



**Chester-le-Street**  
District Council

**Report to:** Council

**Date of Meeting:** 29 November 2007

**Report from:** Head of Planning and Environmental Health

**Title of Report:** Review of The Private Sector Housing Renewal Policy

**Agenda Item Number:**

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## 1. PURPOSE AND SUMMARY

- 1.1 To review the Council's Private Sector Housing Renewal Policy which was agreed by Council on 24th November 2005 and amended by Council on 27th July 2006 when Working Tax Credit was included as an additional qualifying benefit for Discretionary Repairs Assistance (DRA).
- 1.2 This review has been carried out having regard to Paragraph 7.0 (Policy Review) of the Private Sector Housing Renewal Policy in particular to ascertain:
- (i) Value for money being achieved.
  - (ii) The Policy's effect in reducing the number of vulnerable households living in non-decent private sector housing by the use of repairs assistance.
  - (iii) The Policy's current and potential contribution to regeneration in the district.
  - (iv) Whether financial assistance should be made available to the private rented sector.

- (v) How the Policy can be made more effective having regard to current and future available finance.
- 1.3 This report was approved by Executive on 1st October 2007 and it is now recommended that Council also approve the review of the Private Sector Renewal Policy and agree the recommendations below:
- (i) That further capital funding bids for the financial years 2008/9 and 2009/10 are made to the Capital Working Group in order to meet the Government's target of 70% vulnerable households living in decent homes by 2010.
  - (ii) Approve the amendment to the Waiting List system as detailed in Paragraph 5.4 below.
  - (iii) Remove Security Grants from the Policy.
  - (iv) Agree that the existing mechanisms for policy review as well as performance standards and monitoring be continued.
  - (v) Authorise officers to participate in the development of the Regional Loans Scheme which will be the subject of a future report to Members.

## **2. CONSULTATION**

- 2.1 Consultation has been undertaken with key Council officers, relevant partners and stakeholders including the Council's Home Improvement Agency, Durham County Council Social Services, the Primary Care Trust and the Citizens Advice Bureau.

## **3. CORPORATE PLAN AND PRIORITIES**

- 3.1 The Private Sector Housing Renewal Policy clearly links into the Corporate Plan within the context of the Council's Housing Strategy and its overall obligations as a Housing Authority. It will contribute to the delivery of Priority 4 "Regenerating the District" within the Corporate Plan as well as illustrating the Council's multi-disciplined approach to improving the quality of life for private sector residents within the Council's district. In addition the Policy is essential in order to achieve the Government's target of making 70% of its non-decent homes occupied by vulnerable residents meet the Decent Homes Standard by 2010 (see 4.2).
- 3.2 There is a need to monitor and review the Private Sector Housing Renewal Policy. The drivers for the review are founded on the Council's obligations to deliver sustainable communities, provide support to vulnerable households and ensure that residents within the Council's

district have the opportunity to live in decent homes thereby promoting social cohesion, well being and self dependence.

#### **4. IMPLICATIONS**

##### **4.1 Financial Implications and Value for Money Statement**

A bid of £500,000 was made this financial year to the Capital Working Group for Discretionary Repairs Assistance. This was not included in the schemes prioritised for inclusion in the 2007/8 capital programme, pending the review of the Private Sector Housing Renewal Policy. Funding for the capital programme is dependent on capital receipts and schemes included in the approved programme are only released when capital resources are in place to support them, and this is totally dependent on asset sales. If the Council is to achieve its decent homes target it is essential that sufficient capital funds are made available. Such funding will be cross referenced with any successful SHIP 3 bid as an additional source of funding towards achieving the Council's decent homes target.

The capital budget for home repair and renovation grants has consistently been spent in recent years and over the past 5 years 279 vulnerable households have been made decent at an initial average cost of £5075/home. Since DRA was introduced this has increased to an average cost of £8500/home which reflects the change in the grant regime to repairs assistance, an increase in building costs and more work being needed to meet the decent homes standard. SHIP spending currently allows for up to £10,000/home to be spent on repairs and improvements in order to achieve the decent homes standard although average costs are approximately £7000 per property. The schemes are broadly comparable in cost and as such appear to offer reasonable value for money.

The review identified that the standard of some properties may have been improved to the Decent Homes Standard via the award of a Council COSY grant. These grants are primarily aimed at improving the thermal efficiency of private housing to assist the Council meet its obligations under the Home Energy Conservation Act 1995. However, where a property is non-decent by virtue of thermal efficiency alone it is possible the works carried out under the scheme may make it decent. Initial investigations indicate that this only occurs in a small number of cases. The COSY scheme administration will be modified to ensure this information is captured.

#### 4.2 Legal

The Private Sector Housing Renewal Policy is a requirement of the Regulatory Reform (Housing Assistance) Order 2002 which requires that a policy is produced and publicised in the prescribed manner. It is also a requirement that the Policy is subject to regular review, the nature and frequency of which will depend on various factors. One of the most important factors is the need to ensure that the Renewal Policy is meeting that part of Public Service Agreement (PSA) 7 which requires 70% of vulnerable households in the Council's district live in decent accommodation by 2010.

#### 4.3 Personnel

There are no immediate personnel implications arising from this report. This may change if a Regional Loans Scheme for vulnerable households who require repairs and improvements is implemented by April 2009 in which case staff training issues in the new loan procedures will have to be addressed. Any future staff implications will be reported to Members as appropriate as will details of the proposed Regional Loans Scheme.

#### 4.4 Other Services

This review will continue to impact on other services as follows:

- (i) Finance Section – payments, fees, pay back of financial resources resulting from breach of conditions and disposal of property.
- (ii) Legal Services – land searches and land charges.
- (iii) Regeneration – functions currently being delivered such as housing strategy and the Landlords' Accreditation Scheme.
- (iv) Home Improvement Agency – processing of applications for discretionary repairs assistance.

The extent of the above impact will be low and will not represent an increase in the workload for other services.

#### 4.5 Diversity

The Private Sector Housing Policy and its review will continue to provide a key source of assistance for vulnerable people and households particularly in the private owner occupied sector by improving housing conditions. It will ensure that vulnerable members of our community are properly signposted so as to benefit from all available assistance. Such action will in turn help to create more sustainable communities. This amended policy will be the subject of a Diversity Impact Assessment

within the next 3 months. Any significant findings will be reported separately.

#### 4.6 Risk

There are a number of risks associated with failing to implement the recommendations identified as a result of this review. Foremost would be the Council's failure to meet the PSA 7 target to achieve 70% of vulnerable households living in decent homes by 2010. Further, significant Council capital and revenue resources are tied up in tackling private sector housing conditions. Failure to effectively target these resources would leave vulnerable residents without effective interventions which in turn may attract criticism from the Audit Commission following any future inspection of the Council's housing service.

#### 4.7 Crime and Disorder

The current Private Sector Housing Renewal Policy provides a strategic framework for assessing financial assistance for a range of crime prevention measures aimed at vulnerable households. However to date these provisions have never been utilised and Members will be asked to remove security grants from the Policy and reconsider them as part of a future review should a suitable scheme be developed.

#### 4.8 Data Quality

Every care has been taken in the development of this report to ensure that the information and data used in its preparation are accurate, timely consistent and comprehensive. The Council's Data Quality Policy has been fully complied with in producing this report.

#### 4.9 Other Implications

This review will provide the strategic framework which will allow executive decisions to be taken. Specific details are contained within the following section.

### **5. BACKGROUND, POSITION STATEMENT AND OPTION APPRAISAL**

5.1 The main purpose of the Council's Private Sector Housing Renewal Policy is to target financial assistance effectively in order to reduce the number of vulnerable households living in non-decent private sector owner-occupied housing and thereby meet the Council's PSA 7 target of achieving 70% vulnerable households living in decent homes by 2010. A vulnerable household is defined as one in receipt of at least one of the principal means tested or disability related benefits and is designed to include the

elderly, long term sick, disabled and families with children who do not have the necessary resources to carry out repairs and improvements to their homes.

5.2 In order to measure the effectiveness of the Policy the number of vulnerable households already made decent must be compared with the number of vulnerable households remaining to be made decent in order to meet the above PSA 7 target by 2010 and to identify if this target will be met. For this purpose the figures used in this report are taken from the Building Research Establishment's (BRE) 2007 report which uses "predictive modelling" to provide estimates of housing conditions in the Council's district which are felt to be more up to date than the information currently available from the 2003 Private Sector Stock Condition Survey (PSSCS). Members should note that it is intended to carry out an update of the PSSCS in 2007 and once completed a full report will be submitted to the Executive. The BRE report shows that Chester-le-Street has the lowest number of non-decent homes in the region.

5.3 Tables One to Three summarise the situation in the District.

Table One illustrates the progress to date via both SHIP funding and the Council's DRA scheme and demonstrates an additional 124 homes will need to be made decent by 2010 if the Council is to achieve the PSA 7 target. This figure is based on the full commitment of SHIP 2 funding.

**Table One**

Non Decent homes made decent (Vulnerable households)		Outstanding non-decent homes (Vulnerable households) 2007/8
SHIP 1-2	DRA	
196	279	124

Table Two indicates the possible impact SHIP 3 funding may have on the figure. This assumes funding of £500 000 and an average award of £7000 per property. This figure is an estimate as the bid has yet to be finalised. Additionally, the figures assume that all awards will target vulnerable households. Historically between 70% and 100% of the awards have been allocated to vulnerable households dependant on the area in question. It must also be remembered that SHIP funding is only targeted to areas in the District included as part of the Coalfield Regeneration Programme, whilst non-decency is "pepper potted" throughout the District.

**Table Two**

Outstanding non-decent homes (Vulnerable households)	Predicted non-decent homes made decent via SHIP 3	Outstanding non-decent homes (post SHIP 3)
124	71	53

Table Three illustrates the capital required to meet the predicted shortfall of 53 households to meet the PSA 7 target by 2010 assuming a successful bid for and full commitment of £500 000 SHIP 3 monies.

**Table Three**

Outstanding non-decent homes post SHIP 3	Average DRA award per property	Total capital required
53	£8500	£450500

5.4 This Review also needs to consider how effectively the Waiting List System is working in practice. The waiting list is a points based enquiry system which takes into account a number of factors in order to target resources to those most in need by awarding such applicants the greatest number of points. The system is simple and effective and works well in practice. The main disadvantage is that anyone can apply to go on the list which reduces the effectiveness of targeting and creates a situation where the list includes a significant number of applicants who have no realistic chance of receiving financial assistance. Accordingly Members will be asked to agree changes to the points system as follows:

- (i) At least 90 points needed to be accepted onto the list and no yearly waiting time points to be awarded. This will have the effect of reducing the waiting list from a total of 193 applicants to 106 which will allow the remaining applicants to have a more realistic chance of receiving financial assistance.
- (ii) Have the option to change the minimum number of points needed to stay on the waiting list on a yearly basis having regard to the numbers on the waiting list and the financial resources available.

Officers are of the opinion that the current policy of not awarding points for specific wards within the Council's district should be continued because at present there is no indication to target funds on a geographical basis. This of course may change pending the findings of the next private sector house condition survey, the results and

recommendations of which will be reported to Members in due course. In the meantime applicants who fail to be accepted onto the waiting list will be signposted to other possible sources of funding such as other types of loans from commercial lenders, charitable funding, equity release, Warm Front and Handyvan schemes etc.

- 5.5 The Housing Act 2004 gives the Council wide ranging enforcement and licensing powers to provide a key source of assistance to vulnerable people in the private rented sector which only forms a small part of the total private stock (3.5%) within the Council's district. Consequently it is not thought necessary to make financial assistance available to privately rented properties and to continue to target owner occupiers only.
- 5.6 As part of this review Members also need to be made aware of the proposed Regional Loans Scheme for North East Local Authorities which if implemented will be included as part of any future review of the Private Sector Renewal Policy. This has come about because currently insufficient resources are being allocated to achieving the government's PSA 7 target of 70% vulnerable households living in decent private sector homes by 2010 as well as moving away from grants to loans in order to encourage home owners to take responsibility for the maintenance of their own homes which in turn will allow local authorities to target resources to those most in need. The idea is to develop a common regional approach to the provision of a range of loan products by utilising a mix of the authority's own funding and that of their Regional Housing Board. The development of this scheme will be the subject of a future report to Members.
- 5.7 The key outcome of this review is the reduction of vulnerable households living in non-decent private sector housing. To ensure that this is being achieved, effective performance standards and monitoring are essential. The mechanisms for these are already in place within the existing Policy and no changes are required.

## **6. RECOMMENDATIONS**

- 6.1 This report was approved by Executive on 1st October 2007 and it is now recommended that Council also approve the review of the Private Sector Housing Renewal Policy and agree the recommendations below:
- (i) That further capital funding bids for the financial years 2008/9 and 2009/10 are made to the Capital Working Group in order to meet



the Council's target of 70% vulnerable households living in decent homes by 2010.

- (ii) Approve the amendment to the Waiting List System as detailed in Paragraph 5.4 above.
- (iii) Remove Security Grants from the Policy but agree to reconsider them as part of a future review if an appropriate scheme is developed.
- (iv) Agree that the existing mechanisms for policy review as well as performance standards and monitoring be continued.
- (v) Authorise officers to participate in the development of the Regional Loans Scheme which will be the subject of a future report to Members.

## **7. BACKGROUND PAPERS / DOCUMENTS REFERRED TO**

- 7.1 The Private Sector Housing Renewal Policy.  
The BRE Report. Durham Sub Region. Housing Stock Projections.  
The Draft Proposal for a Regional Loans Scheme.

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