

**REPORT TO: CABINET MEMBER FOR HOUSING: 17 MARCH 2009**

**REPORT BY: HEAD OF COMMUNITY HOUSING**

**WRITTEN BY: ROY SCANLON, Housing Renewals Manager**

**SUBJECT: FINANCIAL ASSISTANCE POLICY FOR PRIVATE SECTOR HOUSING – Amendment 2009**

**1. PURPOSE OF THE REPORT**

To seek approval to amend the eligibility criteria for Home Energy Assistance grants and Loan assistance within the current policy.

**2. RECOMMENDATIONS**

That the Cabinet members agrees

2.1 that eligibility criteria for a Home Energy Assistance grant in the council's Financial Assistance Policy for Private Sector Housing is amended to remove the existing criteria and replaced by the new eligibility criteria as set out in para 5.1 of the report.

2.2 that the requirement for 20% of free equity, after the council's loan is registered, be relaxed in exceptional circumstance.

2.3 that authority to approve such a relaxation be delegated to the Head of Community Housing.

**3. BACKGROUND**

The council adopted the current Financial Assistance policy on 22 July 2003 in response to the Regulatory Reform Order 2002. The policy introduced a range of assistance packages aimed at helping homeowners repair and improve their property. A report to the Executive Member in February 2006 recommended the adoption of the Financial Assistance Policy for Private Sector Housing 2006 following a review of the 2003 policy. A further report on the 18 March 2008 expanded the range of assistance available.

The policy 2006 makes provision for a Home Energy Assistance grant targeted at vulnerable people to address fuel poverty. Fuel poverty is defined as where a household spends more than 10% of their total income on fuel costs.

The assessment of eligibility for this grant was based on an assessment of the households position on the affordable warmth index, which compares the energy rating of the dwelling and the income of the occupier with fuel costs factored in.

## **4. CURRENT SITUATION**

### **4.1 Home Energy Assistance**

Since this measure was introduced gas and electricity prices have fluctuated wildly to the degree that the software updates cannot keep pace with the change. This has put into question the reliability of this measure as an effective eligibility criterion. The increase or decrease in gas prices could move households in and out of fuel poverty resulting in the inappropriate allocation of grant.

Further, there are residents living in large properties who are on very low incomes where it is not possible to lift them out of fuel poverty by energy efficiency measures alone. Assistance in these cases may increase the thermal comfort of the occupier but fail to make it affordable or assist the council in its strategic objectives.

Communities and Local Government have introduced new national indicator(s) in relation to fuel poverty that require local authorities to reduce the number of properties with a Standard Assessment Procedure (SAP) rating of 35 and increase the number of properties with a SAP of 65.

Properties with a SAP of 65 or above are considered affordable to heat. Households living in properties with a SAP of 65 or above who spend more than 10% of their income on fuel costs are said to be in economic poverty not true fuel poverty.

Data from the council's private sector house condition survey 2008 indicates the majority of properties have a SAP rating between 35 and 65. Of those households in fuel poverty 28% were where the head of household was between 16 and 24, a further 24% had a head of household over 75.

Since the introduction of the policy, further parts of the Housing Act 2004 have been introduced whereby the landlord of residential dwellings is be required to provide adequate thermal comfort for the tenant. As the current policy makes provision for the landlord to receive assistance with the provision of heating it seems inappropriate to provide a Home Energy Assistance grant to the tenant.

### **4.2 Equity Loans**

When equity loans were introduced, as part of an assistance package, one requirement was that the applicant should have a minimum of 20% of free equity in the property after all charges had been considered. This was to protect the interests of the council and avoid over committing the applicant' finances.

## 5. PROPOSAL

### 5.1 Home Energy Assistance

The current eligibility criteria for a Home Energy Assistance grant in the council's Financial Assistance Policy for Private Sector Housing be amended to remove the existing criteria, and reference to the affordable warmth index, and replaced by the new eligibility criteria set out below.

Applications can be considered from

(i) home owners, over 18 years old, who live in a property with a rating below a SAP of 35, and

(ii) vulnerable home owners, over 18 years old, who live in a property with a rating between a SAP of 35 and 65

who are receiving a means tested benefit or are assessed with a contribution below £1500.

### 5.2 Equity Loans

The majority of applicants are older persons without mortgages so can proceed without problems. However, in the current economic climate, the fall in house prices leaves a number of families with a reduced level of free equity. This leads to them being declined an equity loan and subsequently to an inability to take up the assistance package and have the necessary work carried out.

The Housing Act 2004 requires a local authority to take action to mitigate risk where they are aware that a Housing Health & Safety Rating System category 1 hazard exists in a property. The 2008 House Condition Survey indicated that 14% of private homes had category 1 hazards.

To take account of this responsibility it is proposed that where an applicant has applied for assistance under the councils Financial Assistance Policy for Private Sector Housing, to address category 1 hazards, and there is less than the required 20% of free equity remaining a loan be approved subject to a report to the Head of Community Housing setting out the circumstances.

Whilst this proposal does expose the council to an increased risk of, should the applicant default on their mortgage; it is a measured risk with the majority probably being repaid.

The other option would be for the council to increase the level of grant to cover 100% of the cost. In this option the money will never be repaid and goes against the government planned move away from grants to loans.

**6. CONCLUSION**

This amendment to the council's policy will provide a more effective measure to address fuel poverty for our residents whilst enabling progress to be made against our strategic objectives in line with the new national indicators and maintain the provision of loans in the current economic climate.

**7. CITY SOLICITOR'S COMMENTS / EQUALITIES IMPACT ASSESSMENT**

The City Solicitor is satisfied that it is within the Cabinet Member's powers to approve the recommendations as set out.

A preliminary Equalities Impact assessment has been carried out.

**8. SIGNING OFF THE REPORT**

Signed.....  
Alan Cufley Head of Community Housing

Dated.....

**9. APPROVAL TO THE RECOMMENDATIONS**

The recommendations set out above were approved / approved as amended / deferred / rejected by the Cabinet Member for Housing, on.....

Signed.....

Councillor Steve Wylie  
Cabinet Member - Housing