

Somerset West and Taunton Council

Special Full Council – 1 December 2020

Amendment to the Private Sector Renewal Policy – Disabled facilities Grants, Repairs assistance and new Appendix B Zero % Equity Loan.

This matter is the responsibility of Executive Councillor Member Councillor Francesca Smith

Report Author: Chris Brown, Assistant Director Housing and Development and Christian Trevelyan, Partnership Manager, Somerset Independence Plus

1. Executive Summary / Purpose of the Report

- 1.1 The report seeks Member approval for amendments to the Somerset West Private Sector Renewal Policy to include; increasing the grant ceiling limit for Disabled Facilities Grants from £30,000 to £40,000, widening the eligibility criteria for the Decent Homes Grants to include clients not on a means tested benefit and increasing the limit of the grant from £4,000 to £15,000. This is with the intention of assisting clients who are struggling financially to manage repairs to their home. The grant would be means tested.
- 1.2 There is also extensive revisions made to the energy section of the policy to reflect the current packages on offer, encouraging take up of offers to improve the energy efficiency of people's homes and reduce energy bills in an attempt to reduce the number of fuel poor households.
- 1.3 A new Special Purpose Grant in appendix E of the policy is aimed at tackling areas of social deprivation poor housing and anti-social behaviour. The Council has taken the opportunity to use the tool to support low income owner occupiers in Somerset West and Taunton (SWT) regeneration areas where they could participate and benefit from the same works as are being carried out to local authority homes which are undergoing comprehensive refurbishment. The Council would use the grant available to offer zero % equity loans to individual homeowners who could not afford capital repayments.
- 1.4 This is a joint policy which covers Sedgemoor District Council (SDC) and Somerset West and Taunton Council (SWTC) providing a consistent approach to grant delivery.

2 Recommendations

- 2.1 Full Council is recommended to:
 - (a) Approve the amendments to the Somerset West Private Sector Renewal policy.

- (b) Approve the new Appendix B zero interest equity loan product providing additional support to owner occupiers in regeneration areas where SWT are comprehensively refurbishing HRA homes.
- (c) Approve Phase E of the NTWP as a location and phase where the Special Purpose Grant will be adopted by the Council with a capped Better Care Funding allocation of £600k for 2021/22, reallocated and carried forward from the current year Better Care Funded budget in the 2020/21 capital programme, with a further allocation of £400k carried forward to 2022/23 to provide £1m budget overall. Also support the principle of carrying forward any residual balance to follow years.

3 Risk Assessment

3.1 A risk assessment can be found at appendix B however the main schemes risks are:

Risk	Score out of 25 based on probability x impact	Mitigation
Government funding to support applications is reduced or withdrawn	5 (probability 1 x impact 5)	The scheme uses Better Care funding from government which is eligible for recycling locally on loan repayment. It is likely some level of funding will remain in some form as part of the welfare safety net and recycled funds could supplement a programme. However, should the fund be significantly reduced and not replaced SWT and Sedgemoor DC would need to reconsider the scope of the Policy.
Lack of take up of either the grant or loan products.	6 (probability 2 x impact 3)	The lack of take up of services reduces the opportunity for the private sector stock to improve and limits the opportunity to ask for additional central government grant. The additional services offered, and high cost thresholds reduce the risk of underspend and suffering a reduced government grant in future years. The service has the ability to focus publicity and communication on potential customers to increase demand to manage the risk.
The Policy is not adopted by the one of the partner Councils	8 (probability 2 x impact 4)	The policy changes have been developed by both District Councils with the exception of appendix B of this report which is an adapted version of Appendix E of the policy. An SWT request to tackle the NTWP. Sedgemoor DC executive has approved the report. The service benefits by sharing costs over two

Risk	Score out of 25 based on probability x impact	Mitigation
		Districts and delivering a consistent approach.
There is over demand for the funding and services	5 (probability 2 x impact 10)	Over demand for the services increases the opportunity to request additional Central Government grant. The additional services being proposed, and higher cost thresholds increase the likelihood that the annual grant from Government is maintained or increased. Maximising the amount of works the service delivers and the amount of funding per application increases the amount of recycled grant coming back to the Districts to support future applications. Publicity can be decreased although additional grant and greater delivery capacity would be the first considerations. The Special Purpose Grant budget allocation is set annually and acts as a cap to ensure approved applications can be supported.

4 Background and Full details of the Report

4.1 The Somerset West Private Sector Housing Partnership (partnership) is a partnership between Sedgemoor District Council and Somerset West and Taunton Council to deliver private sector housing services. The local authorities work closely together to ensure consistency across the two Districts and to deliver financial and other benefits to those who live and/or work in the Somerset West area.

4.2 The delivery partner for the partnership is Somerset Independence Plus (SIP). It is a Home Improvement Agency model hosted by Sedgemoor District Council. The service operates across the partnership area of Sedgemoor District Council, and Somerset West and Taunton Council. The service is also provided in Mendip District Council on a purchasing basis

4.3 SIP provide Disabled Facilities Grants to residents to assist with essential adaptations to enable people with disabilities to live more independently in their homes. The service also provides help and advice with essential repairs and energy efficiency for vulnerable people including applying for loans through the Council's preferred loan provider and grants. Providing free energy advice is important to ensure that a client has the right sort of energy measures to remain warm and comfortable and at the same time help to reduce their fuel bills.

4.4 Having warm, decent and affordable housing is a major element of a person's wellbeing. As in most parts of the country, Somerset faces the challenge posed by an expanding population, particularly at the older end of the age spectrum. There are

also an increasing number of households with at least one family member having some form of disability, sometimes with complex medical and health needs particularly in children and young adults.

- 4.5 To put Somerset into perspective, Somerset has an aging population and higher proportion of people with disabilities. Amongst the 65-74 age group, the annual rate of growth is estimated to be 3.4%, five times the average growth rate. One in six of the population identified themselves as having a long-term health problem or disability, which limited their day-to-day activity. (2011 census).
- 4.6 There are many residents in the partnership area who are living in the most rurally isolated areas of Somerset with less access to services for example the Somerset Levels and Exmoor. Many parts of Somerset rank amongst England's lowest population density, meaning that vulnerable households living in these very rural areas have even less mainstream support than households living elsewhere. In addition, there are an estimated 10,310 households in Somerset who are without gas central heating, living within the 25% most deprived areas in the UK, but who could be connected to the gas network.
- 4.7 11.6% (28,000 households) were in fuel poverty in 2015, 0.6% higher than the national average. In some areas the fuel poverty was as high as 27.3%. Puriton, Woolavington, Wellington Rockwell Green and West and Taunton Eastgate being some of the areas most affected.
- 4.8 Linked to fuel poverty is disrepair. Invariably the reason for poor energy efficiency is down to the age of the property and the person's ability to afford or manage to effect repairs. It is estimated that over 65% of the stock across Somerset was built pre 1945 and 70% is owner occupied (6% higher than the national average). It is estimated that 54% of the stock in the partnership area was built before 1945 with the largest proportion being built pre the First World War as is evidenced in the market towns. One in seven properties will have one or more Category One hazards again above the national average.
- 4.9 There is a strong correlation between unsatisfactory housing conditions and households in economic and social disadvantage. Elderly and vulnerable private sector households are over-represented in non-decent housing. There are limited resources available for private sector housing renewal but increasing dependency levels in the private rented sector and among vulnerable owner-occupiers who may be capital rich but revenue poor.
- 4.10 In addition SWT has entered into a large regeneration scheme at North Taunton which includes comprehensive renovation of council dwellings (Phase E NTWP). Although some owner occupiers have the means to fund their own improvement including structural some households are on low income and do not have the means to invest in their homes or take advantage of buying into the Council regeneration initiative. This creates a weakness in the overall impact of the regeneration. Appendix B of the report offers a means for greater inclusion in the Council's regeneration approach. Although Appendix B would apply district wide, eligibility would require the Council to approve a specific scheme or scheme phases.

Current position

- 4.11 The Somerset West Private Sector Housing Renewal Policy is the document which

sets out the types of financial assistance that the Council can offer owner occupiers and landlords to carry out essential repairs on their property, and to bring empty properties back into use. The amendments to the policy reflect the changing needs of the housing market, widening the eligibility for the types of grants and assistance which the Council offer assisting the most vulnerable in society.

- 4.12 The funding for the grants and loans comes from the Council's Better Care Fund allocation. It is the intention that through the funding, Councils can maximise the services they can offer through low level and medium-term interventions which in turn reduces the prospect of a person being admitted to hospital and the costs which this incurs.
- 4.13 The main changes to the policy are.
- Increasing the value of the loan product from the Council's preferred loan provider from £15,000 to £25,000
 - Enabling applicants who are successful in applying for a loan to also be eligible for a grant of up to £10,000 to supplement their loan (non means tested).
 - Increasing the Decent Homes Assistance Grant from £4,000 to £15,000, widening the eligibility criteria to include owner occupiers not on a means tested benefit. The applicant would be financially means tested to determine any contribution towards the work
 - Widening the energy efficiency provision to include renewables and offering a non means tested grant of £4,500 towards the work.
 - For landlords providing a grant of up to £15,000 for repairs to their property in return for nomination rights.
 - Increasing the grant limit for Disabled Facilities Grants from £30,000 (which is the mandatory limit) to £40,000 by applying a discretion of £10,000.
 - Additional discretionary grant for Disabled Facilities Grants of £20,000 where the cost of the scheme will exceed the £40,000 limit. This will require Portfolio Holder and Assistant or Director approval. These tend to be complex cases.
 - Introducing a panel to oversee and make decisions on complex cases which do not fit policy or require substantial amounts of funding.
 - Introducing a new appendix B providing low income household in SWT housing regeneration areas additional financial assistance where their homes are in phases benefitting from comprehensive SWT HRA led refurbishment. The zero % equity loan works in conjunction with the Lendology CIC Loan product and up to a value of £90,000.
- 4.14 The reasons for the above changes are.
- The loan limit of £15,000 has not been found to be sufficient to cover all of the costs of the works yet the applicant could afford to raise more capital.
 - To assist clients who have reached the limit of their ability to borrow on the loan and require supplementary help to ensure that all of the works are completed and the Category One hazards are removed.
 - Some applicants applying for the loan have been declined by Lendology CIC on the basis of bad debt or are not eligible for benefits yet cannot afford repayments on a loan. They have been presenting to the partnership with serious disrepair and Category One hazards, which under the Housing Act 2004, the Council is legally obliged to require remedial action to eliminate or reduce the hazards to a Category Two hazard. Many of those presenting to the Council, the Policy has been found lacking in that the £4,000 limit isn't enough to provide works on the scale required. The changes propose lifting the

restriction on a pass ported benefit only instead introducing a means test to capture clients not on benefit.

- There are a multitude of offers in the marketplace to assist with funding energy efficiency measures. The partnership wants to ensure that the client can obtain at least one or more of the offers with the partnership offering a non means tested grant of up to £4,500 for households who are not eligible for either scheme or require additional capital for their project. Highlighting the importance in the ability of the Council to meet the challenge of the climate emergency.
- It is becoming increasingly difficult to house clients from the Housing Options teams in decent accommodation. The offer of £15,000 grant may interest more landlords to accept tenants and include nominations to secure the tenancy. It also brings the offer in line with the Lendology loan product.
- This would be the mandatory £30,000 plus £10,000 discretionary so avoiding the need in most cases to seek charitable funding. This is to reflect increasing costs for the construction of extensions for complex cases.
- The Council appreciates that some cases are extremely complex. With an increase in the limit to £40,000 for DFG's, the policy will look to balance this with a ceiling on the Top Up of £20,000 (where previously there was no limit).
- A major change is that a panel will now decide extremely complex cases which do not fit policy or require substantial amounts of funding.

4.15 The Partnership would continue to look wherever possible for applicants to approach the Somerset Building Control Partnership should they require Building Regulations as part of their application.

4.16 Expenditure will continue to be monitored through the budget requirements of the Council.

4.17 The intention of the revisions to the Private Sector Renewal Policy is to assist more people who are in desperate need to either adapt their property for a disabled member of their household or to effect vital modifications or repairs. The approach is measured, balanced, consistent and transparent in tackling non decent homes in the two partner Council's. Although the partnership has been extremely proactive the Council cannot afford to be complacent in tackling the problem of non-decency and fuel poverty and the tools in the Policy provide a proactive dimension to the Councils range.

Special Projects Grant - Appendix B

4.18 SWT made a decision in February 2019 to regenerate part of the North Taunton due to the structural problems identified within Woolaway non-traditionally built homes. The North Taunton Woolaway Project over will demolish one hundred and sixty-two (162) Woolaway properties including 22 purchased from owner occupiers. SWT will also build two hundred and twenty-seven (227) new affordable council homes. The demolitions and new homes will be in four phases (A-D). The NTWP has a fifth phase (E) which will see 27 Woolaway non-traditional properties comprehensively refurbished which is likely to include a 'walls out approach'.

4.19 NTWP also includes 23 privately owned homes where some residents have invested in the structure of their home but where others have not. The council support and promote the Lendology CIC Loans as one opportunity for households to access

funding to participate in works. However, for very low-income households and due to the scale of work being carried out the repayment of capital and interest or interest only means participation in the regeneration opportunity is not possible.

- 4.20 Appendix B provides a more comprehensive and meaningful package of financial assistance. The new zero equity loan will allow low income households who have applied for a Lendology loan to have their loan topped up by an equity loan under the policy and in some cases where customer cannot afford an interest only Lendology loan will be able to have their application considered for a 100% zero equity loan up to a value of £90k. However, it is thought the zero-equity loan will be taken up only by a small number of residents.
- 4.21 The scale of equity loan is significant and reflects the nature of investment being carried out on adjacent council owned homes. As an equity product the loan is repayable on sale or death of the owner if this is within 20 years of the loan agreement. The zero-equity loan is secured by a legal land charge on the property in the same way a mortgage provider would secure their loan.
- 4.22 The period for repayment of the loan is longer than other policy periods to reflect the scale of loan and amount of funding tied up within the property. As with smaller policy loans the money may be recycled and will add to annual grant income from government in future years.
- 4.23 The availability of this zero-equity product will be limited to and within:
- Regeneration locations/phases which the council has approved at full council and agreed a recommendation to use the Special Project Grant appendix E of the Private Sector Renewal Policy.
 - The grant will be 100% funded by the Better Care Fund or be recycled funding from the Better Care Fund. Should the fund cease the policy will be reviewed. The available annual fund pot will be set by the Director of Housing and Communities and the portfolio holder for Housing. This fund for the period 2021/2022 will be set and capped at £600k. The Better Care Fund has earmarked funds for the following two years should this be required.
 - The policy is only available to owner occupiers in qualifying localities/phases who apply for a loan through the Lendology loan fund and where the financial assessment recognises insufficient income to repay a loan product.
 - The works must meet the council's specification for works and thermal efficiency. Owners are able to deliver works through their own contractor however, specification, quality assurance and payments will be managed by SIP and SWT in line with SWT instructions.
 - SIPs and SWT have agreed a fee for SIP to administer and oversee the equity product.

5 Links to Corporate Strategy

- 5.1 Housing is a top priority for the Council. Success is identified by offering choice of good quality homes for our residents, whatever their age and income, in communities where support is available for those in need.
- 5.2 The policy will ensure that people have the opportunity to finance essential repairs to their home and have adaptations installed which facilitate access to facilities in and around their home.

6.0 Finance / Resource Implications

- 6.1 The policy is supported by the Better Care Fund, which is funding provided by Government to Somerset County Council with a proportion shared between the District authorities. In turn Somerset West and Taunton Council and Sedgemoor District Council use SIP to deliver their services and funding allocation. This approach provides efficiencies.
- 6.2 The proposed Special Purpose Grant fund will be set to ensure sufficient funds are available to support any approved applications. It is proposed to operate a funding cap, which will mean that if the grant budget is oversubscribed some applications will be placed in a waiting list.
- 6.3 It is proposed to include a Special Purpose Grant Fund budget within 2021/22 financial year, capped at £600k, which will currently only be accessible to owner occupiers within phase E of the NTWP. A further fund allocation is proposed of £400k in 2022/23, making the total Special Purpose Grant Fund allocation of £1m over the next two years. The fund is intended to support the delivery of NTWP phase E therefore it is prudent to support the principle of carrying forward any residual fund balance at the end of 2022/23 into future years.
- 6.4 The current approved Capital Programme puts all of the Better Care Fund supported expenditure under the Disabled Facilities Grants heading. The current budget is £3,653,642, which includes £2.380m carried forward from previous years plus the allocation of £1.274m for 2020/21. It is proposed to reallocate £1m from this budget to a separate cost centre for the new Special Purpose Grant Fund over the next two years in line with para 6.3 above. If approved, this will be reflected in the Capital Programme included in the annual Budget report presented to Council in February 2021.

7 Legal Implications

- 7.1 As this report is largely related to changes to the grant and loan thresholds, there are no substantive legal issues to be added.

8 Climate and Sustainability Implications

- 8.1 The policy has significantly extended the opportunity for the private sector to gain financial assistance to improve the thermal efficiency of their home. This will contribute towards, but not deliver, the Council's commitment to net zero carbon by 2030 and the government's commitment by 2050.
- 8.2 The policy does give significant weighting to elevating fuel poverty which in some situations perpetuates reliance on fossil fuels over low carbon energy and heat. However, the policy and service recognise that heat and energy is significantly more efficient when a home is well insulated and therefore the fabric of the building influences the measures supported by the policy.
- 8.3 Appendix B will allow some low-income private sector owners improve the fabric of their homes to the specification desired by SWT. This means a fabric first approach will be adopted for walls, roofs, floors and windows. The fabric first approach allows

additional carbon saving heat and power technologies to be added over time and with greater effect on power consumption and carbon saving.

9 Safeguarding and/or Community Safety Implications (if any)

- 9.1 Somerset Independence Plus (SIP) work with many vulnerable customers and therefore place great emphasis on their procedures and standards when they or their contractors are working with clients or within their accommodation.
- 9.2 Adaptations and improvements to people’s homes is vital to giving people the opportunity to remain living independently in a safe, warm and secure home, supporting their health and wellbeing. Feeling secure provides assurity for the individual, family members and the community that the household is at a reduced risk of falling prey to or being involved in crime, improves the chances of employment and financial security.

10 Equality and Diversity Implications

- 10.1 Housing with poor energy efficiency can have a considerable negative impact on residents' health and wellbeing in various ways. For example, children living in cold homes are more than twice as likely as those living in warm homes to suffer from a variety of respiratory problems, including asthma. Mental health is also negatively affected by fuel poverty and cold housing for all age groups and existing conditions such as arthritis can be exacerbated.
- 10.2 The majority of the contractors who work on improving the homes of vulnerable people or adapt the homes of disabled people are local building contractors who employ local labour and source materials from local suppliers. Improving the independence of vulnerable people provides them with the opportunity to find employment which they otherwise would not have been able to do by being house bound.
- 10.3 The policy changes have been assessed for equality matters and a summary of the analysis undertaken may be seen at 10.4 table 1.
- 10.4 Table 1 Equality and diversity analysis

Analysis undertaken for:	Date undertaken September 2019 revised February 2020
Scope	The framework aims to fulfil the Council’s strategic and statutory housing role in providing and facilitating assistance to those most in need. The framework assists the Council to enable this to happen, by improving the time it takes to fit wet rooms and shower trays, and control quality.
Evidence used	Evidence and Data used for assessment <ul style="list-style-type: none"> • Private Sector housing staff performance data • Joint Strategic Needs Assessment 2017 • ONS data 2018/19 • English House Condition Survey • One month’s consultation to key stakeholders.
Key findings and impacts	The Policy is primarily aimed at those who are most vulnerable regardless of tenure. A potential applicant could be anyone of the protected groups defined by: Age; Disability. Gender Reassignment; Pregnancy and Maternity;

	Race; Religion or belief; Sex; Sexual Orientation; Marriage and civil partnership. Several of the proposed products remove some of the restrictions for eligibility from the original policy. In the main a positive impact. The Policy has to be delivered in a transparent and consistent way.
Conclusion drawn	The original EIA was reviewed prior to the Policy being put together. The conclusions of the EIA have been incorporated into the Policy changes with checks and balances put in place to mitigate any potential discrimination.
Actions	Steps to ensure consistency and transparency when making decisions as to grant/loan eligibility.

11 Social Value Implications

11.1 By providing a stable, warm and safe environment free of any serious disrepair has been proven to lead to a persons improved wellbeing and capital contribution to society. This is both in terms of a monetary contribution by buying locally and socially by volunteering, providing time to enrich a society through imparting and sharing their knowledge and life experiences. Works within the policy encourage and facilitate the use of local contractors therefore benefitting reskilling and helping to reduce unemployment.

12 Partnership Implications

12.1 The policy has been revised by joint working between SWT and Sedgemoor DC. The executive of Sedgemoor DC has supported the Policy amendments.

13 Health and Wellbeing Implications

13.1 The policy will better able be able to support private sector households improve their home and their living environment.

13.2 The Better Care Fund is primarily aimed to improve the health outcome of people.

13.3 An improved home leads to a healthier outlook and reduced incidences of GP interaction, hospitalisation and increases the timescale before needing extra care or supported housing so reducing costs on the care system.

14 Asset Management Implications

14.1 None.

15 Data Protection Implications (if any)

15.1 No data protection considerations.

16 Consultation Implications (if any)

16.1 Consultation was conducted over several months prior to drafting the Policy in order to review the Equalities Impact Assessment and the views used to create the framework and tools.

Democratic Path:

- **Scrutiny / Corporate Governance or Audit Committees –No**
- **Cabinet/Executive – Yes**
- **Full Council – Yes**

List of Appendices

Appendix A	Revised Private Sector Renewal Policy (PSRP)
Appendix B	Special Project Grant - New Appendix E PSRP
Appendix C	PSRP – Grant Conditions

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