



**POLICY AND RESOURCES SCRUTINY COMMITTEE –
1ST OCTOBER 2013**

**SUBJECT: PRIVATE SECTOR HOUSING RENEWAL STRATEGY – HOME
IMPROVEMENT GRANTS**

REPORT BY: INTERIM CHIEF EXECUTIVE

1. PURPOSE OF REPORT

- 1.1 To ask Members to consider undertaking a formal review of the Authority's Private Sector Housing Renewal Strategy and to recommend to Cabinet that a moratorium in respect of Home Improvement Grants be implemented until such time as a revised Private Sector Housing Renewal Strategy is formally adopted.

2. SUMMARY

- 2.1 This report outlines the current operation of the Authority's Private Sector Housing Renewal Strategy and, in light of a changing economic climate, asks Members to consider the implementation of a formal review. The report highlights potential difficulties that may be encountered when introducing a revised Private Sector Housing Renewal Strategy as a result of year-end financial commitments. Members are also requested to consider implementing a moratorium in respect of Home Improvement Grants outside designated Renewal Areas and in cases where there is no substantial risk to health and safety, whilst a revised Private Sector Housing Renewal Strategy is being prepared.

3. LINKS TO STRATEGY

- 3.1 The Caerphilly County Borough Council Private Sector Housing Renewal Strategy is the strategic document upon which this Authority's private sector housing activities are based. This Strategy also forms an integral part of the Authority's overall Local Housing Strategy.

4. THE REPORT

- 4.1 In July 2002, by way of a Regulatory Reform Order, the Government introduced significant changes in relation to Private Sector Housing Renewal by repealing much of the legislation that related to housing grants and replacing it with a wide-ranging power which allowed local authorities to provide assistance for Private Sector Renewal in any form. The Order placed a statutory obligation on Local Authorities to produce and implement a Private Sector Housing Renewal Strategy. It affords Local Authorities the power to provide assistance in any form, although Authorities must be satisfied that their published strategy is deliverable. This Authority duly produced and formally implemented its Strategy on 30th June 2003.
- 4.2 Over the 10 years that the Private Sector Housing Renewal Strategy has now been operable it has had three formal reviews, one in 2005, one in 2008 and the most recent in 2011. Since

the original Strategy was introduced in 2003 Officers have monitored progress and deliverability against targets and scrutinised carefully the Strategy's ability to address the needs of those persons for whom it was originally developed to assist.

- 4.3 Generally the Strategy has operated extremely successfully to date. However, to ensure the Authority's future ambitions remain deliverable, both in terms of affordability and targeting, Officers feel that consideration must now be given to a complete review of the Strategy.
- 4.4 The original Strategy was formulated at a time when capital budgets were under significantly less pressure than today and the assistance currently on offer is becoming increasingly unaffordable. This is reflected in this Authority now being one of very few in Wales that continues to operate a Private Sector Renewal Strategy based primarily on grant aid. Also, new opportunities appear to be presenting themselves via the proposals contained within the current Housing White Paper and if, as is likely, an externally funded National Loan product should materialise, officers consider the Authority should be in a position to take full advantage of such an opportunity.
- 4.5 The current Strategy affords home owners in the private sector a variety of assistance, primarily in the form of grants or loans as follows:
- Mandatory Disabled Facilities Grants
 - Discretionary Disabled Facilities Grants
 - Home Improvement Grants
 - Conversion Grants
 - Minor Works Grants
 - HMO Grants
 - Property Appreciation Loans

Whilst it would be inappropriate to predict the outcome of any Strategy review, there will be certain products, such as Disabled Facilities grants, which would inevitably remain as their provision is mandatory. All other forms of assistance would, however, be subject to scrutiny in line with the overall needs of potential recipients and the financial constraints within which any revised Strategy would have to operate.

- 4.6 It should be noted, however, that any grant/loan regime creates a financial commitment at the financial year-end and the level of this commitment at 31st March 2014 would have a significant bearing on the effectiveness of any new Strategy. Should members be supportive of a Strategy review it is crucial that the financial commitment from the existing grant/loan regime at the end of the 2013/14 financial year is kept as low as possible to ensure that any revised Strategy would be affordable and deliverable at or near its point of introduction.
- 4.7 The year-end commitment could simply be reduced, by "managing down" the speed at which the whole grant/loan programme is delivered between now and 31st March 2014. However, as a "quick win" Officers are recommending that rather than slowing down the whole programme, Home Improvement Grants in respect of properties located outside designated Renewal Areas or where there is no significant risk to health and safety, be withdrawn until such time as any revised Strategy is introduced.
- 4.8 Of all the types of assistance outlined in 4.4 above, Home Improvement grants, whilst relatively small in number, are by far the most expensive (averaging just under £24,000 per grant), target the least vulnerable client groups and create the largest year-end financial commitment of all grant/loan types.
- 4.9 At the time of writing there is already a waiting list of Home Improvement grant applications valued at approximately £800,000, many of which will fall to be dealt with in the 2014/15 financial year. To consider any further applications would, therefore, substantially impede the introduction and delivery of a revised Strategy.

- 4.10 All other types of assistance would continue to be offered, including Minor Works Grants which target the most vulnerable client group, address essential and emergency repairs, and in all but the most complicated of cases are delivered fairly quickly. The removal of Home Improvement grants would, therefore, be of no threat to the most vulnerable persons/households in need of assistance.
- 4.11 Renewal Areas carry special status and are funded in the main by Welsh Government Specific Capital Grant. The Authority has 2 active Renewal Areas, at Llanbradach and Senghenydd. Llanbradach's Renewal Area status ends in April 2014 whilst the Renewal Area at Senghenydd will run until 2018. Both areas have (ongoing) planned refurbishment programmes that are often complemented by the use of individual Home Improvement grants.
- 4.12 Officers are recommending therefore that, should Members support a review, the use of Home Improvement grants within Renewal Areas should continue until a revised Strategy is introduced. Financial commitments generated by the use of Home Improvement grants within the Renewal Areas are, as stated above, funded by Capital grant and consequently would not place any pressure upon future Strategy development.
- 4.13 There are essentially 3 options for members to consider:
1. Continue to operate the existing Strategy.
 2. Continue to operate the existing Strategy whilst also undertaking a formal review.
 3. Operate the existing Strategy with a moratorium on Home Improvement grants as outlined in para 4.6 above, whilst also undertaking a formal review.

5. EQUALITIES IMPLICATIONS

- 5.1 An EIA screening has been completed in accordance with the Council's Strategic Equality Plan and supplementary guidance. No potential for unlawful discrimination and/or low level or minor negative impact has been identified, therefore a full EIA has not been carried out.

6. FINANCIAL IMPLICATIONS

- 6.1 There are no adverse financial implications as a result of the proposals outlined in the report. However, to continue awarding Home Improvement grants would create a financial position whereby any revised Strategy intended for introduction on 1st April 2014 could be substantially impeded.

7. PERSONNEL IMPLICATIONS

- 7.1 There are no personnel implications.

8. CONSULTATIONS

- 8.1 Any comments made by consultees have been incorporated within the report.

9. RECOMMENDATIONS

- 9.1 In consideration of the options outlined in paragraph 4.12 Officers consider that:
- Option 1 is now neither affordable nor deliverable.
 - Option 2 would significantly compromise the Authority's ability to implement a revised Strategy during the 2014/15 financial year

- Option 3 would afford the Authority the best opportunity for successfully implementing any revised Private Sector Housing Renewal Strategy and to also take advantage of any new opportunities presented via the impending Housing Bill.

It is, therefore, recommended that the existing Strategy be subject to a formal review and in the interim, except for Renewal Areas and cases where there is a significant risk to health and safety, no new enquiries for Home Improvement grants be considered until such time as a revised Private Sector Housing Renewal Strategy is formally adopted. Thereafter, Home Improvement grants will only be awarded if they subsequently form part of a set of policy tools within the revised Strategy.

10. REASONS FOR THE RECOMMENDATIONS

- 10.1 The original Private Sector Housing Renewal Strategy was formulated at a time when capital budgets were under significantly less pressure than today and the assistance currently on offer is becoming increasingly unaffordable. Officers no longer consider the existing Strategy to be affordable and deliverable.

11. STATUTORY POWER

- 11.1 The Housing Act 1985, the Local Government and Housing Act 1989, the Housing Grants, Construction and Regeneration etc. Act 1996. The Regulatory Reform (Housing Assistance) (England & Wales) Order 2002 places a statutory obligation on local authorities to produce and implement their own Private Sector Housing Renewal Strategies.

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Relevant Operational Staff within the Private Sector Housing Section