



CABINET – 3RD APRIL 2024

SUBJECT: PRIVATE SECTOR HOUSING RENEWAL AND ADAPTATION POLICY

REPORT BY: DEPUTY CHIEF EXECUTIVE

| |
|--|
| |
|--|

1. PURPOSE OF REPORT

- 1.1 To seek the views and agreement of members regarding the Private Sector Housing Renewal and Adaptation Policy 2024 and to realign the existing Private Sector Housing capital budgets accordingly to support delivery of the Policy from 2024/25. Members of the Housing & Environment Scrutiny Committee considered this report on the 26th of March 2024. Cabinet will receive a verbal update on the comments from the Committee.

2. SUMMARY

- 2.1 A 2002 Regulatory Reform Order requires local authorities to produce and implement deliverable Private Sector Housing Renewal Policies, providing assistance to customers in any form. A review of the current 2014 policy, is required, to ensure our key priorities remain relevant, to update our financial assistance products which no longer meet the needs of applicants for reasons including significant construction material and labour cost increases, availability of contractors and reducing local authority capital resources.

The report proposes:

- Retaining the previous key priorities, adding a new key priority of improving the energy efficiency of homes.
- Permanent withdrawal of Group and Block Repair and Renewal Area grants. (The Council will continue to seek to maximise opportunities to undertake smaller regeneration schemes when funding is available).
- Permanent withdrawal of Conversion Grants, using loan products instead.
- Continuation of Owner- Occupier Loans, Owner- Occupier Repayable Lifetime Loans and Landlord Loans.
- Permanent withdrawal of Home Repair Grants.
- Introduction of a new repayable product – Home Safety Repayable Assistance.
- Introduction of an Energy Crisis Grant using external funding sources, including Shared Prosperity Fund (SPF).
- Continuation of Discretionary Disabled Facilities Grants (DFGs).
- Continuation of Relocation Grants.

- Continuing to deliver medium adaptations by way of means tested mandatory DFGs.
- Bringing the means test for discretionary grant aid in line with the statutory means test for mandatory DFGs.
- Transitional arrangements
- Targeting the offer of the Council's In house Agency Service
- Reduction in In-House Agency Service fees.
- Realignment of the Private Sector Housing capital budget.

3. RECOMMENDATIONS

- 3.1 Cabinet note the comments of the Housing & Environment Scrutiny Committee of the 26th of March 2024.
- 3.2 That Cabinet members note the change in approach to delivering financial assistance from a mainly grant-based policy to a more sustainable repayable loan-based policy in relation to property maintenance and regeneration.
- 3.3 That Cabinet approve the Private Sector Housing Renewal and Adaptation Policy 2024.
- 3.4 That Cabinet approve continuing to deliver medium adaptations via means tested mandatory DFGs in line with statute, noting that this recommendation does not comply with the formal request of the Welsh Government Minister for Housing and Local Government, Julie James of the 10.03.2021 with regards to medium adaptations.
- 3.5 That Cabinet approve that the proposed policy be introduced with immediate effect, that discontinued products cease to be offered from 31 March 2024 with new financial products introduced from 1 June 2024 to allow for implementation planning and training.
- 3.6 That Cabinet approve that applicants with active enquiries for discontinued products be given a time limited opportunity to progress applications to formal approval.
- 3.7 That Cabinet approve the introduction of targeting of the In-House Agency Service to vulnerable households and amendments to Agency fees.
- 3.8 That Cabinet approve realignment of the Private Sector Housing annual capital budget of £2,167,000 and associated slippage monies £6,916,280 (as at period 9 monitoring report 2023/24) to deliver the proposed Policy in agreement with the Section 151 Officer and Cabinet Member for Housing. The slippage money and agency income to be ringfenced for a period of 5 years to allow the effective implementation of the proposed Policy.
- 3.9 That Cabinet approve assignment of £322,019 of the Private Sector Housing slippage monies referenced in 3.8 to support the delivery of the Bryn Carno Targeted Regeneration scheme.

4. REASONS FOR THE RECOMMENDATIONS

- 4.1 The Private Sector Housing Renewal Policy 2014 was formulated when capital budgets were under significantly less pressure than today and the assistance currently on offer is increasingly unaffordable and inappropriate to meet need. The

Authority's ability to sustain the level of grant-aided assistance that it has previously provided is now severely compromised by a diminishing capital funding situation. Officers no longer consider the Policy in its current form to be affordable and deliverable.

- 4.2 To effectively deliver financial assistance to residents and private sector landlords in a sustainable manner. The proposed Policy reflects the best use of available resources and helps the Council meet key priorities by improving housing quality, reducing fuel poverty, and promoting safety and independence at home.
- 4.3 The removal of the means test for DFGs would result in increased demand, putting a significant strain on the Council's limited resources (both revenue and capital). We increasingly need to focus on what communities need not want and this falls in this category. It is unmanageable without a means test and we are not resourced to offer the increase demand. Any increase in demand would lead to households awaiting assessment of need by Social Services and those in need of adaptations being disadvantaged by increased waiting times, with low-income applicants disproportionately affected, having no access to adaptations other than via a grant.
- 4.4 A lead in time is required to address the operational issues of withdrawing financial products and developing systems for administering new products, including IT changes and staff training.
- 4.5 Removing the obligation to utilise an agency service and targeting the support offered by the In-House Agency service would enable officers to focus support to those applicants who would be unable to manage their applications and associated programmes of work independently. It is expected that this will improve overall delivery times. The reduction in the use of the agency by applicants will inevitably reduce the income that is currently able to be generated by the service.
- 4.6 The cross tenure targeted regeneration scheme at Bryn Carno is partly grant funded by Welsh Government. It has experienced delays in implementation due to the complexity of the scheme and shortage of technical consultants and contractors accredited to statutory standards. The full extent of the project is now known, and contracts are being agreed. The essential costs for the private sector properties have increased by £322,019 and this is not able to be funded by the WG grant.
- 4.7 The implementation of the Policy will assist in helping the Council achieve the goals set out in the Wellbeing of Future Generations Act 2015.
- 4.8 To realise the Council's ambitions of creating cohesive and sustainable communities, as set out in the 2022- 2027 Local Housing Strategy, as well as aligning with the Caerphilly County Borough Corporate Plan, 2023 – 2028, Well-being Objective 2 of Enabling our Residents to Thrive

5. THE REPORT

Background

- 5.1 In July 2002, a Regulatory Reform Order introduced significant changes to Private Sector Housing Renewal, repealing much legislation relating to housing grants and replacing it with a wide-ranging power allowing local authorities to help with Private Sector Renewal in any form. The Order placed a statutory obligation on Local Authorities to produce and implement a Private Sector Housing Renewal Policy.

Current Policy

- 5.2 The current (2014) Policy recognises the role of Private Sector Housing Renewal within the Authority's overall strategic ambitions and identifies 6 key priorities:
1. **Regeneration of declining communities** – due to the evidence of multiple deprivation in parts of the County Borough.
 2. **Reducing the incidence of unhealthy housing** – due to the inextricable link between poor housing and poor health.
 3. **The return to use of long term empty private sector houses** – due to the considerable number of such properties within the County Borough and the wasted resource they represent.
 4. **Providing adaptations for disabled persons** – in recognition of the needs of a vulnerable sector of the community and the mandatory status of grant provision.
 5. **Enabling vulnerable persons to remain at home in safety and comfort** – in recognition of the difficulties encountered by low-income householders of all ages in respect of their ability to implement essential or emergency repairs to their homes.
 6. **Improving the standards within the private rented sector** – due to the increasing importance of this sector to the market, recognising that it has the highest levels of poor-quality accommodation and a considerable proportion of vulnerable tenants.
- 5.3 Most of the financial assistance available is in the form of grant aid, however, in November 2014 Cabinet approved the adoption of the Welsh Government Home Improvement Loans scheme, enabling the Council to offer Home Improvement Loans to owner occupiers and landlords to complement grant assistance. In 2018 Welsh Government altered the scheme, providing Local Authorities with a toolkit of options to assist homeowners. In July 2018 Cabinet approved an addendum to the Policy, replacing Home Improvement Loans with owner occupier loans, owner occupier repayable financial assistance (Lifetime Loans) and landlord loans.
- 5.4 Since 2018, there have been significant changes that have impacted the delivery of financial assistance. Following the Covid pandemic the construction industry in the Wales saw unprecedented price increases in relation to material and labour costs, contractor availability decreased, a cost-of-living crisis commenced and there has been a significant reduction in available capital resources. Consequently, the cost of funded works has increased, with many schemes unviable as exceeding the maximum assistance available. Consequently during 2023, Cabinet approved a moratorium on non-priority Home Repair Grants whilst a review of the policy was undertaken. In addition, Private Sector Housing are currently dealing with progressing a significant backlog of DFG applications linked to the closure of the system to routine applications during the Pandemic, and consequential shortages of contractors and increased costs. Currently all applicants for DFGs and Home Repair Grants utilise the in-house agency service, irrespective of need.
- 5.5 Following the review a revised Private Sector Housing Renewal and Disabled Adaptations Policy is now proposed, focusing on loans instead of grants to address

property conditions and to assist those requiring a replacement adaptation. Loan aid is more sustainable, being recycled over time, maximising the use of limited capital budgets, and complementing Welsh Government funded loan products already offered by the Council. Targeting of the in-house agency service is also proposed.

Review of Current Financial Products

5.6 The current Policy affords homeowners and private sector tenants with a repairing obligation a variety of grants and loans that have all been subject to review, as detailed below:

- **Group/Block Repair schemes** - historically, used to significant effect for strategically planned housing refurbishment. Following the discontinuation of Renewal Areas and removal of hypothecated funding, the Council is no longer able to progress these large-scale improvement projects so this assistance will no longer be available under the proposed Policy; however, the Council will continue to seek to maximise opportunities to undertake smaller regeneration schemes as required when funding is available, e.g. Bryn Carno.
- **Renewal Area Grants** – following the cessation of Renewal Areas in 2018 and removal of hypothecated funding, the Council no longer offers this assistance.
- **Conversion Grants** - have proved extremely useful in supporting key priorities 1 and 6 by producing additional units of accommodation, via the conversion of disused nondomestic accommodation. A maximum match funded grant of £15,000 no longer provides sufficient incentive to owners due to rising development costs. It is therefore proposed that the grant be permanently withdrawn, and landlord loans offered.
- **Owner-Occupier Loans** – interest free monthly repayable loans utilised in support of key priorities 1 to 5 for repairs and/or improvements to homes to make them Safe, Warm and Secure, to convert an empty property for owner-occupation or to undertake approved adaptations. The capital funding is provided by Welsh Government and ring fenced. It is proposed that this loan is retained.
- **Owner-Occupier Repayable Financial Assistance (Lifetime Loans)** - utilised in support of key priorities 1, 2 and 4, available to owner occupiers to carry out urgent repairs to their homes who satisfactorily evidence that they cannot afford an owner occupier loan. This interest free loan is repayable upon the sale or transfer of the property. The ringfenced capital funding is provided by Welsh Government. It is proposed that this loan is retained.
- **Landlord Loans** – an interest free, repayable loan utilised in support of key priorities 1, 2, 3 and 6, to carry out repairs to privately rented homes to make them Safe, Warm and Secure, or to enable an empty property to be converted into homes for private sector rent. The ringfenced capital funding is provided by Welsh Government. It is proposed that this loan is retained.
- **Home Repair Grants** - utilised in support of key priority 2, to assist vulnerable households with essential or emergency repairs to enable them to remain in the safety and comfort of their own homes. The maximum grant is £10,000 but due to rising construction costs they no longer offer sufficient funding for necessary works. There is increasingly high demand from vulnerable households for grant

funding to undertake essential home repairs putting significant strain on available resources. The Council's continuing ability to sustain previous levels of non-repayable grant-aided assistance is now severely compromised by corporate funding pressures. Members will recall that following a Cabinet decision taken on 19th of April 2023, a moratorium on routine applications for Home Repair Assistance is already in place.

- **Mandatory DFGs** - This grant, although included as a policy tool to support key priority 4, is awarded in line with the provisions of the Housing Grants, Construction and Regeneration Act 1996. Local Authorities have a statutory obligation to provide DFGs, of up to £36,000, so their funding is prioritised when allocating private sector housing capital budgets, currently accounting for around £1.133m per annum in capital provision. Private Sector Housing is currently addressing a significant backlog of DFG applications.
- **Discretionary DFGs** – utilised in support of key priority 4 are means tested grants with the same eligibility criteria as the mandatory DFG with a current maximum of £10,000. They are utilised either as a top up to a mandatory DFG or else as a dedicated grant for discretionary works considered to be essential for the purpose of making a dwelling suitable for the accommodation, welfare, or employment of a disabled occupant. It is proposed that this grant is retained but with a revised maximum grant of £14,000 to account for the increase in scheme costs.
- **Relocation Grants** – utilised in support of key priority 4, to assist with the relocation costs of a disabled person when adaptation is not reasonable or practicable, or else where adaptation of the existing property may not adequately meet assessed needs. Means tested, with the same eligibility criteria and maximum as the mandatory DFG. They are utilised extremely infrequently but remain an essential tool in addressing the wider needs of disabled persons. It is proposed that this grant is retained but with a revised maximum grant of £50,000 due to substantial increases in property acquisition costs.

5.7 It is proposed that the mandatory and discretionary grant assistance for the delivery of adaptations, will be subject to a test of financial resources, to reflect affordability and target limited resources.

Proposed Policy

5.8 Whilst the responsibility for the maintenance and improvement of homes within the private sector sits with the owner, the Council recognises that some people will not have access to the necessary resources. For these, the Council continues to have a key role to play.

5.9 The proposed policy document outlines the various forms of financial assistance the Authority would make available to private owners (including private sector landlords) and contract holders (formerly known as tenants) within the County Borough to repair, maintain or adapt their homes or convert underused or redundant properties, as detailed above. It will make the best use of available funding to support the key priorities, improve the quality of housing, and thereby the quality of life of occupiers, reducing incidences of homelessness. Applicants requesting assistance will be assessed regarding their circumstances and the Council will determine which is the most suitable product to help them.

5.10 The proposed policy also highlights the Authority's commitment to a strong regulatory

stance in dealing with owners within the private sector that choose to ignore their statutory responsibilities, including private sector landlords and empty homeowners. Related financial products are discretionary and funding will be governed by the annual budget set by the Council and the aims and principles detailed in the Policy.

- 5.11 The Policy has been informed from examining the profile of the County Borough in relation to the types of residential accommodation it contains and the conditions that exist within the different accommodation types using a variety of housing data sources. The population profile, together with the health and social needs of the County Borough's residents, were also examined.
- 5.12 In addition to confirming that the 6 key priorities identified in previous policies remain relevant, the review process has led to identification of a new key priority 7, due to the high number of households living in fuel poverty, being vulnerable to the effect of cold and the cost-of-living crisis. This priority also supports the achievement of national and corporate decarbonisation ambitions and net zero carbon objectives.
- 5.13 This proposed policy therefore seeks to address:
1. Supporting communities through targeted regeneration schemes e.g. Bryn Carno and George Street cross tenure schemes.
 2. Reducing the incidence of unhealthy housing.
 3. The return to use of long-term empty private sector homes.
 4. Providing Adaptations for disabled persons.
 5. Enabling vulnerable people to remain at home in safety and comfort.
 6. Improving Standards within the private rented sector.
 7. Improving the energy efficiency of homes.
- 5.14 Having reviewed the effectiveness, affordability, and mandatory status (where applicable) of current forms of assistance, and considered the current policy landscape and market conditions the financial assistance proposed to be offered to support delivery of the 7 key priorities are detailed below:
- **Owner-Occupier Loans** as detailed above in section 5.6, in support of key priorities 1, 2, 3, 4, 5 and 7.
 - **Owner-Occupier Repayable Financial Assistance** (Lifetime Loans) as detailed above in section 5.6 in support of key priorities 1, 2, 4 and 7.
 - **Landlord Loans** as detailed above in section 5.6, in support of key priorities 1, 2, 3, 6 and 7. It is proposed that this loan is retained with a revised fee.
 - **Home Safety Repayable Assistance** – in support of key priorities 2, 4 and 5. It is proposed that this interest free assistance replaces the Home Repair Grant. The product will be available to owner occupiers that fail an approved affordability test to access loan funding, are ineligible for the Lifetime Loan product and who need to carry out small scale urgent repairs or extensive adaptations to their home linked to a mandatory DFG, or to arrange the replacement of lifting equipment

previously provided via grant aid, such as stairlifts and vertical lifts. This assistance will be repayable on the sale or transfer of the property.

For urgent repairs the maximum assistance will be £15,000, an increase from the £10,000 available for Home Repairs Grant to reflect increases in construction costs (with an additional £5,000 being available for unforeseen works relating to the approved scheme), and £35,000 if linked to the delivery of large adaptations such as vertical lifts and extensions. Whilst generating a recyclable capital pot over time, reducing pressure on capital budgets in the longer term, the current annual capital budget for Home Repair Grants (£788,000) will be insufficient to address anticipated need for these loans in the short term. It is proposed that slippage monies within Private Sector Housing capital budgets, accrued in part due to the moratorium on routine Home Repair Grant applications previously approved by Cabinet and an inability to deliver during the pandemic, be allocated for the administration of this loan product. In the medium term this assistance would relieve pressure on capital resources, as it would create a recyclable capital to fund loans in future years. It is proposed that this new product is introduced to enable those applicants' ineligible to access Welsh Government funded loans for assistance with urgent repair works following the permanent withdrawal of Home Repair Grants.

- **Mandatory DFGs** as detailed above in section 5.6, in support of key priority 4. Recognising the Council's statutory obligation to provide DFGs, the benefit of the assistance to disabled persons and their carers and the indirect impact on health and social care budgets, it is essential that the level of capital and revenue resources devoted to this form of assistance are sufficient to ensure the Authority not only meets its statutory obligations, but also does so within acceptable waiting times, whilst recognising current budgetary constraints. It is proposed that the Local Authority continue to administer medium and large-scale disabled adaptations in accordance with statute, including means testing of adult applicants.
- **Discretionary DFGs** as detailed above in section 5.6, in support of key priority 4. It is proposed that this grant is retained, with an increased maximum of £14,000 due to increases in scheme costs.
- **Relocation Grants** as detailed above in section 5.6, in support of key priority 4. It is proposed that this grant is retained with an increased maximum grant of £50,000 due to increases in suitable property acquisition costs. This would be in line with the total assistance available for large scale adaptations to an existing property (mandatory DFG £36,000 and discretionary top up DFG £14,000). They are utilised extremely infrequently (1 or 2 a year) but remain an essential tool in addressing the wider needs of disabled persons.
- **Energy Crisis Grants** – in support of key priority 7. Following a successful pilot programme in 23/24, it is proposed that these new discretionary grants of up to £5,000, funded externally from the Shared Prosperity Fund (and the Cost-of-Living Fund if available), should be offered, when funding is available to support the new key priority 7. They will be offered to install eligible measures to improve the energy rating of homes that are energy inefficient, for fuel poor, vulnerable households. Following a test of financial resources there will be no financial contribution required from eligible applicants. The Council's involvement in the scheme will be limited to a facilitator role, through the provision of payments to the agreed installer.

Additional Policy Changes

- 5.15 **Means Testing for Grant Aid** – All current grant types are, for owner-occupiers and tenants, subject to means testing. Mandatory DFGs are means tested in line with statute. The means test in respect of discretionary grant aid, however, can be administered in whatever manner the Authority determines. The current Policy uses a means test, based on the statutory means test but with certain amendments. For consistency and fairness, the proposed Policy will revert to the statutory means test as applied to mandatory DFGs.
- 5.16 Medium and large-scale adaptations delivered in the private sector, such as showers, stairlifts and extensions, will continue to be provided under statute and as such applicants will be means tested.
- 5.17 **WG issue regarding small and medium adaptations** - On the 10th of March 2021, the Welsh Government Minister for Housing and Local Government announced measures to remove the statutory means test for small and medium DFGs offered to adults in Wales, with a review after 3 years (applications for children are not means-tested). Unable to remove the statutory obligations of means testing for mandatory DFGs, Welsh Government instead requested local authorities use discretionary powers under the Regulatory Reform Order to introduce this change via their Private Sector Housing Renewal and Adaptations Policies, by creating new non-means tested products.
- 5.18 The Wales Centre for Public Policy undertook a study on the potential impact of removing the means test on DFGs in Wales and found the current means test for DFGs has acted as a deterrent to some disabled persons requiring adaptations in Wales. These disabled persons drop out of the DFG application process because they do not want to disclose their financial information or because their income and savings have resulted in a means test that requires them to contribute in part or whole to the DFG works proposed.
- 5.19 Although this change reflects current long-term practice for small scale adaptations within Caerphilly County Borough, which are administered by Private Sector Housing on behalf of Social Services, the change has not been progressed for medium adaptations within this Policy. If the means test were withdrawn it is highly likely that the increase in demand and expectation would put a significant strain on Social Services and Caerphilly Homes' revenue and capital resources. The scale of this impact is unknown as it is not possible to account for those who, under the current system, are deterred from applying or withdraw because of the means test. Any increase in the demand for adaptations without commensurate increases in capital and revenue budgets would inevitably lead to households in need of adaptations being disadvantaged by significant backlogs and increased waiting times as Welsh Government are not offering any revenue funding and a contribution to capital costs of only £120,164.00 for 2024/25, with no commitment given to further contributions.
- 5.20 Low-income applicants would be disproportionately disadvantaged as they would have no access to adaptations other than via a grant. Applicants in need of large adaptations would not benefit as the removal of the means test excluded delivery of large adaptations. There are currently significant backlogs of medium and large adaptations in both the public and private sector due to increased costs of materials, shortage of contractors and staff capacity. There would be a need for additional OTs (occupational therapists) to carry out assessments of need, where recruitment is

currently problematic, with additional staff required in Private Sector Housing to processing applications, and an increase in approved contractors. The impact for OT waiting times will not only effect those awaiting assessment for adaptations but waiting times for all OT assessments.

- 5.21 It is therefore proposed that the Council continues to deliver medium adaptations through means testing of applicants for mandatory Disabled Facilities Grants and discretionary grant assistance as detailed above in section 5.6.
- 5.22 Replacement adaptations will be delivered via Home Safety Repayable Assistance.

Reduction in Agency Service

- 5.23 The Council recognises the significant contribution home improvement agencies can make in supporting applicants for financial assistance, many of whom will be disadvantaged and unfamiliar with the demands of the associated administration, works supervision and financial management involved. In view of the substantial capital investment the Council provides towards private sector renewal and delivery of adaptations, the need to secure a quality product representing value for money is paramount.
- 5.24 Currently, the Council has mandated that certain forms of assistance are only available via the use of an agency service and recommends the benefits of using a recognised home improvement agency or competent person to oversee grant and loan assisted projects, costs for which may be grant or loan assisted, subject to the conditions outlined in the Policy being met. The revised policy proposes the removal of any requirement to use an agency service and instead the service will be routinely offered, at the Council's discretion, only to those applicants who the Council are satisfied are unable to manage their applications independently, with the assistance offered subject to available resources.
- 5.25 This will allow targeting of support to those applicants who would probably be unable to arrange delivery of the scheme without this assistance. Applicants deemed capable of being able to undertake the grant process themselves would not be routinely offered the service. It is expected that this will improve delivery times for some products. The Council will however reserve the right to utilise the in-house agency service in respect of strategic schemes proactively initiated by the Council (as identified in Key Priority 1).
- 5.26 The reduction in the use of the agency will inevitably reduce income generation. In addition, following the consultation exercise and with consideration of the current macro-economic landscape and the Council's transformation agenda the fees for those using the agency service have also been reviewed and proposed to be reduced as detailed in the table below.

Reduction in Agency Fees

| | Current | Proposed |
|-------------------|----------------|--|
| Lifetime Loan | 12% | 10% |
| Home Repair Grant | 12% | Replacement Home Safety Repayable Assistance 10% |
| Mandatory DFG | 15% | 10% |

| | | |
|---|-----------------------------------|---|
| | (10% where works exceed £20,000) | |
| Discretionary DFG | 15% | 10% |
| Owner Occupier Loans Landlord Loans Relocation Grants | Agency services charged currently | Agency services not available in the future for these products. |

- 5.27 All agency fees generated will be put forward as a revenue contribution to the capital programme for delivering the Private Sector Housing Renewal and Disabled Adaptations Policy.

Transition

- 5.28 To ensure a smooth transition between policies it is considered necessary to cease to offer discontinued products in advance of the introduction of new products. It is therefore proposed that, whilst the policy is introduced with immediate effect, that new products be introduced from 1 June 2024 to allow for preparation and training. It is further proposed that applicants with active enquiries for priority Home Repair Grants be notified that they will be given a time limited opportunity to progress with applications for formal approval.

CONCLUSION

- 5.29 The current Private Sector Housing Renewal Policy was formulated when capital budgets were under significantly less pressure than today, and the assistance offered is increasingly unaffordable. The ability to sustain the level of grant-aided assistance previously provided is now severely compromised by a diminishing capital funding situation. Officers no longer consider the Policy in its current form to be affordable and deliverable.
- 5.30 The adoption of the revised Private Sector Housing Renewal and Disabled Adaptations Policy will effectively deliver financial assistance to residents and private sector landlords for both regeneration and adaptations in a sustainable manner. The proposed Policy reflects the best use of available resources and is intended to reduce the pressure on the Authority's overall capital programme going forward, by creating a sustainable recyclable pot to assist vulnerable homeowners to maintain their homes. The Policy will support the Council's key priorities by improving housing quality, reducing fuel poverty, and promoting safety and independence at home.
- 5.31 The removal of the means test for medium adaptations would result in increased demand for adaptations, putting a significant strain on the Council's limited resources (both staff and financial). The scale of impact is unknown as it is not possible to account for those who are currently deterred from applying or withdraw due to the means test. Increasing demand would lead to households in need of adaptations being disadvantaged by increased waiting times as low-income applicants with no access to adaptations other than via a grant would be disproportionately affected. Welsh Government are not offering revenue funding to support their proposal and only a small contribution to capital costs.
- 5.32 Therefore, it is proposed that the Council:

- Introduce a new key priority 7 - Improving the energy efficiency of homes.
- Offer a revised suite of financial assistance products in support of the key priorities, with additional focus on loans.
- Continue to deliver medium adaptations under the Housing Grants Construction and Regeneration Act 1996 by way of mandatory means tested DFGs.
- Amend the means test for discretionary grant aid in line with the statutory means test for mandatory DFGs.
- Introduce targeting of the offer of the Council's In house Agency Service
- Reduce the associated In-House Agency Service fees.
- Realign the Private Sector Housing capital budget as detailed in the report.

6. ASSUMPTIONS

- 6.1 The Council will comply with any terms and conditions attached to any Welsh Government or alternative external sources of funding.

7. SUMMARY OF INTEGRATED IMPACT ASSESSMENT

- 7.1 The Integrated Impact Assessments (IIA's) suggest that the introduction of the Private Sector Housing Renewal and Adaptation Policy will have a positive impact upon the residents of the County Borough by improving availability of good quality housing and increasing independence.
- 7.2 By providing opportunities for people to have access to a range of financial products and advice, the IIA's shows that the Policy will have a positive impact on equality, diversity and inclusion, on tackling social disadvantage and on promoting the wellbeing of existing and future generation. Helping people maintain and improve their homes also contributes to several of the Council's wellbeing objectives. No adverse impact on the promotion of the Welsh language was identified.
- 7.3 The IIA's can be found at:

Link to IIA – Renewal Financial Products Final

Link to IIA – Adaptations Final

8. FINANCIAL IMPLICATIONS

- 8.1 Following the consultation exercise and with consideration of the current macro-economic landscape and the Council's transformation agenda it is proposed to reduce the level of agency fees charged for use of the service. Consequently, there will be a reduction in agency fees generated because of the introduction of the proposed policy and therefore a reduction in the revenue budget for Private Sector Housing. All agency fees generated will be ring fenced as a revenue contribution to the capital programme for delivering the Private Sector Housing Renewal and Disabled Adaptations Policy.

Capital Implications

- 8.2 The funding of the products under the proposed Policy will be governed by the budget set by the Council.

- 8.3 The existing annual budget for Private Sector Housing of £2,167,000 will be sufficient for the products proposed to be carried forward into the revised policy other than the proposed Home Safety Repayable Assistance.
- 8.4 The transition from a grant to a loan product to assist vulnerable homeowners with home maintenance is intended to reduce the pressure on the Authority's overall capital programme going forward, by creating a sustainable recyclable pot. However, significant funding will be required to administer the loans until the Council receives sufficient loan repayments to enable the recyclable loan pot to be self-financing. It is therefore proposed that, in addition to the current annual budget allocation, available, Private Sector Housing slippage money of £6,916,280, (as per Period 9 Monitoring Report), available in part due to the significant impact Covid 19 had on the delivery of repair and adaptation programmes, be ring fenced for the purpose of delivering the policy, with a particular focus on Home Safety Repayable Assistance, for a period of at least 5 years, at which time a review of the annual budget would be required.
- 8.5 The cross tenure targeted regeneration scheme at Bryn Carno is partly grant funded by Welsh Government. It has experienced delays in implementation due to the complexity of the scheme and shortage of technical consultants and contractors accredited to statutory standards. The full extent of the project is now known, and contracts are being agreed. There is an increase required to the budget of £322,019 for the private sector properties that is not able to be funded by the WG grant. £322,019 of the slippage monies would therefore be allocated to the targeted regeneration project at Bryn Carno.
- 8.6 Welsh Government Owner Occupier Loans, Owner-Occupier Repayable Lifetime Loans and Landlord Loans are funded by ringfenced Welsh Government funds, which are due to be reviewed.
- 8.7 Energy Crisis Grants will be offered whilst external funding is available.

9. PERSONNEL IMPLICATIONS

- 9.1 Expanding the range of financial products available and reducing the use of the In-house Agency Service will result in changes to roles and operational practices. There are no personnel implications of the introduction of the proposed policy, however staffing capacity will be required to be reviewed within 12 months of the introduction of the policy, when product demand has developed.

10. CONSULTATIONS

- 10.1 A comprehensive consultation exercise in respect of the Policy has been carried out for 8 weeks from the 14th December 2023 until the 16th of February 2024, and the results are reflected in the report.
- 10.2 The consultation exercise received 11 online responses and 1 email response. Below is a summary of the responses received.
- 10.3 100% of the responses were received in English from a mix of respondents including staff, residents, businesses and a voluntary organisation. Respondents included 8 owner-occupiers, 3 council tenants. Of those who stated 'why' they were responding,

2 were private sector landlords and 5 were disabled or had a disabled child.

- 10.4 All respondents agreed with the 7 key priorities.
- 10.5 7 respondents agreed with the sustainable approach to deliver financial assistance to address substandard properties, 4 disagreed and 1 didn't know. Concern was raised about how with the current cost of living crisis, people could afford regular loan repayments, however affordability is considered when determining the most appropriate product for an applicant, with some of the products repaid at the point of sale of the property and therefore do not require monthly loan repayments.
- 10.6 10 respondents agreed with the targeted approach and the use of a means test for DFG assistance to ensure that the most financially vulnerable households are able to be supported. 2 didn't know.
- 10.7 9 respondents were asked if they agreed with the prioritisation policy, 1 disagreed and 2 didn't know. 1 respondent did not support prioritisation linked to a regeneration scheme however, it is not practical to deliver a regeneration scheme with properties being dealt with at different times.
- 10.8 6 respondents agreed with the removal of the requirement to use a home improvement agency, and 6 disagreed. Those who disagreed highlighted that agency services ensured quality and support for residents in delivering works. Those who agreed wanted the right to choose.
- 10.9 2 respondents considered the introduction of the policy would impact negatively on them because of a protected characteristic, 9 did not, and 1 said they didn't know. 1 respondent considered it would impact them negatively because they were a disabled person, the other did not provide any additional text. The IIA concluded that the policy would not impact negatively on protected characteristics.
- 10.10 6 respondents agreed the policy will help to reduce levels of socio-economic disadvantage in the Borough, 4 disagreed and 2 didn't know. 1 respondent was concerned about residents' ability to make regular loan repayments. However, affordability is considered when determining the most appropriate product for an applicant with some proposed loan products repaid at the point of sale of the property so do not require monthly loan repayments.
- 10.11 6 respondents agreed the policy would have a positive impact on future generations living in the Borough, 2 disagreed and 4 didn't know. Concerns were raised about the lack of Government investment in private sector housing and the focus on public sector housing with the WHQS programme.
- 10.12 8 respondents considered the policy will ensure that the Welsh language is treated no less favourably, 2 disagreed and 2 didn't know. No further comments were provided.
- 10.13 General comments included support for any actions that return empty properties back into use or help with homelessness. Additionally, there were comments about increasing the funding available to assist disabled persons via disabled facilities grants. This is a central government issue and is therefore not covered by the Policy. The draft policy includes discretionary grant assistance and loans for adaptations.
- 10.14 All comments received from the consultees listed below have been noted and, where appropriate, incorporated within the report.

10.15 Cabinet will receive a verbal update on the comments made at the Housing and Environment Scrutiny Committee on the 26th of March 2024.

11. STATUTORY POWER

11.1 Local Government and Housing Act 1989
Housing Grants, Construction and Regeneration Act 1996.
The Regulatory Reform (Housing Assistance) (England and Wales) Order 2002
Housing Renewal Grant Regulations 1996,

Author: Claire Davies Private Sector Housing Manager (daviec13@caerphilly.gov.uk)
Fiona Wilkins, Housing Services Manager (wilwife@caerphilly.gov.uk)

Consultees: Cllr Sean Morgan, Leader of Council
(Email: morgas@caerphilly.gov.uk)
Cllr Andrew Whitcombe, Chair – Housing and Environment Scrutiny
(Email: whitca@caerphilly.gov.uk)
Cllr Shane Williams, Vice Chair – Housing and Environment Scrutiny
(Email: willis42@caerphilly.gov.uk)
Cllr Shayne Cook, Cabinet Member for Housing
(Email: cooks3@caerphilly.gov.uk)
Dave Street, Deputy Chief Executive
(Email: streed@caerphilly.gov.uk)
Jo Williams, Assistant Director Adult Services
(Email: willij6@caerphilly.gov.uk)
Gareth Jenkins, Interim Director For Social Services
(Email: jenmig2@caerphilly.gov.uk)
Rob Tranter, Head of Legal Services and Monitoring Officer
(Email: trantrj@caerphilly.gov.uk)
Mark S Williams, Corporate Director for Economy and Environment
(Email: willims@caerphilly.gov.uk)
Richard (Ed) Edmunds, Corporate Director for Education and Corporate Services
(Email: edmunre@caerphilly.gov.uk)
Stephen R Harris, Head of Financial Services and Section 151 Officer
(Email: harrisr@caerphilly.gov.uk)
Nick Taylor-Williams, Head of Housing
(Email: taylon1@caerphilly.gov.uk)
Lesley Allen, Principal Group Accountant (Housing)
(Email: allenl@caerphilly.gov.uk)
Kerry Denman, Housing Solutions manager
(Email: denmak@caerphilly.gov.uk)
Jane Roberts-Waite, Head of Housing Development and Strategy
(Email: roberj2@caerphilly.gov.uk)
Catherine Edwards, Head of Assets, Maintenance and Repairs
(Email: edwarc9@caerphilly.gov.uk)

Appendices:

Link to Appendix 1 **Private Sector Housing Renewal and Adaptation Policy 2024**