

# Item 7

KEY DECISION

REPORT TO CABINET

13<sup>th</sup> July 2006

REPORT OF DIRECTOR OF  
NEIGHBOURHOOD SERVICES AND  
THE HEAD OF STRATEGY AND  
REGENERATION

## Portfolio Housing

### Private Sector Housing Capital Programme and the Single Housing Investment Programme Round 2

#### 1. SUMMARY

- 1.1 The Borough has a number of areas of older terraced private sector housing, which are showing signs of housing market failure. These areas face the issues of low demand and obsolete housing; unbalanced tenure pattern with high levels of privately rented properties, poor quality housing and environment often compounded by high levels of anti social behaviour.
- 1.2 The Council has identified within the Housing Strategy, Community Strategy, and Neighbourhood Renewal Strategy its key priorities for interventions at Ferryhill Station, Dean Bank, Ferryhill and the western part of Chilton. The Master Plans for these will form the basis for strategic regeneration interventions in these communities.
- 1.3 The Borough has an aging population with high levels of long term ill health and disability; there is a need therefore to develop interventions that support vulnerable households in their homes. Developing a balanced private sector housing capital programme between meeting the needs of vulnerable households and strategic interventions will be essential over the coming years to address the Council's community outcomes. The Private Sector Capital Programme 2006/7 must address these competing demands.
- 1.4 This report provides information on the outturn of the Private Sector Capital Programme 2005/6. The report sets out the result of the Single Housing Investment Programme Round 2 (SHIP2) bid, sets a capital programme for 2006/7 taking account of the bid outcome and resources allocated from the Council's Major Regeneration Capital programme. The Private Sector Capital Programme will require a change in focus due to recent changes in legislation and policy around disrepair and decent homes in the private sector, these matters are detailed in the report.

#### 2. RECOMMENDATIONS

1. That the Private Sector Housing Capital Programme 2006/7 is approved.

### **3.1 Private Sector Housing Capital Programme 2005/6**

3.1 The Borough has a number of areas of older terraced private sector housing, which is showing signs of housing market failure. These areas face the issues of low demand and obsolete housing; unbalanced tenure pattern with high levels of privately rented properties, poor quality housing and environment often compounded by high levels anti social behaviour.

3.1.2 The Council has identified within the Housing Strategy, Community Strategy, and Neighbourhood Renewal Strategy its key priorities for interventions at Ferryhill Station, Dean Bank, Ferryhill and the western part of Chilton. The Master Plans for these areas will form the basis for strategic regeneration interventions in these communities.

3.1.3 The Borough has an aging population with high levels of long term ill health and disability; there is a need therefore to develop interventions that support vulnerable households in their homes. Developing a balanced private sector housing capital programme between meeting the needs of vulnerable households and strategic interventions will be essential over the coming years to address the Council's community outcomes. The Private Sector Housing Capital Programme 2006/7 must address these competing demands and the approach to this is set out later in this report.

3.1.4 The Capital programme 2005/6 was made up of funding from the following sources:-

- Mandatory Disabled Facilities Grant (DFG) – awarded on a formulaic basis by the Government annually and ring fenced for this use only.
- SHIP Safety Net – awarded by the RHB on a formulaic basis following changes to the Housing Investment (HIP) over the two years 2004/5 – 2005/6. The funding is used for one off grants to assist vulnerable groups to repair and/or adapt their homes. The Council retains flexibility as to how the resources are used.
- SHIP Discretionary (Coalfields) - awarded by the RHB to support the priorities identified in the Regional Housing Strategy (RHS). The Council worked through the DCHRP to attract significant resources in to County Durham with Sedgefield Borough receiving £900,000 over the two years 2004/5 – 2005/6.

3.1.5 The Private Sector Capital Programme 2005/6 was £1,668,000 with an outturn of £1,663,000 which is a variation of 0.3% and within accepted limits. Table 1 overleaf provides a more detailed breakdown of the performance against the budget.

**Table 1** Private Sector Capital Programme 2005/6 Outturn

<b>Budget Head</b>	<b>Budget (£'s)</b>	<b>Outturn (£'s)</b>
<b>Safety net SHIP</b>		
Disabled Facilities Grant	326,000	320,000
Fast track Adaptation Grants	200,000	157,000
Repair Grants	492,000	536,000
<b>Total</b>	<b>1,018,000</b>	<b>1,013,000</b>
<b>Discretionary SHIP Coalfield</b>		
Strategic interventions inc. masterplanning, Group Repair Schemes, site assembly etc.	650,000	650,000
<b>Total</b>	<b>1,668,000</b>	<b>1,663,000</b>

### **3.2 Developing the Private Sector Housing Capital Programme 2006/7**

3.2.1 The Private Sector Housing Capital will be made up of two broad elements assisting vulnerable households and strategic interventions. The funding for these elements of the programme come from a number of sources including regionally allocated funding, nationally awarded support for Disabled Facilities Grants (DFG) and the Council's own resources.

3.2.2 The Council made two bids to the Regional Housing Board for financial support for its programmes through the Single Housing Investment Programme Round 2 (SHIP 2) 2006/7 -2007/8. A bid was made jointly as part of the Durham Coalfield Housing Renewal Partnership and the other bid as a Council in its own right. Both bids were assessed against criteria established by the Regional Housing Board within the Regional Housing Strategy (RHS), the priorities included Decent Homes in the private sector, DFGs, energy efficiency and partnership based strategic interventions. The Council was awarded the resources set out in Table 2 below through the SHIP 2 Programme.

Table 2 Resources awarded to Sedgefield Borough Council through SHIP 2

<b>SHIP Bids</b>	<b>2006/7 (£'s)</b>	<b>2007/8 (£'s)</b>
Sedgefield Borough "Vulnerable Households" bid	800,000	850,000
Durham Coalfields Housing Renewal Partnership Bid	396,000	566,000
<b>Total</b>	<b>1,196,000</b>	<b>1,416,000</b>

3.2.3 There is a need to re focus our private sector intervention on the elements of the successful bids made as part of the SHIP2 round and the priorities of the RHS (set out in Appendix 2). This refocusing of activity also coincides with changes in the national policy and statutory framework for private sector housing. This includes the replacement of the unfitness standard for housing with the Housing Health and Hazard Rating System (HHSRS) from the 6<sup>th</sup> April 2006. This new statutory standard for housing focuses on the risk of harm to the occupiers of a property from a particular disrepair item. Clearly the assistance provided to vulnerable households in the private sector needs to take account of this change.

3.2.4 The Public Service Agreement 7 (PSA 7) which deals with decent homes has been amended to place a focus on providing decent homes for vulnerable households in the private sector. The RHS has adopted a target for delivery decent homes for vulnerable households in the private sector up to 2020/21 (Appendix 2 sets out the definition of a vulnerable household). The number of vulnerable households in Sedgefield Borough is estimated as 6,205, of which 3,698 are estimated as living in decent homes or 54.8%. Table 3 below sets out the RHS target and the number of households that must be supported in achieving decent homes in Sedgefield Borough if we are to converge with this Regional Target.

Table 3 Decent Homes Target

Year	2006/7	2010	2020/21	Total
Regional Housing Strategy Target % of vulnerable households living in decent private sector homes	65%	70%	75%	-
Numbers of vulnerable households that require works to their homes to meet the decency standard in SBC to meet the target.	335	311	310	956

The Council would have to assist 956 households into decent homes by 2020/21, if the Council wishes to meet the RHS target. However the Council would wish to strive to ensure all vulnerable households have the opportunity to live in a Decent Home. Further reports will be presented on the progress against the target and the options to stretch the targets set by the RHS.

- 3.2.4 The other priorities with the SHIP 2 bids focus on the support provided to vulnerable house holds, through the following:-
- Disabled Facilities Grants,
  - Support for the Age Concern Handyvan,
  - Energy Efficiency,
  - Support for the Integrated Teams for Vulnerable Adults,
  - Continuing support for the Strategic Private Sector interventions in our priority communities.

3.2.5 The Council was awarded Specified Capital Grant to support its DFG programme of £240,000. This represents support of 60% for the programme, a bid was made

as part of the SHIP 2 bid funding and support for the remaining 40% awarded. This allows the Council to increase its support to programmes focused on assisting vulnerable households.

3.2.6 The Council has commenced some early intervention work with in the priority communities of Dean Bank, Ferryhill Station and Chilton West. A bid has been made to the Major Regeneration Capital Fund of £1.6m that along with the resources awarded through SHIP 2 will allow these interventions to be completed and interventions developed further within the context of the Master Plan for these communities. This work will include Group Repair Schemes, property acquisition both voluntary and by compulsory purchase, relocation assistance for residents affected by clearance etc

### 3.3 **Private Sector Housing Capital Programme 2006/7**

3.3.1 The factors described above have been used to develop a balanced Private Sector Housing Capital Programme that increases resources available to deliver interventions for vulnerable households and allocates resources to continue strategic interventions within the priority communities.

3.3.2 The Private Sector Housing Capital Programme 2006/7 is set out in Table 4 below. The delivery of the programme is linked to developing the staffing capacity to deliver it which is subject to a separate report and may necessitate some adjustments to the programme to take account of the timescales to recruit the staffing team. The programme is in two elements; initiatives to support vulnerable households and a strategic interventions element. The part of the programme that has a strategic focus (with the exception of Eden Terrace Group Repair Scheme (GRS), which has already been subject to an earlier report) will be subject to separate reports to Cabinet linked to the delivery of master plan.

<b>Private Sector Capital Programme 2006/7</b>	<b>2006/7 (£'s)</b>
<b>Vulnerable Households</b>	
Disabled Facilities Grants	500,000
Fasts Track Adaptations	152,000
Decent Homes for Vulnerable Households	450,000
Urgent HHSRS works	150,000
Energy Efficiency works	100,000
Support for Handyvan Scheme	48,000
Contingencies	36,000
<b>Total</b>	<b>1,436,000</b>
<b>Strategic Interventions</b>	
	<b>2006/7 (£'s)</b>
Eden Terrace GRS	425,000
Haig Street Ferryhill Station (Evens) GRS*	250,000
Relocation Assistance including statutory allowances	300,000
Property Acquisition	350,000
Other works to be agreed as part of the Master Plans	675,000
<b>Total</b>	<b>2,000,000</b>

\* Cost in year one of a two year scheme to be split over 2006/7 & 2007/8 total costs to be determined when project is surveyed.

3.3.3 A report will be presented to Cabinet on the implementation of a proposed solution in relation the Rows area of Ferryhill Station, as the first deliverable project as a result of the Master Plan work. The Rows solution can be delivered more quickly than the other programmes due to the earlier selective clearance of some terraces, high level of voids and consolidation of significant levels of ownership in the remaining terraces with a single Registered Social Landlord.

#### 4. **RESOURCE IMPLICATIONS**

4.1 There are no other resource implications than those detailed in this report.

#### 5. **CONSULTATIONS**

5.1 The Borough Council has carried out extensive consultations with communities through the Master Planning exercise for Dean Bank, Ferryhill Station and Chilton West on future intervention in these areas. Consultation on the vulnerable households element of the programme has been undertaken with the Home Improvement Agency Steering Group.

#### 6. **OTHER MATERIAL CONSIDERATIONS**

6.1 The Community Strategy Outcomes include a Borough with Strong Communities where residents can access a good choice of high quality housing. The Council's ambitions, mirror the Community Strategy outcomes and are articulated through the Corporate Plan and the Medium Term Financial Plan. Our ambitions include delivering a Borough with Strong Communities with good quality affordable housing in safe neighbourhoods. The Private Sector Housing Capital Programme plays a direct role in the delivery of these ambitions.

##### Risk Management

The Council's management procedure will be applied to the Private Sector Capital programme elements.

##### Health & Safety

"No additional implications have been identified".

##### Equality & Diversity

The Council duties in terms of promoting equality and diversity have been taken account of in this report.

##### Legal & Constitutional

"No new implications have been identified".

#### 7. **OVERVIEW AND SCRUTINY IMPLICATIONS**

7.1 None

#### 8. **LIST OF APPENDICES**

8.1 Appendix 1 Regional Housing Strategy objectives.  
Appendix 2 – Definition of Vulnerable Households PSA 7

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**Wards:**                                      **All**

**Key Decision Validation:**

**The Private Sector Housing Capital Programme will:**

Result in the Council incurring expenditure, or making savings of £100,000 or above

**Background Papers:**

[List other reports, publications documents and papers referred to in the preparation of the report. Include previous reports to Cabinet on the subject of the report.]

Regional Housing Strategy 2005  
SHIP 2 Bids Vulnerable Households and Strategic Interventions  
Private Sector Capital Programme 2005/6 Report to Cabinet

**Examination by Statutory Officers**

	<b>Yes</b>	<b>Not Applicable</b>
1. The report has been examined by the Councils Head of the Paid Service or his representative	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. The content has been examined by the Councils S.151 Officer or his representative	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3. The content has been examined by the Council's Monitoring Officer or his representative	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4. The report has been approved by Management Team	<input checked="" type="checkbox"/>	<input type="checkbox"/>

## Appendix 1

To **rejuvenate the housing stock** to meet 21<sup>st</sup> Century aspirations, replacing market failure with high quality housing in the right locations to help create successful, cohesive and sustainable communities.

To ensure the **type and mix of new housing provides choice**, supports economic growth and meets housing needs and demand. This will reflect the diversity of urban and rural communities and the needs for affordable, family and prestige housing.

To secure the **improvement and maintenance of existing housing** so that it meets required standards, investing in sustainable neighbourhoods.

To promote good management and targeted housing investment to address **specific community and social needs**, including an ageing population and the needs of minority communities; this will be integrated with the Supporting People programme and promote greater community involvement.



## **Appendix 2 – Definition of Vulnerable Households PSA 7**

Vulnerable groups which should be targeted for assistance are those who may be particularly at risk of suffering health and safety problems as a result of poor housing conditions in situations where they do not have the resources or support to undertake remedial action themselves.

Such key groups which local authorities and others will wish to consider as priorities are:

- Families with children (as incorporated into the revised target);
- Households of older people beyond working age;
- Those suffering for long term illness and disability.

For the purposes of measuring this target this group are identified as those who are in receipt of one or more of the principal income related or disability benefits. For the purposes of establishing the national 2001 baseline the benefits taken into account were: income support, housing benefit, council tax benefit, disabled persons tax credit, income based job seekers allowance, working families tax credit, attendance allowance, disability living allowance, industrial injuries, disablement benefit, and war disablement pension.

Benefits and eligibility criteria may change year on year, impacting on the number of households classified as vulnerable. Where this happens, some of the change in the proportion of vulnerable households in decent private sector homes may result from the impact of benefit changes rather than a change in housing conditions.

Since 2001 changes to the tax credits used to establish the baseline have been introduced which have necessitated changes to the list of benefits used to determine vulnerability:

- households in receipt of pension credit are defined as vulnerable; households in receipt of either working tax credit which includes a disability element, or child tax credit, will be defined as vulnerable if they have a relevant income of less than £14,200 (this limit is irrelevant if they receive other eligible benefits);
- working families tax credit and disabled persons tax credit have been removed from the list.

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