

COMMUNITY & SOCIAL AFFAIRS COMMITTEE

19TH MARCH 2014

REPORT OF HEAD OF REGULATORY SERVICES

REVIEW OF HOME OWNER LOAN SCHEME

1.0 PURPOSE OF REPORT

- 1.1 To update Members on the current situation around the provision of loans for Private Sector Housing within the Borough of Melton.

2.0 RECOMMENDATIONS

- 2.1 **That the Committee retains the loan budget of £25,000 for uses as appropriate.**

3.0 KEY ISSUES

3.1 GRANTS

Governments require that each Authority has provision to deal with vulnerable households living in Private Sector Housing in their area. Historically Melton Borough Council provided Capital funding for grants for such eventualities.

Over the years 2003-08 the level of grant funding provided by Melton Borough Council for repairs to properties (not disabled adaptations) was:

2003-04	£120k
2004-05	£130k
2005-06	£140k
2006-07	£131k
2007-08	<u>£100k</u>
	£621k over 5 years

The Housing Grants, Construction & Regeneration Act 1996 specified the procedure for Renovation Grants and Home Repair Assistance Grants. These were replaced by Major and Minor Grants which followed a similar procedure.

LOAN PROVISION

In 2007-08, the Government recommended that Local Authorities looked towards providing a loan scheme for such Grants to enable re-cycling of funds and become less reliant on National and Local Government funding these schemes. The background justification for this was the change in demographic with people living much longer and the amount of equity in many homes, following rapid increase in house price values, that could potentially be used to fund home repairs.

The CSA Committee agreed that from April 2008, the funding would no longer be provided as a grant but would be in the form of a loan. £250,000 was put into the loans scheme, to enable re-cycling of the funds.

MBC LOANS

At the start of this process in 2008, take up was likely to be low.

Commercial lenders were still not participating in investing in this type of system as the terms involved were not commercially viable. Also the costs involved in liaising with

homeowners who were often not the most financially aware and making home visits etc. made these loans even less attractive to the private sector householders.

The most vulnerable applicants were still not eligible for this type of package, so an emergency safety net was to be made available from the £250,000 to rectify serious hazards.

Great care always had to be taken with loans to ensure that strict financial rules were followed and that clients receive independent financial advice to try and prevent any legal challenges through mis-selling.

ADDITIONAL EXTERNAL GRANT FUNDING

In 2006-07 East Midland Authorities were granted some funding and could bid for additional funding for Decent Homes Grants. This came from Government via the Government Office East Midlands (GOEM). Melton BC obtained £61,000 plus £25,000 additional funding.

MBC obtained the following funding in subsequent years.

Year	Funding	Grant Type	Source
2006-07	£86,000	Decent Homes	GOEM
2007-08	£108,500	Decent Homes	GOEM
2008-09	£472,000 (inc.carry forward)	Decent Homes	GOEM
2009-10	£308,000 (inc carry forward)	Decent Homes	GOEM
2010-11	£186,000	Decent Homes	GOEM
2011-12	£195,000	Warm Homes	Dept of Health
2012-13	£65,000	DECC Warm Homes	Dept of Energy & Climate Change

During the period that these additional grants have been available, the public understandably have not been receptive to take out a loan. Also whilst we were recently able to offer a loan package called Houseproud through the 'Home Improvement Trust' it became apparent that another organisation (i.e. Saga) was able to offer a more attractive package. The Home Improvement Trust is no longer operating.

- 3.2 For 2014-15, no external funding sources have been secured to date, therefore when the Warm Homes Grants are all allocated we may need to revert to having a loan available to offer. This funding will only be utilised when there is nothing else to offer and there is demand from the Public. The loan fund has been reduced to £25,000 to cover such eventualities.

4.0 POLICY AND CORPORATE IMPLICATIONS

- 4.1 A priority of Melton Borough Council is to support vulnerable people in the Borough and to improve their wellbeing. This process contributes to this.

5.0 FINANCIAL AND OTHER RESOURCE IMPLICATIONS

- 5.1 As the loan budget has not been utilised in this year (as in previous years) through lack of demand, it is suggested that the budget of £25,000 is carried forward into 2014/15 and when the capital programme is reviewed later in the year, future year's funds will be removed. This will enable us to carry forward the one allowance and continue to do so and we will only request further sums should this amount ever get spent. Retaining the £25,000 will enable us to act quickly in exceptional circumstances should the need arise.

6.0 **LEGAL IMPLICATIONS/POWERS**

6.1 The Housing Grants, Construction & Regeneration Act specifies the process to follow.

7.0 **COMMUNITY SAFETY**

7.1 Cold homes have been shown to contribute to ill-health accidents and warm homes therefore prevent ill-health and accidents.

8.0 **EQUALITIES**

8.1 These grants and loans are means tested and are only offered to eligible vulnerable applicants.

9.0 **RISKS**

9.1 **Probability**



Very High A				
High B				
Significant C				
Low D				
Very Low E		1		
Almost Impossible F				
	IV Neg- ligible	III Marg- inal	II Critical	I Catast- rophic

→
Impact

Risk No.	Description
1	Vulnerable people not taking up this loan scheme due to cost

10.0 **CLIMATE CHANGE**

10.1 Warm homes grants are for energy efficient systems along with suitable insulation.

11.0 **WARDS AFFECTED**

11.1 Applications are welcome from eligible applicants in all wards of the Borough.

Contact Officer: Victoria Clarke
Date: 20/02/14

Background Papers: X:\Cttee, Council & Sub Cttees\CSA\2007-08\090108

Reference : X : Committees\?