

# WIRRAL COUNCIL

## CABINET

13TH OCTOBER 2011

<b>SUBJECT:</b>	<b>PRIVATE SECTOR HOUSING AND REGENERATION ASSISTANCE POLICY 2011/12</b>
<b>WARD/S AFFECTED:</b>	<b>ALL</b>
<b>REPORT OF:</b>	<b>INTERIM DIRECTOR OF CORPORATE SERVICES</b>
<b>RESPONSIBLE PORTFOLIO HOLDER:</b>	<b>COUNCILLOR G DAVIES</b>
<b>KEY DECISION</b>	<b>NO</b>

### 1.0 EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to seek approval of the Council's revised Private Sector Housing and Regeneration Assistance Policy (referred to as "the Assistance Policy") following consultation. This Assistance Policy is provided using statutory powers. Any revisions approved will be implemented with immediate effect.
- 1.2 The main emphasis of the proposed changes is to refocus the policy and financial assistance products on completing housing clearance commitments begun through HMRI, to prioritise home repair for vulnerable people, empty homes and HMOs. This report also updates Cabinet on the current position with the Council's Equity Loan administrator and proposes to replace equity based loans with interest free charges administered in-house, following the expiration of the current contract extension period.

### 2.0 RECOMMENDATION/S

- 2.1 Cabinet agree the revised Private Sector Housing and Regeneration Assistance Policy as set out in this report and that it is implemented with immediate effect.

### 3.0 REASON/S FOR RECOMMENDATION/S

- 3.1 The current Private Sector Housing and Regeneration Assistance Policy has now been operative for over 12 months, having been approved by Cabinet in May 2010. Guidance recommends that the policy should be regularly monitored, reviewed and amended (if necessary) to take into account changes in local circumstances and government policy. A commitment has previously been given by Members to

review the policy on an annual basis and the revised policy has recently been the subject of a public consultation exercise.

- 3.2 The contract for ART Homes Ltd to act as the Council's loan administrator in relation to the provision of Equity Relocation Loans and Equity Loans for Renewal was due to cease on 31st March 2011. With the agreement with ART Homes Ltd, Liverpool City Council and Sefton Council, this was extended for a further 6 months. This extension period has now expired and it is proposed to replace equity based loans with interest free charges administered in-house. This action is proposed due to the anticipated reduction in the number of loans being approved into the future.
- 3.3 The proposed introduction of fee charges relating to assistance to support property repair work and the gradual repayment of existing loans over time will generate an income. Approval is needed to recycle this income to support future assistance provided through the Assistance Policy.

#### **4.0 BACKGROUND AND KEY ISSUES**

- 4.1 The Regulatory Reform (Housing Assistance) (England and Wales) Order 2002 (referred to as the RRO in this report) gave Local Authorities the power to provide assistance to improve living conditions in their area. This assistance can be provided in any form and can include such things as advice about property improvements and financial assistance in the form of grants and/or loans. This power cannot be used unless a policy for the provision of such assistance has been adopted. Once adopted, the policy should be monitored, reviewed and amended (if necessary) to take into account changes in local circumstances and government policy. In this way, the policy should evolve over time to meet the needs and aspirations of Wirral residents. Any significant changes should be subject to consultation prior to being adopted and the public should be notified about the revised policy. In addition to the RRO, Part 1 of the Local Government Act 2000 allows Local Authorities to give financial assistance to any person in order to promote the economic, social and environmental well being of an area. This power supports the use of products aimed at non-residential interests involved in regeneration activity connected with housing schemes. Related products involving non-housing interests are also included in Wirral's policy.
- 4.2 On 27th of May 2010, Cabinet agreed to adopt the current Assistance Policy which details a range of assistance to support property owners. This assistance has been used to benefit residents and property owners throughout the borough and particularly those involved in the former Housing Market Renewal Initiative programme.
- 4.3 The current Assistance Policy introduced a number of new forms of local assistance, including a new Business Movers Support Service, provided by Invest Wirral, a small Empty Property Grant to encourage owners of empty properties to bring them back into use, the ability to respond quickly to secure funding opportunities in relation to carbon reduction measures and a new House in Multiple Occupation Fire Safety Loan. In addition, some amendments were also introduced to improve various products already available in light of operational

experience. The current Assistance Policy can be viewed using the following internet link:

<http://www.wirral.gov.uk/my-services/housing/housing-strategies-policies-partnerships/housing-regeneration-assistance-policy>

- 4.4 With the exception of the Equity based Relocation and Renewal Loans and the services provided by the Wirral Home Improvement Agency and the Handy Person Service, the majority of the assistance provided is currently administered free of charge to the recipient. Administration charges are made in relation to both Equity Relocation and Renewal Loans and a flat rate charge of £300 is paid for Independent Financial Adviser (IFA). In addition, the Wirral Home Improvement Agency charges a fee for its services which covers both supervision and administration and the Handy Person service makes a small charge. Administration and IFA charges are rolled into any subsequent loan.
- 4.5 On the 21<sup>st</sup> July 2011 Cabinet agreed to undertake a consultation exercise in relation to proposed revisions to the Council's Assistance Policy. This report provides feedback on the completed consultation exercise and proposes that the revised policy be adopted.

## **5.0 CONSULTATION**

- 5.1 The revised policy was subject to public consultation via the Council's website, local press and bespoke leaflets distributed via the Council's One Stop Shops. Council staff were also invited to comment on the proposed changes. No comments were received from members of the public about the proposed revisions, however, one comment was received from a member of staff regarding adapting the Home Repair Assistance product to assist with the Council's Healthy Homes Initiative.
- 5.2 Currently, the Council makes available loan assistance to certain categories of low income homeowners to undertake essential emergency repairs using Home Repair Assistance (HRA). Eligibility criteria restricts the availability of the HRA assistance, however, it is available borough wide. The approved budget for HRA assistance from 2011/12 is £300K. The Council has also approved a budget of £105K in 11/12 to support the Healthy Homes Initiative. These resources are to be used to target vulnerable people living in substandard housing conditions. Applicants make contact directly or via our partner agencies, including Merseyside Fire and Rescue Service, Police, social care professionals, GPs and medical professionals, Children's Centres and other agencies who work with particularly vulnerable groups. In order to utilise the resources available for Healthy Homes in the most effective way, it has been suggested that the existing HRA product be extended to include eligible residents involved in the Healthy Homes Initiative. The £105K budget available would be ring fenced to the Healthy Homes Initiative and provide essential financial assistance to those in most need, utilising the existing paperwork and procedures already in use to process HRAs as well as continuing to finance Fire Safety Loans in high risk HMOs as required.

## **6.0 SUGGESTED AMENDMENTS TO THE EXISTING POLICY**

6.1 The draft revised policy can be viewed using the link in 4.3 above:

- Assistance for relocation (in connection with demolition schemes)
- Assistance for renovation
- Other (help for first time buyers, Handyperson Service, CAB advice etc)

6.2 The following table summarises the products/services currently available, the reasons why individual products should be retained or withdrawn and where changes have been made (if any).

### **ASSISTANCE FOR RELOCATION**

<b>Assistance Currently Provided</b>	<b>Summary</b>	<b>Should it be Retained?</b>	<b>Justification</b>
Equity Relocation Loan	£35,000 (up to £55,000 in certain circumstances) repayable gap funding loan	No, however, to be replaced with an interest free loan providing a similar level of financial support – see 6.4 below	Existing clearance area commitments resulting from the former HMRI programme provide a demand for gap funding assistance be retained. Numbers of new loans are to be limited to the resources available* New loan product provides a similar level of financial support to the Equity based loan.
Homeless. Loss and Disturbance Payments	Financial compensation for moving from an area to be demolished equivalent to statutory payments	Yes	Existing clearance area commitments resulting from the former HMRI programme. Any new payments to be limited to resources available* These payments are equivalent to the statutory payments that would be made if Compulsory Purchase action is undertaken
Wirral Business Relocation Loan	£35,000 (up to £45,000 repayable gap funding loan	Yes	Existing clearance area commitments resulting from the former HMRI programme. There is a remaining business interest.
Homemovers Service	Advisory service to help people move from demolition areas	Yes	Existing clearance area commitments resulting from the former HMRI programme. Staffing numbers have been reduced from 3 to 1 in 2011 to reflect the reduced activity/demand for this service*
<b>Assistance</b>	<b>Summary</b>	<b>Should it</b>	<b>Justification</b>

Currently Provided		be Retained?	
Independent Financial Advice	Financial advice for owner-occupiers moving from clearance areas	Yes	Existing clearance area commitments resulting from the HMRI programme. This service is integral with accessing the Equity Relocation Loan and provides an 'arms length' service independent of the Council. Limited new referrals envisaged. *
Relocation Grants	Up to £10,000 gap funding grant to be paid in addition to Equity Relocation Loan, if necessary	No	None approved to date. None envisaged. Gap funding will be provided by the Relocation loan product.
Business Movers Support	Advisory service to help non residential interests move from demolition areas	Yes	LA officers will continue to provide support to any remaining businesses involved in the remaining clearance schemes.
Relocation Rent Support	Rental gap funding grant to help non residential interests move from demolition areas. Parachute payment decreasing over 5 year period	Yes	Originally created to assist with the relocation of businesses from the Cavendish Enterprise Centre in Birkenhead. This will be retained as an option to assist the remaining businesses involved in HMRI clearance schemes.

\* can be funded by a combination of resources from the Community Fund and capital receipts/capital programme funding rolled over from 2010/11

## ASSISTANCE FOR RENOVATION

Assistance Provided	Summary	Should it be Retained?	Justification
Group Repair	Block repair grant for owner-occupiers (up to 100%, but normally 75% of cost of works) and landlords (75% of cost of works)	Yes	The Council has submitted a bid for resources from the Regional Growth Fund to undertake the 4 <sup>th</sup> and final phase of the Triangles Group Repair Scheme in Birkenhead
Wirral Neighbourhood Facelift Scheme	Block repair grant for owner-occupiers (up to 100%, but normally 75% of cost of works) and landlords (75% of cost of works). Wider scope of works than Group Repair	Yes	Scheme currently in progress in Paterson Street, Birkenhead. No new schemes envisaged at this moment in time. Ongoing scheme is fully resourced from a contribution of HMRI resources and contributions made by previous scheme participants
Equity Loans for Renewal	Up to £30,000 repayable loan available to renovate houses failing the statutory minimum standard	No, however, to be replaced with an interest free loan – see 6.4 below	Capital Programme makes provision for up to 3 new Loans in 2011/12, assuming the loans are for the maximum funding available.
Home Repair Assistance	Up to £6,000 interest free repayable loan to deal with small scale emergency works to protect the health and safety of the occupants	Yes	Capital Programme makes provision for a minimum of 50 new loans in 2011/12. Product to be expanded to support the Healthy Homes Initiative.

<b>Assistance Provided</b>	<b>Summary</b>	<b>Should it be Retained?</b>	<b>Justification</b>
Wirral Business Renewal Loan	Up to £30,000 repayable loan available to renovate business premises in connection with demolition schemes and Group Repair	Yes	A number of businesses remain in HMRI clearance schemes
Wirral Home Improvement Agency	A service to help vulnerable residents to repair, improve, maintain and adapt their house	Yes	To administer the statutory/mandatory DFG process. Commission work on behalf of older, vulnerable and disabled residence
Handy Person Service	Low cost advisory and repair service for the elderly, disabled and vulnerable	Yes	Carry out works and home safety assessments on behalf of PCT, Hospital Trust, DASS & CYPD to vulnerable, disabled and older people, which include minor adaptations and hospital discharge.
Disabled Facilities Grants	statutory mandatory grant is available to eligible disabled people to assist with adaptation works	Yes	This is a mandatory grant. The Council does not have any discretion to withdraw this grant
HMO Fire Safety Loan	Up to a £10,000 repayable loan to provide essential fire safety works in certain Houses in Multiple Occupation	Yes	Capital Programme makes provision for 10 Fire Safety Loans in 11/12

## OTHER ASSISTANCE

<b>Assistance Provided</b>	<b>Summary</b>	<b>Should it be Retained?</b>	<b>Justification</b>
Empty Property Assistance	Interest free loan up to £10,000 towards bringing back certain long term empty properties	No	Empty Property Loans were resource intensive to deliver and have been replaced with small empty property grants which should bring in five times more empty properties back in to use for the same expenditure.
HOUSED	Long term empty properties acquired and renovated by the Council and sold at a 10% discount to certain categories of buyers including low income first time buyers	Yes	A Round Two Regional Growth Fund bid has been submitted requesting resources to improve a number of units acquired in Central Birkenhead as part of the HOUSED scheme. It is proposed that the model will be adapted to reduce both the work extent completed and the officer time necessary to complete a sale
Empty Property Grant	Grant of £2000 towards the renovation costs needed to bring back into use empty long term properties	Yes	The Capital Programme makes provision for 60 Empty Property Grants in 2011/12.
Cosy Loans	Interest free repayable loan up to £2,000 to help households improve their energy efficiency. Can include the provision of renewables	Yes	Revolving loan pot carry over from 10/11. No additional resources to be added in 11/12

Assistance Provided	Summary	Should it be Retained?	Justification
Cosy Homes Heating	Grant assistance previously provided to residents in the old HMRI area and the New Brighton Healthy Homes area to improve energy efficiency and heating	Yes	Capital Programme makes provision for a minimum of 140 grants in 2011/13. Grants to be available Borough wide and for heating only to compliment other Warmer Wirral activity.
First Homes	Home buying advisory service for first time buyers. Includes a grant payment of up to £2,000 towards the costs associated with buying a house	No	Limited interest in this product. No provision made within the Capital Programme for 2011-13
Home Purchase Assistance Loan	Equity based repayable loan up to 30% of the value of the house to assist with a deposit towards a commercial mortgage	No	Not possible to implement as originally envisaged, following legal advice. Concept has been superseded by HomeBuy Direct and FirstBuy models for enabling home ownership
Debt and Housing Advice	Fast Track debt and housing advisory service provided by the CAB to residents of the former HMRI area	Yes, but with a more specific remit of preventing homelessness	This service is to be refocused on homelessness prevention and maintained by the use of Homelessness Grant.

Assistance Provided	Summary	Should it be Retained?	Justification
Assistance to support carbon reduction Initiatives	The ability to introduce financial assistance in order to secure external grant funding that may be available in connection with carbon reduction schemes	Yes	Supports the Council's objectives on Carbon Reduction. Any such new assistance will have to be resourced before any commitment is made.

- 6.3 All references to the Director of Regeneration and the Department of Regeneration throughout the policy document are to be replaced with the Interim Director of Corporate Services and the Department of Corporate Services, respectively.
- 6.4 Since the introduction of Equity Relocation and Renewal Loans for home owners Wirral Council and its former HMRI partners appointed ART Homes Ltd ("ART") to provide a loan administration service. Over time, this has resulted in 68 Loans being approved for Wirral residents to a value in excess of £1.7m. The original contract with ART provided value for money based on a minimum number of loans being referred each year. When the contract was originally let, financial resources were available to secure the turnover of loans required to ensure best value. The contract arrangements with ART expired at the end of September 2011. Following a period of uncertainty about the future of HMRI and its eventual demise and the unprecedented savings being made in local government and the public sector in general, predicting future workload and potential business value made it difficult to embark on procuring a loan provider beyond September 2011. Cabinet Members were made aware on the 21<sup>st</sup> July 2011 of a proposal to withdraw the provision of equity based products (previously provided by ART) and replace them with an interest free legal charge against the property. These replacement loan products would be administered in-house using existing staffing resources. The new loan products formed part of the consultation exercise.
- 6.5 Since the July Cabinet meeting, ART have announced that in response to the economic climate, cuts to public expenditure spending and the removal of ring fencing for private sector renewal they intend to manage down their business. Existing contracts will be honoured until they expire in March 2012, but no new business will be undertaken with a commitment beyond March 2012. This decision by ART, strengthens the case to withdraw from providing equity based loans to owner-occupiers and provide a replacement loan product, administered in-house.
- 6.6 In light of the savings being made in the public sector and the demise of both the HMRI and Regional Housing Pot as traditional sources of funding to support the delivery of the assistance policy, it is proposed to introduce a flat rate administration fee of £300 in connection with HRA Loan assistance. This charge

will be incorporated in the loan within the existing £6000 limit and will help towards meeting the revenue costs needed to ensure the delivery of these particular loans. In addition, it is proposed to introduce a similar flat rate fee in connection with any new interest free charges introduced to replace the existing equity loans for owner-occupiers.

- 6.7 On the 14<sup>th</sup> October 2010, Members agreed to a new policy on environmental responsibility in relation to support provided through the Assistance Policy. Both this policy and the supporting guidance were included as part of the consultation exercise. The policy on environmental responsibility and supporting guidance will be incorporated into the revised Assistance Policy.

## **7.0 RELEVANT RISKS**

- 7.1 Failure to reduce the range of assistance available runs the risk of raising expectations that cannot be met within both the staffing and financial resources that are available.
- 7.2 Even with a leaner assistance policy, financial resource restrictions may prevent the Council assisting all those requesting help. This may well put people who are least able to help themselves at risk in terms of their health and safety in and around their homes. Follow-up statutory enforcement action will be considered.

## **8.0 OTHER OPTIONS CONSIDERED**

- 8.1 The review and suggested revisions form part of a rolling annual review. The consultation exercise provides an opportunity to challenge existing provision and/or suggest new alternative assistance.

## **9.0 CONSULTATION**

- 9.1 The policy revisions set out in this report have been subject to public consultation via the Council's website, local press. A consultation leaflet summarising the proposed revisions was made available in the Councils One Stop Shops throughout the consultation period of 6 weeks. Comments were invited by the 19<sup>th</sup> September 2011.

## **10.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS**

- 10.1 None

## **11.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS**

- 11.1 Since the demise of both the Housing Market Renewal Initiative and the Regional Housing Pot the staffing provision in the Private Sector Housing Renewal and HMRI Delivery Team has been substantially reduced through a combination of voluntary severance and redeployment within the Housing Division. Revenue funding has been secured from the Community Fund and the Council's own resources to maintain the remaining staffing complement for 2011/12. It is considered that the remaining officers have both the skills and capacity necessary to deliver the proposed revised Assistance Policy utilising the capital resources available for 2011/12.

11.2 The expiration of the ART contract at the end of September 2011 will have implications for the ongoing management of the outstanding equity loan book, including any loan repayments. At the time of writing this report, the detailed implications are not yet known and I intend to report back to Members at a later stage when these details become clear.

11.3 No new IT investment is envisaged during 2011/12

11.4 Bringing long-term vacant property back into use can attract an additional unfunded grant under the New Homes Bonus, which match funds the additional Council Tax potential from increases in the effective housing stock, with an additional amount for affordable homes, for the following six years.

## **12.0 LEGAL IMPLICATIONS**

12.1 The policy is made in relation to housing stock under the powers of the Regulatory Reform (Housing Assistance) (England and Wales) Order 2002 and in relation to businesses under powers of the Local Government Act 2000

## **13.0 EQUALITIES IMPLICATIONS**

13.1 The revised assistance policy will help those members of society least able to afford to undertake improvements or move to alternative accommodation. In addition, it will assist private landlords to improve housing conditions for some of the most vulnerable members of society. The policy targets the majority of the assistance towards low income households. Those applicants deemed to have the ability to afford improvements or relocation by other means will be sign-posted accordingly.

13.2 An Equality Impact Assessment has previously been completed for the combined delivery of the clearance, refurbishment and new build schemes in line with Housing Market Renewal Programme and the Private Sector Housing and Regeneration Assistance Policy. A separate Equality Impact Assessment covering the Private Sector Housing and Regeneration Assistance Policy has now been undertaken.

## **14.0 CARBON REDUCTION IMPLICATIONS**

14.1 The introduction of a policy on environmental responsibility and supporting guidance will support Wirral Council's commitment to reduce Wirral's carbon footprint, which is a Corporate Priority in the Council's Corporate Plan.

## **15.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS**

15.1 None

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## APPENDICES

### REFERENCE MATERIAL

Background documents that relate to the New Homes Bonus can be viewed at <http://www.communities.gov.uk/housing/housingsupply/newhomesbonus/>

### SUBJECT HISTORY (last 3 years)

<b>Council Meeting</b>	<b>Date</b>
<b>Cabinet 'Private Sector Housing and Regeneration Assistance Policy'</b>	<b>27<sup>th</sup> May 2010</b>
<b>Cabinet 'environmental responsibility policy and guidelines in relation to Wirral's Private Sector Housing and Regeneration Assistance Policy'</b>	<b>14<sup>th</sup> October 2010</b>
<b>Cabinet 'Private Sector Housing and Regeneration Assistance Policy 2011/12</b>	<b>21<sup>st</sup> July 2011</b>