	There is a culture of expectation of Grant Assistance from the Council within communities. The Policy is responding to Government guidance that the Council should encourage homeowners to be responsible for their own homes. Homeowners may not wish to take up the loan assistance available, homes may not be improved, having a detrimental affect on communities and other investment, and the health of vulnerable people may be adversely affected. In addition the Council may not be able to spend the NEHB allocation for housing assistance, jeopardising access to future funding.	The Council will benefit from guidance and expertise from the NE Regional Loans Partnership (of which it is a member) that will be used to give homeowners confidence and to help to encourage take up. A communication plan will be prepared to market the availability of assistance amongst target groups where appropriate. In addition, slow take up, followed by increased demand as homeowners adversity to loan assistance decreases over time is expected to occur, the Partnership will raise awareness with funders to ensure that the effect on commitment to change and future funding is minimised.	Glyn Hall