



## **CABINET – 26TH NOVEMBER 2014**

**SUBJECT: NATIONAL HOME IMPROVEMENT LOAN SCHEME**

**REPORT BY: ACTING DIRECTOR OF CORPORATE SERVICES AND SECTION 151 OFFICER**

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- 1.1 The attached report outlined a Welsh Government initiative that will afford local authorities the opportunity to take advantage of a new long-term loan scheme to fund interest-free Home Improvement Loans to private sector housing owners, and also outlined changes to the funding mechanism for the current “Homes Into Homes scheme”. The report sought the endorsement of Members prior to its presentation to Cabinet for determination and was considered by the Policy and Resources Scrutiny Committee on 11th November 2014.
  - 1.2 The report explained that the new initiative would come into effect in January 2015 and offer interest-free long term loans to Local Authorities to provide a source of capital funding for those Authorities who wished to offer Home Improvement Loans to qualifying house owners. The loan to Local Authorities will be for a maximum 15-year period with Authorities making staged repayments in years 13-15.
  - 1.3 Research undertaken on similar loan products suggests that the potential repayment default is around 5%, with it agreed by WG that this risk can be shared between themselves and participating Authorities, with WG committed to funding 50% of any shortfall up to a maximum of 2.5% of the overall loan made to the Authority.
  - 1.4 Members were reminded of the Private Sector Housing Renewal Policy presented to the Committee on 15th April 2014, which referenced the National Home Improvement Loans Scheme and outlined the opportunities for additional capital funding, and had been endorsed by the Committee. Officers also explained to Members the grant funded and loan funded elements of the initiative and further details of the loan repayment terms.
  - 1.5 The report also outlined funding changes to the Homes Into Homes scheme, with it explained that a further £10m has been made available by WG to support the initiative. However, this additional capital is only available by way of a loan from WG as opposed to WGs previous investment in the scheme that came regionally by way of a capital grant. Unlike the previous capital grant allocated to the region, future loan monies will be allocated to participating Authorities on an individual basis.
  - 1.6 Following consideration of the report, the Policy and Resources Scrutiny Committee unanimously recommended to Cabinet that for the reasons contained therein:-
    - (i) The Home Improvement Loan Scheme to form part of the Authority’s Private Sector Housing Renewal Policy (as outlined in Option 2 of the report) be adopted;
    - (ii) The Homes Into Homes Scheme continue to be operated, utilising both the capital grant funding element and also the loan funded element offered by Welsh Government (as outlined in Option B of the report).

1.7 Members are asked to consider the recommendations.

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Appendices:

Appendix 1: Report to Policy and Resources Scrutiny Committee on 11th November 2014 –  
Agenda Item 15