

BROMSGROVE DISTRICT COUNCIL

CABINET

5TH OCTOBER 2011

REVISION OF PRIVATE SECTOR HOUSING ASSISTANCE POLICY

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| Relevant Portfolio Holder | Councillor C.B. Taylor |
| Portfolio Holder Consulted | Yes |
| Relevant Head of Service | Head of Community Services |
| Wards Affected | All |
| Ward Councillor Consulted | N/A |
| Key Decision | |

1. SUMMARY OF PROPOSALS

- 1.1 When Members approved an updated version of the Council's Private Sector Housing Strategy in April 2011, they proposed a minor change to the Home Repair Assistance Policy relating to the award of Home Repair Assistance (HRA) Grants.
- 1.2 Members proposed that when a grant aided property is finally sold or transferred, the amount of grant awarded that then becomes repayable to the Council, should be index linked rather than being repayable based upon the original amount of grant awarded.
- 1.3 The report sets out reasons why the index linking of grant repayments would be impractical and makes recommendation that the original Home Repair Assistance Policy as presented to Members in the report of the 6th April be approved in its entirety, under which grant repayment would be the original amount awarded.

2. RECOMMENDATIONS

- 2.1 **That Members note the content of the report outlining the reasons why the previously proposed introduction of an index linked grant repayment policy would be inappropriate.**
- 2.2 **That the Home Repair Assistance Policy as set out at Appendix 1 of the report be approved for implementation under which grant repayment would be the original amount awarded.**

3. KEY ISSUES

Financial Implications

- 3.1 The budget available for Home Repair Assistance Grants is limited (£63,000 for 2011/12) and it is uncertain whether capital will be available to maintain the availability of grants in future years. Accordingly the potential loss of index linked increases upon HRA grants when repaid to the Council is of very limited scale and in circumstances of a declining property market could have a negative impact upon projected income. In the longer term, the recommended policy of clawing back whenever the property is sold is stronger than the Council's existing policy under which we only claw back grant if the property is sold within the first ten years. So there is a greater potential in the longer term to claw back a greater proportion of grant than under existing policy even if it is not index linked.

Legal Implications

- 3.2 As set out in the policy at Appendix 1, when a Home Repair Assistance Grant is given a charge is registered on the applicant's property to secure repayment of the grant. For the purposes of this report officers have investigated the implications associated with the proposed index linking of repayments. In particular whether it would be appropriate for the Council to impose this requirement on customers and what duties would apply in terms of ensuring that the customers received independent financial advice on the implications of what they would be agreeing to. It has been confirmed that following recent legislative changes local authorities are exempt from having to comply with the Financial Services Authority in this regard. However, as a matter of good practice officers are of the view that providing independent financial advice would be highly desirable as set out at para 3.7 below.. There would be significant risks attached to proceeding without this safeguard in place.

[The Senior Solicitor has been consulted regarding the legal implications in this report.]

Service / Operational Implications

- 3.3 In April 2011 Members approved an updated version of the Council's Private Sector Housing Strategy to reflect additional and improved housing

data that had become available since it was approved in April 2009, the current level of funding available and a more up to date action plan.

- 3.4 When considering the updated Strategy, Members were recommended to also approve a revised version of the Council's Private Sector Housing Assistance Policy to reflect the minor changes that had been identified as necessary to achieve uniformity of policy for the processing of Disabled Facility Grants and Home Repair Assistance across the six Worcestershire districts whose customers are now all served by the Worcestershire Care and Repair Service (Home Improvement Agency).
- 3.5 At the meeting, Members did not fully approve all elements of the policy that was recommended by officers. Members asked that when a property that has benefited from a Housing Repair Assistance Grant is sold, the repayment of grant (which is now to be effective whenever the property is sold or transferred) back to the Council should be index linked in preference to the repayment being based upon the original amount of grant awarded.
- 3.6 Members asked that the Strategic Housing Manager propose this revision to the Worcestershire Care and Repair Service and report back to Executive Cabinet upon the practicalities of introducing the index linking of grants when repayment becomes due.
- 3.7 The proposal has been considered in partnership with colleagues at the Care and Repair Service and BDC Senior Finance Officers. It is considered inappropriate to introduce the proposed index linking of HRA grant awarded for the following reasons:
- The uncertainty of what a client or their estate may have to repay is discouraging people in need of taking up assistance from doing so thus hampering the Council's efforts to improve and make safe the private sector housing stock.
 - Older and vulnerable applicants become concerned about the uncertainty of how much will have to be repaid and it is very time consuming for officers to explain.
 - The maximum grant offered is only £5,000 and prioritised to deal with emergency cases where there are significant hazards in the home or a major defect like a roof leaking or electrical installations in dangerous state.
 - Long term monitoring, valuation and calculation of an inflationary linked claw back would be resource intensive and incompatible and non cost effective to the potential additional amounts involved.

BROMSGROVE DISTRICT COUNCIL

CABINET

5TH OCTOBER 2011

- The budget available for HRA Grants is currently £63,000 amounting to approx 15 grants pa limited to emergency cases with Category 1 hazards. Future funding of HRA grants is uncertain and will likely be phased out.
- The recommended policy of clawing back the base amount alone has been developed by officers from 5 districts to provide a uniform approach that gives consistency for both customers across Worcestershire and the Care and Repair Officers who project manage the applications and works carried out.
- The loss to the Council of not index linking claw back payments could be potentially outweighed in the longer term by the ability under the recommended policy to claw back whenever in the future the property is sold, rather than under the existing policy that restricts claw back to within the first 10 years.
- It would be good practice to arrange independent financial advice for clients accepting an index linked repayment grant but the cost of this may be incompatible with the potential increased in the claw back of index linking.

3.8 THE PRIVATE SECTOR HOUSING ASSISTANCE POLICY

- 3.9 In the light of the information set out above it is considered to be inappropriate to index link repayments and therefore, members are recommended to approve the Housing Assistance Policy as originally proposed in my report to Executive Cabinet on the 6th April 2011 which is attached as Appendix 1 of this report. Under this policy the original amount of grant awarded would be repayable upon sale or transfer of the property improved.
- 3.10 The policy was formulated through extensive work carried out by an officer working group across the County in partnership with OT's and Care and Repair colleagues. The policy has been developed to provide maximum consistency with neighbouring authorities across the County in order to enhance the customer experience when accessing services through the Countywide Home Improvement Agency.

Customer / Equalities and Diversity Implications

- 3.11 Alterations to the Home Repair Assistance Policy have been introduced to gain uniformity across the six Worcestershire district authorities who refer DFG and Home Repair Assistance customers to the Worcestershire Care and Repair Service.

- 3.12 The actions set out within the document are designed to enhance the Council's response to the identified housing needs of the community and to improve the quality, standard and accessibility of housing services provided.
- 3.13 The existing policy recommended by members back in April 2011 whereby grant redemptions are to be index linked is causing concern to prospective grant applicants who are being put off accepting a grant due to the uncertainty with the amount that they will have to pay back when their dwelling is sold, some of whom are older and vulnerable clients with significant hazards within their homes that require rectification.
- 3.14 The review and consultation process has been carried out in accordance with corporate equality and diversity policy and where appropriate, housing services undergo impact assessment.
- 3.15 The strategy and policy had been developed following the consultation events carried out with partners and stakeholders.

4. RISK MANAGEMENT

- 4.1 The main risks associated with the details included in this report are:
- The ability to retain suitably qualified and experienced staff to implement the policy.
- 4.2 These risks are being managed as follows:
- Risk Register: Environment and Planning
Key Objective Ref No: 4 - Effective, efficient and legally compliant Housing Service
Key Objective: 4.1 - Monitor, manage and implement the recommendations from the Audit Commission Housing Inspection Report and Housing Strategy Action Plan.
- 4.3 Property index prices can be seen to reduce as well as increase which may impact on the proportion of the grant that could be redeemed.

5. APPENDICES

BROMSGROVE DISTRICT COUNCIL

CABINET

5TH OCTOBER 2011

5.1 Appendix 1 – Revised Private Sector Housing Assistance Policy

6. BACKGROUND PAPERS

6.1 Private Sector Housing Strategy 2011 - 2016
Private Sector Housing Policy
BRE Condition Survey

7. KEY AUTHOR OF REPORT

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