

CABINET MEETING 8 DECEMBER 2022

EXECUTIVE SUMMARY SHEET – PART I

Title of Report: Financial Assistance Policy	
Author(s): Report of the Executive Director of Health, Housing and Communities	
Purpose of Report: To seek approval of the updated Financial Assistance Policy (FAP)	
Description of Decision: Cabinet is recommended to: <ol style="list-style-type: none"> 1) Approve and adopt the changes to the Financial Assistance Policy which includes changes for Empty Homes loans and grants and Disabled Facilities Grant top up 	
Is the decision consistent with the Budget/Policy Framework? *Yes	
If not, Council approval is required to change the Budget/Policy Framework	
Suggested reason(s) for Decision: <ol style="list-style-type: none"> 1) To increase take up of Empty Homes loans and grants, to maximise the bringing of empty homes back into sustainable use; and 2) To increase the amount of Disabled Facilities Grant awarded to ensure disabled people can live longer in suitable housing. 	
Alternative options to be considered: To continue with the existing FAP was considered and rejected, as without an updated policy there would continue to be limited take up of the financial assistance scheme. This limited take up is preventing some empty homes being brought back into use. There is also a reduced number of Disabled Facilities Grants being awarded meaning fewer people are able to stay in their homes which leads to increased entries into domiciliary care and longer stays in hospital	
Impacts analysed; Equality <input type="checkbox"/> Privacy <input type="checkbox"/> Sustainability <input type="checkbox"/> Crime and Disorder <input type="checkbox"/>	
Is the Decision consistent with the Council's co-operative values? Yes	
Is this a "Key Decision" as defined in the Constitution? Yes	
Is it included in the 28 day Notice of Decisions? Yes	

FINANCIAL ASSISTANCE POLICY

Report of the Executive Director of Health Housing and Communities

1.0 Purpose of the Report

- 1.1 To seek approval of the updated Financial Assistance Policy (FAP)

2.0 Recommendations

- 2.1 Cabinet is recommended to:

- 1) Approve and adopt the changes to the Financial Assistance Policy which includes changes for Empty Homes loans and grants and Disabled Facilities Grant top up

3.0 Background

- 3.1 Sunderland's FAP was introduced in 2010 in line with the Regional Home Loans Partnership. The aim was to reduce disparities in the way in which councils in the North East provided financial assistance to vulnerable people.
- 3.2 The FAP also provides the policy context and delivery mechanism for the Disabled Facilities Grant to provide financial assistance to vulnerable residents. The grants fund essential housing repairs, improvement, adaptation, and relocation to help a person to live in a home of their choice, and to help the Council to offer financial assistance in a way that is responsible, cost effective and sustainable.
- 3.3 The Council also operate a system of grants and loans to support bringing empty properties back into use within the Private Sector.

4.0 Current FAP position

- 4.1 The Council currently operate two areas of financial assistance and funding support:
- Empty Home Loans and Grants
 - Disabled Facilities Grants
- 4.2 Empty Homes loans and grants
- 4.3 Financial assistance is offered in form of grant and also as a loan. If a property has been empty for a minimum of 6 months, the loan option is available. The minimum period that a property must be empty to qualify for a grant is 2 years.
- 4.4 The aim for the loans or grants assistance is to help property owners renovate and bring long term empty homes back into use.

4.5 Grants

4.6 The current FAP offers grants as follows:

- Empty for 2 years or more - £2,000
- Empty for 3 years or more - £3,000
- Empty for 4 years or more - £4,000
- Empty for 5 years or more - £5,000

4.7 Under the current grant scheme, the property cannot be sold for 5 years, and the grant is registered as a local land charge. An assessment and scoring criteria are in place to establish eligibility. This considers factors such as the length of time the property has been empty or if the applicant is in arrears with Council Tax payments which deem them ineligible.

4.8 Loans

4.9 Loans are administered by Five Lamps and are provided as interest free loans up to £7,500 with 50% match funding required from the applicant. As with grants the property cannot be sold for 5 years, and the loan is secured by a legal charge registered with the Land Registry.

4.10 In line with the grant process an assessment and scoring criteria is in place to establish eligibility.

4.11 There has been a reduction in the take up of loan assistance in recent years. Based on the previous 3 financial years (2019/20 – 2021/22), there were awards totalling £60,138, a breakdown is shown in the table below:

	Loans	Grants	Total
Number awarded	1	14	15
Total value	£3,868	£56,270	£60,138

4.12 The Disabled Facilities Grants (DFG)

4.13 These grants are funded by Central Government grant. This offer of assistance has a positive impact in helping the most vulnerable households. Many of which live in some of the most unsatisfactory and sometimes unsanitary housing conditions in the City. DFGs improve their property and make a difference to peoples physical health and mental wellbeing.

5.0 **FAP review and proposals**

5.1 The review of the FAP included consultation with both internal and external stakeholders. Research found that other neighbouring authorities had reviewed and updated their policies to reflect changing needs and to offer a more attractive financial assistance service to improve take up and meet council priorities, such as returning empty properties back into use and improving property standards.

- 5.2 The take up of the Empty Homes loans and grants was reviewed and it was found that over the last three years there had been a markable decrease in applications. The main indicator of this low take up was that the loan amounts were too low and not in keeping with market conditions. Also, the administrative process for awarding both loans and grants was too lengthy and made the product offer less attractive to potential applicants.
- 5.3 It was found that properties which had been empty for 2 years or more generally required more expensive, extensive refurbishment works and the costs in delivering these works had continued to increase due to inflationary pressures.
- 5.4 Properties which are currently ineligible due to length of time empty often still require extensive renovation works but applicants cannot yet access financial assistance. By making financial assistance more attractive and accessible it is hoped will prevent properties becoming long term empties and problematic
- 5.5 As part of the current grant terms and conditions, if the property is sold within 5 years of award of the grant, the Council would require the grant to be repaid, to support this the grant is registered as a local land charge
- 5.6 Similar conditions are attached to loan assistance in that the property should not be sold for 5 years, however the charge is registered with the Land Registry.
- 5.7 FAP proposed changes
- 5.8 To increase the attractiveness of grants and loans, an early time frame to be able to access grants and increases to amounts available is proposed, this is detailed further below
- 5.9 Grants
- 5.10 Access to grants after the property is empty for between 3 - 6 months, reduced from the previously 2-year empty period for applications.
- 5.11 An increase in the maximum grant available up to £15,000 for properties empty over 10 years. This will be subject to affordability and income criteria. The full proposed grant criteria schedule is detailed below:
- 5.12 Proposed FAP amounts:
- Empty from 3 months to 6 months - £2,000
 - Empty for 6 months up to 2 years - £5,000
 - Empty for 2 years up to 5 years - £7,500
 - Empty for 5 years up to 10 years - £10,000
 - Empty for over 10 years – £15,000
- 5.13 It is proposed that the property cannot be sold for 3 years, rather than the previous policy of 5 years, and the grant is registered as a local land charge.

5.14 Loans

- 5.15 Currently loans are interest free and up to £7,500 with a 50% match funding requirement. It is proposed to remove the match funding requirement with a maximum loan of £15,000 for applicants subject to affordability and income criteria.
- 5.16 The loan will be secured by a legal charge registered at the Land Registry on the title of the property.

5.17 Changes to loans and grant process

- 5.18 Both loans and grants will be paid directly to the homeowner. It is proposed that 50% of the total grant will be paid on completion of works and the remaining 50% paid on occupation of the property. This is to ensure empty homes are being brought back into use, with proof of occupation in place.
- 5.19 The process of assessing loans and grants will include a survey of the property completed by the Home Improvement Agency, Housing Surveyor prior to any quotes for works. This will ensure essential works are completed appropriately and within agreed cost bands, and that we hold some control over the schedule of works and what are acceptable cost levels.

5.20 Publicity of loans and grants

- 5.21 It was found that the process and publicity of loans and grants needed to be improved. To support the new FAP a new online application process will be introduced to increase take up of the FAP and creating a more efficient process for applicants.
- 5.22 To promote the FAP a comprehensive communications campaign will be put in place along with comprehensive details published on the Council's website.

5.23 Budget

- 5.24 Loan and grant awards for the past 3 financial years have totalled £60,138. With the increased attractiveness and efficiency of the proposed FAP there has been an estimated budget of £40,000 ringfenced for 2022/2023 within the existing approved budgets within the Housing Delivery and Investment Plan (HDIP), which has as one of its priorities to bring empty homes back into use.
- 5.25 The budget will be closely monitored and if additional budget provision is needed, a further use of the HDIP allocation would be used up to a maximum total of £100,000.

5.26 Disabled Facilities Grant (DFG)

- 5.27 A home that can be made to meet the needs of older and disabled people can help them build and sustain their independence and maintain connections in their community. There are currently many older and disabled people living in homes that make it difficult for them to do everyday tasks. The DFG is designed to support works that can enable a home to meet a person's needs.

5.28 The current £30,000 DFG limit is now proving to be insufficient when considering the range and cost of works needed to homes for many applicants of the DFG programme. Through consultation with the Council's Home Improvement Agency who administer DFG and a review of cases, works to homes and their associated costs, it is clear a range of changes are required to the existing DFG scheme. Below are the proposed updates to the DFG scheme which would bring the scheme in line with future needs:

- Increasing the maximum DFG award to £38,000 from the current maximum of £30,000. This is a creation of an additional discretionary grant of up to £8,000 to top up the current legislated £30,000, which does not cover complex extension work and increases in the cost of works within current market conditions.
- To have the flexibility in special circumstances to award a further £7,000 in addition to the £38,000. This will only happen following a full case review by a special circumstances panel who determine that there are extenuating circumstances that would warrant this award. This would be creating a means of accessing up to £45,000, which is in accordance with the regional position in respect of maximum DFG awards.
- To use DFG or discretionary grants to fund adaptations in a new build scheme where a prospective homeowner has applied for assistance.
- An increase in the current grant to support relocation costs from £1,000 to £2,000.
- To increase the maximum discretionary grant award from £8,000 to £10,000.
- To award a grant of up to £2,000 that can be used to bring properties back into a good state of repair or cleanliness, repair hazards around the home to reduce the risk of falls, modifications to support customers suffering from dementia or to facilitate decluttering to enable essential works to take place, or simply continued successful community living. We would expect this to be awarded where the person might be struggling with mental health issues, including hoarding in addition or instead of a physical disability.
- To automatically award discretionary funding to cover the gaps between the projected costs of works and the actual costs where an unexpected issue arises that significantly increases the costs of any scheme by comparison to the costs initially estimated.
- To create the ability of the service to award discretionary grant funding where a family are unable to make their financial contribution to a DFG where an affordability test demonstrates the inability of the family to make any repayments, or the applicant is suffering from a highly debilitating condition (this will be agreed by the special circumstances panel).
- The policy is to include a charge that will be placed upon a property in the case of a mandatory or discretionary grant where the adaptation has provided additional rooms by extending or converting outbuildings or a garage. The charge will be capped at a maximum of £10,000 and will be in place for a period of 10 years.

- That DFG's are subject to a means test that will determine if a customer is required to make a contribution towards the costs of the works. There is no means test applied for a child under the age of 19 for whom child benefit is payable.
- The policy will be updated to advise that discretionary grants are subject to a mean test of resources. This test is not applied in the case of terminally ill applicants.

6.0 Updated FAP introduction timescale

- 6.1 The proposed changes to the revised FAP, subject to Cabinet approval, would become live from 1st January 2023.
- 6.2 The updated FAP would be reviewed after 6 months to assess the revised arrangements and ensure that it remains aligned to housing and market conditions and also has strong levels of interest to residents wishing to bring empty homes back into use.

7.0 Reasons for the Decision

- 1) To increase take up of Empty Homes loans and grants, to maximise the bringing of empty homes back into sustainable use; and
- 2) To increase the amount of Disabled Facilities Grant awarded to ensure disabled people can live longer in suitable housing.

8.0 Alternative options to be considered:

- 8.1 To continue with the existing FAP was considered and rejected, as without an updated policy there would continue to be limited take up of the financial assistance scheme. This limited take up is preventing some empty homes being brought back into use. There is also a reduced number of Disabled Facilities Grants being awarded meaning fewer people are able to stay in their homes which leads to increased entries into domiciliary care and longer stays in hospital

9.0 Impact Analysis

- (a) **Equalities** – The policy will employ appropriate considerations for equality impact.
- (b) **Privacy Impact Assessment (PIA)** – n/a
- (c) **Sustainability** – n/a
- (d) **Reduction of Crime and Disorder – Community Cohesion / Social Inclusion** – The new policy will aim to support the bringing back into use empty properties which will support the reduction of crime, graffiti and wider ASB issues

10.0 Other Relevant Considerations / Consultations

- (a) **Co-operative Values** – There are no implications

- (b) **Financial Implications.** The FAP will continue to be funded through the Housing Delivery and Investment Plan and Disabled Facilities Grant allocations within the approved Capital Programme.
- (c) **Legal Implications** – It is proposed that the financial exposure of the Council is secured by the registration of either local land charges or legal charges at the Land Registry. However, any existing mortgage of the customer is likely to have 'priority' over the security which the Council puts in place. Where a property has negative or limited equity, the security put in place by the Council will not increase the likelihood of the Council recovering any monies in the event of customer default.
- (d) **Health & Safety Considerations** – n/a
- (e) **Procurement** – All service and purchasing arrangements impacting from the policy are covered within existing procurement frameworks and arrangements put in place through the Corporate Procurement Team
- (f) **Risk Analysis-**

11.0 List of Appendices – n/a

