

FLINTSHIRE COUNTY COUNCIL

REPORT TO: HOUSING OVERVIEW & SCRUTINY COMMITTEE

DATE: WEDNESDAY, 23 JANUARY 2013

REPORT BY: DIRECTOR OF COMMUNITY SERVICES

SUBJECT: PRIVATE SECTOR HOUSING RENEWAL

1.00 PURPOSE OF REPORT

- 1.01 To provide an update to Members on delivery of the Housing Renewal Service and to seek support for continued delivery of the Renewal Area programme.
- 1.02 To bring forward proposals and seek Member support to alter the way in which disabled adaptations are provided in Council stock.

2.00 BACKGROUND

- 2.01 The Housing Renewal Service has continued to deliver its statutory responsibilities in respect of Disabled Facilities Grants and its other core functional areas. These include, Home Repair and Renovation Loans, Energy Efficiency Retrofit (which will be the subject of a separate Scrutiny Report) and the reoccupation of long term Empty Homes.
- 2.02 Loans for Repairs and Improvements**
- 2.03 Members approved a new loans based Private Sector Renewal and Improvement Policy in 2010, which aimed to ensure the sustainability of the Service in the long term. This is in line with current Welsh government thinking and a manifesto commitment to support affordable loans for homeowners.
- 2.04 The transition from Grant's to Loans in 2010 has resulted in a loan register to date of £768K (monies to be repaid to Flintshire Council). The aim of the arrangement is to have recyclable funding to support the provision of further home loans in future years and to safeguard this facility for some of the most vulnerable households in the County.
- 2.05 Demand for this assistance remains high, with 26 loans completed in Quarter 2 and a similar number forecast to be completed in Quarter 3. All capital monies for loans in 2012/13 have now been committed.
- 2.06 10 valid applications submitted after the new Policy was supported by

Cabinet in July 2012, but before the 1st October 2012 implementation date remain eligible under the old interest free system. These need to be progressed, but due to full commitment of the current years budget will now be completed early in the 2013/14 financial year.

2.07 During the transition from interest free to interest bearing and equity loans, a small budget of £50K has been made available to Street UK (the Council's loans administrator). The rationale for this is that it allows the Service to continue providing help and support during this period on a recyclable basis. Therefore, the cash flow generated by repayments should allow more people to be assisted during Quarter 4, despite no new capital monies being available.

2.08 Empty Homes activity and the Houses into Homes Scheme

2.09 Activity in this area continues to enjoy a high profile by Welsh government and a national target of 5000 homes returned to occupation during this term of government has been set. To assist in this endeavour, a £10M national revolving loans fund has been established and is being managed through 6 Regional Groups.

2.10 As Members may be aware, Flintshire Housing Renewal was asked to lead for the North Wales Region and to date has claimed for the Region £1,570,597 out of a total of £2,332,532. Flintshire's current claimed share of this resource is £526K, which is the highest claim across the region to date. This will provide loans for 22 units of accommodation across the County. Again, detailed information has proved vital in securing these resources.

2.11 The resources can only be claimed once a valid application is in place and the North Wales Region has been the most successful in making claims. Welsh government have stated that on this basis it is likely they will be able to release further resources to the Region before the end of the financial year from an under spending region. Flintshire alone now has an application waiting list totalling £360K, so any further resources would be welcomed.

2.12 Since the last update provided to Members the empty property database (built in-house) has now been established and is in use. It has given the Service the ability to easily contact the owners of all empty properties and begin work with them. Members may recall that the data previously held on empties indicated a figure in excess of 1100 vacant homes. However, through the data cleanse and subsequent discussion with property owners, the true figure is 406 as of the date this report was written. This will have a significant positive impact on the empty homes national performance indicator when it is reported for 12/13.

2.13 This enhanced data will allow the Council to more effectively target its resources going forward. It will also mean that capital through the

Houses into Homes Scheme and the Council's own resources (should there be sufficient budget) can be aligned with energy efficiency resources for maximum impact and the provision of more affordable housing in the County. This will become increasingly vital as we aim to support those individuals seeking homes who are impacted by Welfare benefit changes.

2.15 However, Housing Renewal has historically made £200K available annually through the capital programme to support empty homes. The draft budget for 2013/14 shows a £200K reduction for the service and therefore the Houses into Homes scheme is even more vital as without it supporting the reoccupation of empty homes would be a real challenge. This is a particular issue given other Service pressures such as the need to provide mandatory Disabled Facilities Grants (DFG's).

2.16 Neighbourhood Renewal Area

2.17 Since the last Service update, Housing Renewal have also been working to complete the first Phase of the Group Repair programme in Connah's Quay, Shotton and Queensferry.

2.18 Group Repair is the external refurbishment of a street of properties, typically a terrace and involves the repair or replacement of roofing, windows, doors, boundary walls etc. The Group Repair programme is funded via a 75% grant with a means tested contribution from the homeowner of up to 25%. Homeowners with little income or savings may qualify for a 100% grant.

2.19 Members were informed in the Quarter 2 performance report that the existing group repair contract came to an end in the summer of 2012. This allowed for a new contractor to be appointed. 8 Contractors were invited to tender, 7 were North Wales based and the 8th was drawn from an existing framework agreement to ensure the rates were comparable and competitive.

2.20 Following the tender period, 3 companies were invited to interview and one was chosen. Their appointment will be confirmed following financial checks which are taking slightly longer than usual.

2.21 Procurement have subsequently identified that the financial vetting took place using interim accounts submitted to Companies House. The contractor does not feel this is a fair reflection of their current financial status and is now submitting full accounts for procurement and finance to consider.

2.22 Given this contractors' level of experience and their very strong performance at interview stage, we have decided to allow them more time and for finance to reassess them once full and audited accounts have been submitted. A further update to Members will be provided

regarding any appointment once known.

- 2.23 The provisional budget for 2013/14 has reduced the match funding for Renewal Areas from £330K to £250K. In order to complete the outstanding commitments made for the second phase, which consists of 120 interested applicants to date, it will be necessary to make certain changes to the scheme.
- 2.24 In Phase 2 it is proposed that we do not offer the Home Improvement Loan in conjunction with the Group Repair Grant. The Home Improvement Loan was interest free and to a maximum of £5K. It was used by homeowners to address Category 1 Hazards within their homes and to replace old and defective kitchens and bathrooms. The proposed £80K reduction to this budget will no longer allow for this.
- 2.25 As part of the Councils commitment to ensuring that the most vulnerable can still access support for this work, referrals will be made to partner agencies such as Flintshire Care and Repair, who can utilise the Council supported Property Repair Fund, or the North Wales Energy Advice Centre who may be able to access support to address issues with central heating and other energy efficiency measures. They can also be considered for an interest bearing or equity loan through the arrangements with Street UK for the most serious hazards.
- 2.26 Further changes to the Scheme may be required depending upon the level of Specific Capital Grant for Renewal Areas awarded for 2013/14 and these will be discussed and agreed with Members at the earliest opportunity. A review of the governance arrangements for all Regeneration activity across Deeside is being undertaken by the Regeneration Service and the proposal is to utilise that new group as a consultative forum with Members and other key stakeholders
- 2.27 The partnership with Groundwork (an environmental social enterprise) around the delivery of small scale environmental improvements has continued successfully during 2012/13. The types of work currently being undertaken include planting schemes, rubbish clearing and restoration of benches and planters and the painting of railings. In order to manage the remaining budget the programme has been scaled back, to include more volunteers and from October 2012, the Service was reduced to 3 days per week from the previous 5 days. Volunteer hours are currently averaging at over 100 per month, thanks predominantly to the support from local schools
- 2.28 As a condition of continuing the contract, Groundwork was requested to provide an appointment through the Jobs Growth Wales Scheme. This Scheme is based upon the former Future Jobs Fund model, offering paid employment for 6 months to those who are long term unemployed and not accessing education or training. The person appointed is Flintshire based and has been a great asset to the

programme.

- 2.29 It is hoped to continue the partnership with Groundwork in 2013/14, given the employment and training opportunities, plus volunteer hours the programme provides. However, this will be very much dependant upon the final Specific Capital Grant settlement from Welsh government and the level of match funding that Flintshire can provide. The existing Service Level Agreement comes to an end on 31st March 2013.
- 2.30 In the first year of the programme in 2010 we were anticipating an annual spend of circa £1M in the Renewal Area, comprising of the Specific Capital Grant (SCG) and match funding of £330K. However the SCG has been reduced considerably and we only expect to receive £400K this year and the match funding has now been reduced to £250K. This will severely limit our ability to fulfil the original 10 year plan and prioritisation will be required through the new governance board, represented by Members and other key stakeholders.

3.00 CONSIDERATIONS

3.01 Disabled Facilities Grants

- 3.02 The provision of Disabled Facilities Grants is a statutory responsibility placed upon Council's by the Housing Grants, Construction and Regeneration Act 1996. This duty is tenure blind and anyone with a disability need assessed by an Occupational Therapist can therefore apply.
- 3.03 The system for providing disabled adaptations in Wales is currently complex. Owner Occupiers and Private Tenants make applications through the DFG process. However, Registered Social Landlord (RSL) tenants are provided with adaptations through the Physical Adaptations Grant (PAG) and there is an expectation that RSL's will top slice their Social Housing Grant (SHG) to fund these.
- 3.04 DFG applicants are means tested using a national system which examines both income and savings to determine whether an individual can afford to contribute towards their adaptation. Child applicants, under the age of 19 are excluded from the means test. The means test determines how much of a contribution is affordable to the applicant and therefore this level can be above the cost of the adaptation if significant income or savings are present. Where the assessed level of contribution is near to, or above the actual cost of the scheme, then advice is provided but a grant is not.
- 3.05 In terms of providing adaptations in Council properties, the picture across Wales is mixed. Those Council's who have transferred their housing stock no longer have responsibility for providing adaptations to former Council tenants. Those who have retained their stock deal

with adaptations in different ways. Some insist on utilising the DFG process for all Council house applicants. Others only use it for adaptations over a certain threshold e.g. £10K and many have stopped using the DFG process altogether believing it gives them more freedom to effectively manage their stock.

- 3.06 Given the need to reduce costs, particularly revenue costs, it is timely to consider whether utilising the DFG process for all Council house adaptations offers good value for money.
- 3.07 In 2011/12 we completed 155 DFG's in Council properties at a cost of circa £850K and the total value of contributions received for all these adaptations was £3,586.31. There were 7 withdrawn DFG's on the basis that the applicants failed the means test and therefore were required to fund the work themselves.
- 3.08 The process involved in approving a DFG application is complex. All DFG applicants are required to undergo a provisional means test over the phone to establish whether they are on a means tested benefit, which allows them to be passported through as a nil contribution.
- 3.09 Should the applicant need to undergo the full means test, applicants must provide details of all income and savings (including documentary evidence) and 12 months bank statements. Following on from that a member of Housing Renewal will visit to complete the application form, as it can be complex for older and vulnerable applicants.
- 3.10 The next stage in the process is that the work has to be scheduled and costed by the in-house team to provide a grant value. The grant can then be approved and the job forwarded to the in-house team for completion.
- 3.11 The cost of mileage for visiting and completing application forms during 2013/14 is estimated to be approximately £1,500. The other major cost of this process is staff time, with each of the 155 applicants personally visited.
- 3.12 If we assume that completion of each application takes an hour, including travelling time, this amounts to £2,233.45 in cost. The time taken for phone calls to undertake provisional means testing will add to this cost by a further £558.30, (based upon a 15 minute phone call). The Quantity Surveyor's input of 30 minutes per application also costs in the region of £1,610.45.
- 3.13 The result is a total cost of £5,901 in mileage and staff time or an average of £38 for each application processed. This is a very conservative estimate, as the circumstances surrounding each application will be different and often complex. These figures do not include the Occupational Therapists, Surveyors and Clerk of Works time, which would still be required going forward. On the basis of

these figures it would therefore not seem to offer good value for money to continue utilising the DFG process for all Council house applicants.

- 3.14 There would also be other advantages of moving away from the DFG regime in Council properties. The less bureaucratic system would provide equality for Council tenants with RSL tenants, who do not have to submit to a means test.
- 3.15 Provision of adaptations would be quicker, as there would be no need to wait for the completion of application forms and the means test. Council tenants would also no longer have to collate and provide documentary evidence as to their financial means. It is anticipated that this would speed up the process by up to 20 days and therefore have a positive impact on void turnaround times when a disabled tenant is identified for an easily adapted property.
- 3.16 The new system would also be simpler to administer, as there would be one system, regardless of whether something was a major or a minor adaptation and there would be no differentiation based upon the existing £1,000 threshold. This amount is the demarcation between a minor adaptation valued below £1000 (where the DFG process is not used) and anything above that level to a maximum of £36K, which is currently subject to the DFG process.
- 3.17 A more streamlined system would also support the Council's Specialised Housing Group, which comprises representatives from the Council and partner RSL's and aims to match disabled applicants with properties which are already adapted. Improved matching over the last 3 years is one of the reasons that expenditure on Council house DFG's has fallen from £1.4M in 2009/10 to £850K in 2011/12.
- 3.18 Removal of the DFG regime would also give greater control over the management of adaptations, as they would no longer be subject to reporting through the national indicator PSR/002. However, should this be implemented, it is proposed that a local PI be developed to ensure continuous improvement.
- 3.19 The only perceived disadvantage at present is that Council house adaptations tend to progress more quickly, as there is no requirement for legal input to obtain certificate of title. The result of this is that the average timescale for delivery of Council house adaptations is shorter and this reduces the overall average timescales for PSR/002.
- 3.20 However, staff time freed up through the implementation of this proposal would allow for more focus on the owner occupied and private tenant applications.
- 3.21 If the proposal to stop applying the DFG process to Council tenants is accepted, it is proposed that we exclude from this exemption those

who have moved from owner occupation in to Council accommodation within the last 12 months. This is on the basis that these are the applicants that tend to fail the means test, or be asked to contribute currently.

- 3.22 The reason for this is that these applicants are likely to have substantial resources due to the sale of their properties and should be expected to contribute. However, there are those who may not have resources due to repossession etc and these people will still benefit from the DFG following application of the means test.

4.00 RECOMMENDATIONS

- 4.01 The Members note the progress of the Housing Renewal Service over the last 8 months.
- 4.02 That Members support the proposal to remove the DFG regime for Council tenants from 1st April 2013, excluding those that have moved from owner occupation in the previous 12 months.

5.00 FINANCIAL IMPLICATIONS

- 5.01 There are no new financial implications at this stage.

6.00 ANTI POVERTY IMPACT

- 6.01 The Service protects some of the most vulnerable households in the County through the provision of grants and loans for repairs, improvements and adaptations.

7.00 ENVIRONMENTAL IMPACT

- 7.01 Through property improvement the Service reduces the level of carbon emissions generated by homes.

8.00 EQUALITIES IMPACT

- 8.01 The Service provides for a wide range of people. An Equality impact Assessment has been undertaken on the Private Sector Housing Renewal and Improvement Policy 2012, which identifies that no protected group is disadvantaged.

9.00 PERSONNEL IMPLICATIONS

- 9.01 There are no personnel implications arising out of this report.

10.00 CONSULTATION REQUIRED

- 10.01 No consultation is required as a result of this report.

11.00 CONSULTATION UNDERTAKEN

11.01 No consultation has been undertaken as a result of this report.

12.00 APPENDICES

12.01 None

**LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985
BACKGROUND DOCUMENTS**

**Contact Officer: Gavin Griffith
Telephone: 01352 703428
Email: Gavin_Griffith@flitnshire.gov.uk**