


Cabinet 20 March, 2018	 TOWER HAMLETS
Report of: Ann Sutcliffe Interim Corporate Director, Place	Classification: Unrestricted
Private Sector Housing Renewal Policy 2018 - 2022	

Lead Member	Cllr Siraj Islam
Originating Officer(s)	Martin Ling – Housing Strategy Manager
Wards affected	All Wards
Key Decision?	No
Community Plan Theme	A Great Place to Live

Executive Summary

The Council has a duty under Part 1, Chapter 1, Section 3 of the Housing Act 2004 to review housing conditions in its area.

Where housing conditions are found to require improvement, assistance can be provided under the terms of Article 3 of the Regulatory Reform (Housing Assistance) Order 2002; Under these terms a local authority is also required to have adopted a Private Sector Housing Renewal Policy. The policy should set out how the Council is able to assist in improving the living conditions for residents who live in private sector housing within the Borough.

This report outlines options for updating the Council's Private Sector Housing Renewal Policy. The last policy was produced in April 2016 to meet the requirements of the Regulatory Reform (Housing Assistance) Order 2002 that provided a new framework for private sector housing renewal. The policy was amended in November 2017 in order to introduce discretionary Disabled Facilities Grants.

A public consultation on a draft Private Sector Housing Renewal Policy upon which the main recommendations set out below are based was launched on the 15th November 2017 and concluded on the 13th January 2018.

Recommendations:

The Mayor in Cabinet is recommended to:-

- i. Adopt the Private Sector Housing Renewal Policy 2018 - 2022 attached at Appendix 2.

1 REASONS FOR THE DECISIONS

- 1.1 The Council has a duty under Part 1, Chapter 1, Section 3 of the Housing Act 2004 to review housing conditions in its district. Where housing conditions are found to require improvement, assistance can be provided under the terms of Article 3 of the Regulatory Reform (Housing Assistance) Order 2002.
- 1.2 The 2011 private sector stock condition and an analysis of the demand from residents who meet the current grant conditions demonstrates that housing conditions are found to require improvement in some areas and that the Council has a ring-fenced budget available to spend on improvements in the private sector.

2 ALTERNATIVE OPTIONS

- 2.1 The Council could choose to adopt a modified Private Sector Housing Renewal Policy which may require further impact assessment, but the version in Appendix 2 is recommended for the reasons set out in the body of the report.

3 DETAILS OF REPORT

- 3.1 The Council is required to have a Private Sector Housing Renewal Policy. The current policy runs until the end of 2018. The policy covers mandatory and discretionary Disabled Facilities Grants (DFG) and discretionary Home Repair and Empty Property Grants. DFGs are allocated on the basis of the needs of a disabled person whilst the latter 2 grants are related to the condition of properties. Each grant regime is considered below.

3.2 Consultation

A light touch consultation took place between November 2017 and January 2018. An options paper was placed on the Council's website and circulated to all key partners and a number of internal and external meetings took place. In addition, all owners with properties recorded as being empty for over 6 months were written to seeking their comments on the grants available and the type of assistance they would find helpful to enable them to bring properties in use.

There was relatively little response from the public consultation but there was general consensus on the proposed changes which are set out below from internal and external partners as it will provide more flexible use of the DFG in the future.

The Tower Hamlets Housing Forum, Asset Management Group were particular supportive of the extension of the use of the DFG and suggested a number of areas where the service could be designed to improve the service to residents which can be taken forward in the future.

Disabled Facilities Grants

- 3.3 The Council is committed to making mandatory and where appropriate discretionary DFGs available to all eligible owner-occupiers and private sector tenants so that they can remain living independently in their own homes. A disabled owner-occupier or tenant may apply for a DFG for a number of purposes which will primarily improve access and comfort. Mandatory DFGs will continue to be available to eligible owner-occupiers and private sector tenants and the maximum mandatory DFG is £30,000. These grants are currently means tested except when for the benefit of a disabled child under the age of 18. The grant level has remained at £30k since 2008 and is generally not adequate enough to cover the cost of extensions. In November 2017, the Mayor in Cabinet agreed to amend the existing policy to enable discretionary grants beyond the £30k limit, primarily to enable the Council to facilitate extensions to properties where alternative suitable and less expensive adaptations could not be provided. Adaptations for disabled people in Council owned property are funded through a budget allocation within the Housing Revenue Account and delivered by Tower Hamlets Homes.
- 3.4 DFGs were introduced as part of the 1989 Local Government and Housing Act and the first grants were given in 1990, so it has been in use for over a quarter of a century. The most fundamental change came in 2014 when it was announced that DFG would become part of the pooled health and social care budget, the Better Care Fund, and responsibility for its administration would pass from the Department of Communities and Local Government to the Department of Health.
- 3.5 In the Comprehensive Spending Review of November 2015 it was announced that the central government allocation for the grant was to more than double from £220m in 2014/15 to over £500m by 2019/20 and there was a substantial increase in resources for 2016/17 to £394m. As a consequence, the Council's DFG allocation rose to £1.4m in 2016/17 and further to £1.7m in 2017/18. The DFG budget is part of the Better Care Fund and the Council can use the DFG allocation to meet other objectives covered through the Better Care Fund. The capital programme incorporates a DFG budget for 2017/18 of £1.42m (including slippage from 2016/17) and £1.4m for 2018/19.
- 3.6 In 2014, an agreement was reached with Registered Providers who operate within the borough that they will fund 50% of DFGs up to a maximum of £5,000 for their tenants. The agreement was approved by the Tower Hamlets Housing Forum Executive. The agreement was suspended in April 2017 following the increases in budget in 2015/16 and 2016/17 but could be reintroduced by mutual agreement should there be further budget constraints beyond 2020.
- 3.7 The introduction of the Better Care Fund and increased DFG budgets will enable the Council to take advantage of the flexibilities allowed under the Regulatory Reform Order (2002 Housing Renewal) (RRO).

3.8 Officers have carried out a full review of emerging good practice elsewhere in regard to the wider use of DFG and engaged with Foundations, the Government's appointed advisory agency for best practice in the delivery of DFGs and extended use of the grant allowed under the RRO. Additional areas of support funded through the DFG will be required to meet a necessary, appropriate, reasonable and practical test, would be discretionary and will need to meet the central aim of the RRO which is to create greater flexibility within the fund and address housing issues on a wider preventative basis. It is therefore proposed to extend the use of the grant to the following areas:

Relocation Grants - Relocation grants would enable the Council to assist homeowners to move to a more suitable property where an in situ solution cannot be provided. Although they are rarely likely to be used, grants could cover removal costs, reconnection fees and legal costs.

Hospital Discharge Grants – Discharge from hospital can be delayed when a resident's home is not suitable for them to return to and is both expensive to the NHS as the ward cannot be used efficiently and neither is it in the patient's interest to be delayed from returning home . Using DFG grant for fast track works, including deep cleaning; decluttering and minor repairs can speed up this process and potentially save the public purse thousands of pounds.

Dementia Grants – Dementia grants can be used to replace gas, electric cooking facilities with microwaves and specialist assistive technology such as GIS tracking devices where appropriate.

Assistive Technology and Equipment

The Council provides comprehensive assistive technology and equipment services including deaf/blind aids. DFG spend could be used to supplement this service where an unmet demand can be identified.

Abolition of means test on cases below £10k

In addition it is proposed to abolish the means test for works below £10k. Carrying out means testing to identify whether a householder should make a contribution towards DFGs is standard practice but is in most cases the applicant does not have to make a contribution. Between 2015 and 2017, the Council collected a total of 9 client contributions amounting to £13,320 having conducted 136 means tests. In line with most other Local Authorities it is recommended that the means test is abolished for all work costing less than £10k. This will reduce bureaucracy and speed up the process for the delivery of DFGs.

3.9 The expectation is that most of these additional funding areas will be administered through Adult Services teams via the Better Care Fund through a top slice of the DFG allocation. An internal working group has been meeting over recent months to review all the corporate work activity in relation to enabling independence at home in the context of getting best value from the

Better Care Fund and increased DFG. By including these areas for potential spend in the revised policy; the Council will then have the flexibility to use the DFG funds in other areas to promote independence. It should be noted that the majority of the budget will continue to be spent on mandatory adaptations and it is proposed to make funds spent in the areas above available on a discretionary basis and subject to approval through the budget setting process for the Better Care Fund.

Home Repair and Empty Property Grants

3.10 The 2011 census demonstrated that the private rented housing sector is now the single largest housing tenure in the Borough and it is growing rapidly. The table below details the tenure breakdown in more detail adjusted to estimated 2017 levels.

Tenure	2003	%	2011	%	2017	%
Owner occupied	27,308	31%	25,339	23%	26,680	21%
Council owned (<i>Rented</i>)	24,200	28%	12,500	12%	12,600	10%
Registered social landlord (<i>Rented</i>)	17,828	20%	26,484	24%	29,500	24%
Private rented sector	17,513	20%	41,870	39%	52,820	42%
Shared ownership	500	1%	2,000	2%	3,000	2%
Total	87,349		108,193		124,700*	

**These figures are updated estimates based on 2011 Census tenure split uplifted to reflect growth in residential numbers as recorded in the 2017 Council Tax records.*

3.11 The gradual change in tenure, growth in new build and the impact of gentrification have all had an impact on housing conditions in the Borough. The last private sector stock condition survey was carried out in 2011 and stated that around 19% of private housing in the Borough failed to meet the decent homes standard. External analysis of the English Housing Condition Survey suggests around 5% of housing in London could be unfit for human habitation and feature Category 1 Hazards. The Council's primary response to these conditions will be through enforcement action rather than through the provision of grants as most housing in poor condition will be rented out privately.

The consequence of the growth in the private rented sector is that the number of owner occupiers in older properties has continued to decline and empty property levels are at a historic low, reflecting the overall trend in London. This in turn has led to a steady decline in the number of applications for both home repairs and empty property grants in recent years. However there are still a small number of primarily elderly low income owner occupiers who have received grants in recent years and this is expected to continue. Whilst there

have only been two live empty property grant engagements in the last 12 months, it is recommended that the policy is retained as set out below.

Home Repair Grants

- 3.12 These grants are used to remove Category 1 hazards from the homes of the most vulnerable residents in the private sector. The grant limit of £6,000 is normally adequate, with an average cost per grant just under £2,000. However there have been some applications for roof repairs in excess of £6,000 and it is recommended that the limit is raised to £10,000 to enable such repairs to take place.

It is also proposed to relax the criteria for the grant enabling wider access but still to people on low incomes of any age range – e.g. Any owners who are on a qualifying benefit that have Category 1 Hazards within their premises instead of all owners having to be in receipt of Disability Living Allowance or be over 60 and in receipt of a qualifying benefit.

Empty Property Grants

- 3.13 Broadly, the Ministry of Housing, Communities and Local Government (MHCLG) defines an empty home as any dwelling that has been unoccupied for more than six months. The MHCLG excludes from their definition any home that is empty because the owner is in hospital, prison, or care; or that has been repossessed by a mortgage lender; or where probate has not been granted, or because occupation is prohibited by law. The MHCLG also excludes the large number of homes that are “substantially furnished” and used, no matter how rarely, as second homes or as short-term lettings.
- 3.14 The government assesses the number of empty homes nationally by taking a ‘snapshot’ in October each year of the number of dwellings that Council Tax records show have been empty and substantially unfurnished for six months or more. In October 2017 there were 559 of those empty homes in Tower Hamlets. The number of empty Tower Hamlets homes in that category has reduced from a peak of 1,623 in 2010, a decrease of 66%. This is largely as a result of the huge increase in both the house price and rental values in the borough which have enabled both vendors and landlords to benefit financially from the uplift in the market. Of the 559 properties, 80% were empty for less than 2 years. The majority of empty properties in the Borough are flats which reflect the make-up of stock across the Borough.
- 3.15 During the ten years from 2003 and 2013, 53 Empty Property Grants were paid out, bringing 160 units into use for households nominated by the housing options service. The number of applications fell sharply from 2011/12. Since then the strength of the housing market is encouraging owners to make use of their properties and engagement across the sector demonstrates that many owners are in the process of making planning applications, or selling or letting properties out. Officers are working with a targeted number of empty home owners across the borough using a range of enforcement and planning

powers and general advice approaches to assist in bringing properties back into use.

- 3.16 The Council also has the power to use Compulsory Purchase Orders and Empty Dwelling Management Orders but these are generally expensive and time consuming responses. Engaging with owners over the potential use of these powers has been used in order to strengthen the Council's negotiating position and encourage owners to take action in order to bring homes back to use.
- 3.17 It will be prudent to offer empty property grants if a landlord is prepared to let the properties for a set time period - usually 3 to 5 years - to clients referred from the Housing Options Service at rents no higher than the Local Housing Allowance. Officers are currently engaging with two owners on properties that could be brought back into use with the provision of grants. This could continue be a cost effective source of accommodation in the Borough and allows the Council to discharge its homelessness duty within the private sector albeit on a limited basis. It is intended to continue with the scheme and continue to promote the grants with empty home owners as part of an ongoing engagement with the sector.
- 3.18 The other changes in the policy relate to the scheme of delegation which is slightly amended to reflect the current practice of greater accountability in the decision making process.

A Summary of the key changes to the policy is set out at Appendix 1.

4 EQUALITY ISSUES

- 4.1 The Council's Housing Strategy, adopted in December 2016 set an action to refresh the Private Sector Housing Renewal policy in order to improve partnership working and coordination with the Better Care Fund. The Equality Impact Assessment carried out as part of the development of the Strategy stated that the refresh aims to provide more customer focused services, to reduce hospital admissions and to enable people to return from hospital more quickly. The refresh also aims to broaden access to the Disabled Facilities Grant, improving the quality of life for people living with limiting disabilities by providing aids and adaptations at home. A substantial number of applicants are elderly people and applicants broadly reflect the ethnic mix of the borough. The adoption of the policy will have a positive impact on the lives of residents from two protected equalities groups, the elderly and disabled.

5 BUDGET AND PROGRAMME COSTS

- 5.1 The budget is divided into two elements – mandatory Disabled Facilities Grants and discretionary minor home repairs/empty property assistance.
- 5.2 **Mandatory Disabled Facilities Grants (DFGs)** - The 2017/18 DFG budget was established at £1.257m plus slippage of £0.163m. Expenditure to the end of quarter three (December 2017) is £0.676m and it is anticipated that the

outturn will be in the region of £1.2m. Any unspent resources will carry forward into 2018-19. The maximum grant available to eligible applicants is currently £30,000, with a discretionary top up. 359 grants have been awarded and works completed in the 21 months since April 2016.

- 5.3 **Home Repair Assistance** - the grant limit of £6,000 is being raised to £10,000 to allow for applications for roof repairs. The current average cost per grant is just under £2,000. 23 grants have been awarded and works completed in the 21 months since April 2016.
- 5.4 **Empty Property Grants** – No Empty Property grants have been awarded in 2017/18, though there is a case currently under consideration. The budget for Private Sector Housing Improvements for 2017/18 is £0.03m, rising to £0.100m in 2018/19.

6. COMMENTS OF THE CHIEF FINANCE OFFICER

- 6.1 This report seeks the approval of the 2018 - 2022 Private Sector Renewal Policy by the Mayor in Cabinet.
- 6.2 The draft Private Sector Renewal Policy (attached as Appendix 2) covers a range of grant types, including Disabled Facilities Grants and a Private Sector Improvement Grants programme incorporating Home Repairs Grants and Empty Property Grants. These grants are included in the Council's capital programme, funded as outlined in paragraphs 7.3 and 7.4.
- 6.3 **Disabled Facilities Grant**
 - 6.3.1 The previous DFG financing regime ended in 2014-15 when the Council's annual budget was £995,000, part funded by DCLG grant of £744,000. Due to demands on the mandatory grants budget which was usually oversubscribed, the option to approve discretionary DFG payments was not included within the Private Sector Renewal Policy.
 - 6.3.2 Since the integration of the DFG funding system with the Social Care capital grant element of the Better Care Fund, the capital budget for DFG for use by the Private Housing Improvement Team has significantly increased. For 2018-19, the approved capital estimate is £1.4 million, with the remaining DFG allocation being used by Adult Services to meet other objectives within the Better Care Fund programme. This increased budget provides the opportunity to also provide resources to fund discretionary DFGs.
 - 6.3.3 The Disabled Facilities Grant funding element within the capital programme will continue to be considered on an annual basis, and will still be dependent upon grant resources made available by the MHCLG, and if appropriate, the Department of Health.

6.4 Private Sector Renewal Grants programme

- 6.4.1 The Council has previously adopted capital estimates to fund a Private Sector Renewal Grant programme. The scheme is financed from residual ring-fenced resources received from the East London Renewal Partnership. The programme supports the aims and objectives of the Council's Private Sector Housing and Empty Properties Framework, and includes Home Repairs Grants for minor repairs and improvements and the award of Empty Property Grants. In addition to funding carried forward from previous years, an on-going annual capital budget of £100,000 has been included within the capital programme, with flexibility to bring funding forward from future years if necessary.
- 6.4.2 The residual East London Renewal Partnership funding relates to the Mayor of London's Regional Housing Pot which was established to specifically allow discretionary grant assistance, mainly in respect of empty properties. It is anticipated that this level of funding will continue to finance the Council's grant regime for the four year period of the policy, however expenditure and commitments must continue to be closely monitored to ensure that resources are not exceeded.
- 6.4.3 It should be noted that as well as the actual grant payments themselves, an element of the East London Partnership funding supports the administration of the programme, and contributes towards the funding of the private sector renewal team. These revenue costs must be taken into account as a call on the available grant when monitoring commitments to ensure that resources are not exceeded.
- 6.4.4 The report sets out possible levels of assistance that will enable the Council to continue to offer a Private Sector grants process over the next four years. Although alternative funding regimes will continue to be sought, there is currently little scope for additional resources to be secured for these grants. Any future initiatives would need to be considered in relation to the Council's other priorities within the capital programme and in accordance with its Capital Strategy.

7. LEGAL COMMENTS

- 7.1 The Council has a duty under section 3 of the Housing Act 2004 to keep the housing conditions in its area under review with a view to identifying whether it needs to take any action with respect to its powers under a range of Housing Legislation.
- 7.2 Article 3 of the Regulatory Reform (Housing Assistance) (England and Wales) Order 2002 provides that where housing conditions are found to require adaptation, repair or improvement, assistance may be provided by the Council.
- 7.3 A Disabled Facilities Grant (DFG) is a mandatory grant awarded through the Council to help adapt properties to the needs of disabled persons. The

maximum grant that can be awarded is £30,000. This is provided by the Housing Grants, Construction and Regeneration Act 1996.

- 7.4 The Care Act 2014 amended the National Health Service Act 2006 ('NHS Act 2006') to provide a legislative basis for the Better Care Fund (BCF). The Government provides funding to local authorities under the BCF to integrate local services and under that funding, there is a requirement that the BCF integrates the DFG. The Council can use the BCF innovatively through the 2002 Order and this permits the Council to grant a DFG over £30,000.
- 7.5 The Council may not exercise the powers available under the 2002 Order unless it has adopted a policy for the provision of assistance, given notice of the policy and made it available to the public. The power to provide assistance must be exercised in accordance with the policy. The current Policy is the Private Sector Renewal Policy 2016 – 2018 and this report seeks for the Mayor in Cabinet to adopt a Private Sector Renewal Policy for 2018 - 2022. The proposed 2018 - 2022 Private Sector Housing Renewal Policy includes assistance of the kind permitted by Article 3 of the 2002 Order and is therefore lawful.
- 7.6 The Private Sector Renewal Policy is not part of the Council's Budget and Policy Framework. The adoption of the Policy is an Executive function and therefore the Mayor in Cabinet has the authority to adopt the 2018 - 2022 Private Sector Renewal Policy.
- 7.7 The BCF programme is governed by a formal agreement between the Council and the Tower Hamlets CCG under Section 75 of the NHS Act 2006. As stated in of the Finance comments for 2018-19, the approved capital estimate is £1.4 million, with the remaining DFG allocation being used by Adult Services to meet other objectives within the Better Care Fund programme.
- 7.8 As to consultation, the Council must also comply with its common law duty and which imposes a general duty of procedural fairness when exercising functions which affects the interests of individuals. In that regard:
 - (a) The consultation was at a time when the proposals were still at a formative stage and the proposals were still formative;
 - (b) The Council has given sufficient reasons for its proposals and which have permitted intelligent consideration and response; and
 - (c) adequate time has been given for consideration and response.
- 7.9 The consultation exercise has been completed and the report advises that there was relatively little response from the public consultation but there was general consensus on the proposed changes from internal and external partners as it will provide more flexible use of the DFG in the future. The responses to the consultation must be considered before the decision to adopt or not is made.

- 7.10 The Council has a duty under Section 3 of the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised having regard to a combination of economy, efficiency and effectiveness (the best value duty). Awards of these grants are subject to eligibility criteria which seek to assist vulnerable persons in housing in disrepair. By doing so the need for other Council services or support is likely to be reduced.
- 7.11 When exercising its functions under this legislation by making decisions about grants the Council must comply with section 149 of the Equality Act 2010 in that it must have due regard to the need to eliminate unlawful conduct under the Act, advance equality of opportunity and foster good relations between persons who share a protected characteristic and those who do not (the public sector equality duty). The Private Sector Renewal Policy is designed to provide for those who are elderly or who have disabilities and in doing so it seeks to advance equality of opportunity for persons with those protected characteristic.

8. ONE TOWER HAMLETS CONSIDERATIONS

- 8.1 As set out at 5.1 above, the Private Sector Renewal Policy has a positive impact on the lives of some of the most vulnerable people within the Borough and enables them to live independently at home within their communities.

9. BEST VALUE (BV) IMPLICATIONS

- 9.1 The needs of all clients who apply for Disabled Facilities Grants are considered by both Occupational Therapist and surveyors from the Home Improvement Agency. Recommendations for appropriate adaptations take into account the key objective of assisting the client to live independently at home as well achieving best value for the public purse. The provision of a DFGs and Home Repair Grants is designed to ensure that this objective can be achieved. If the adaptation was not to go ahead in some cases it is possible that additional costs will be incurred as a result of an increased risk of hospital admissions, additional care costs or rehousing to a higher care environment. In addition the provision of empty property grants can assist the Council in meeting housing need in the borough.

10. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

- 10.1 The delivery of the Private Sector Housing Renewal Policy encourages efficient use of materials for adaptation and encourages sustainable action for a greener environment.

11. RISK MANAGEMENT IMPLICATIONS

- 11.1 The management of the grants programme is subject to standard risk management process.

12. CRIME AND DISORDER REDUCTION IMPLICATIONS

12.1 There are no implications with regard to Disabled Facilities Grant and with regard to crime and disorder.

13. SAFEGUARDING IMPLICATIONS

13.1 There are no implications for Safeguarding with regard to the provision of the Private sector Renewal Policy.

Linked Reports, Appendices and Background Documents

Linked Report

None

Appendices

Appendix 1 – Summary of the key changes to the 2016 – 18 Private Sector Housing Renewal Policy

Appendix 2 – 2018 – 22 Private Sector Housing Renewal Policy

Background Documents – Local Authorities (Executive Arrangements) (Access to Information) (England) Regulations 2012

None

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