

# Report

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Report to:	<b>Housing and Technical Resources Committee</b>
Date of Meeting:	<b>1 April 2009</b>
Report by:	<b>Executive Director Housing and Technical Resources</b>

Subject:	<b>Housing (Scotland) Act 2006 – Development of the Scheme of Assistance</b>
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## 1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ provide Committee with an update of progress in implementing Section 2 of the Housing (Scotland) Act, 2006
- ◆ set out the interim Scheme of Assistance effective from 1 April 2009.

## 2. Recommendation(s)

2.1. The Committee is asked to approve the following recommendations:-

- (1) that the content of the report and implications are noted.
- (2) that the proposed approach to develop the South Lanarkshire Scheme of Assistance is approved.
- (3) that the intention to come back with a further report setting out organisational and staffing proposals to deliver the 2006 Act is noted.
- (4) that the interim Scheme of Assistance, effective from 1 April 2009, is approved.
- (5) that the waiting list for current repair grants is closed with immediate effect.
- (6) that the service delivery team is re-branded the HomeImprove Service.

## 3. Background

- 3.1. The Housing (Scotland) Act, 2006 was introduced to address issues of housing quality and condition in the private sector. Details of the Act were reported to the Housing and Technical Resources Committee in March 2006. Part 2 of the Act introduced the requirement for local authorities to develop a 'Scheme of Assistance' (Scheme) for providing assistance to owners and private tenants when carrying out work on their house. This was based on the principle that owners should take the main responsibility for maintaining their home but that assistance should be made available, where necessary.
- 3.2. Part 2 of the 2006 Act replaces the system of improvement and repair grants set out in Part 13 of the Housing (Scotland) Act, 1987 and section 92(3) of the 2001 Act. It removes the requirement for local authorities to provide mandatory grants to owners where a statutory notice has been served and replaces it with a requirement to provide assistance, not necessarily financial, where a 'Work Notice' is served. Mandatory grant remain but only for the provision of standard amenities and internal

alterations to meet the needs of a person with disabilities, subject to budget availability. All other grants are discretionary. The stated intention of the legislation is to move from grants to other forms of assistance such as advice, information and 'soft' loans.

3.3. The Act sets out the forms of assistance that may be offered. These are:-

- ◆ Advice
- ◆ Training
- ◆ Information
- ◆ Offering the services of local authority staff
- ◆ Providing a guarantee for loan purposes
- ◆ Opening maintenance accounts
- ◆ Land acquisition
- ◆ Grants
- ◆ Standard and subsidised loans.

3.4. Section 10 of the 2006 Act requires local authorities to publish strategies for tackling houses which fail to meet the new Tolerable Standard and for identifying and managing Housing Renewal Areas. Section 72 requires local authorities to publish a Scheme of Assistance setting out their priorities for improving house conditions in the private sector, including how these identified priorities are to be resourced. The requirements from both sections 10 and 72 are to be published as part of future Local Housing Strategies (LHS), as set out in new LHS guidance published by the Scottish Government in June 2008.

#### **4. Recent National Developments**

4.1. Between April and June 2008, the Scottish Government consulted on draft guidance and regulations to support new local authority duties and powers set out in the 2006 Act. An analysis of consultation responses received was carried out by consultants and their report published in December 2008. The Scottish Government published a Consultation Response Report in February 2009 in which they set out their response to the key issues raised in the consultation. The Scottish Government published final guidance 'Volume 6: Work to meet the needs of disabled people' on 29 January 2009. Finalised guidance on implementing the other aspects of the 2006 Act was recently published in five further volumes, the last of which was received on 4 March 2009.

4.2. In November 2008, The Housing (Scotland) Act 2006 (Scheme of Assistance) Regulations 2008 were approved by the Scottish Parliament, setting out the introduction of new duties and powers effective from 1 April 2009. There will be a transitional period of a year to assist local authorities to develop their Section 10 and 72 Statements and make the necessary organisational and staffing changes to enable them to implement the 2006 Act. However, two duties are introduced with these Regulations which will not be subject to a transitional period. These are:

- ◆ The introduction of mandatory grant of 80% of costs for disabled adaptations for standard amenities and internal adaptations, increasing to 100% for people in receipt of specific benefits.
- ◆ The introduction of a revised Tolerable Standard which introduces two new elements, thermal insulation and electrical installations.

- 4.3. As noted above, the Scottish Government has made it clear they no longer wish to see grant used for the general subsidisation of repair and improvement works and strongly discourage the use of grants even for compulsory works. In the future, they would prefer grant assistance to be used as a 'last resort' to provide assistance to owners in the case of real financial hardship or where incentives are required to drive works forward. Instead, owners are to be provided with information, advice, practical assistance and other financial assistance (including the access to loans) to help them undertake works.
- 4.4. By encouraging owners to take responsibility for the maintenance of their own homes, it is hoped that more improvement to private housing stock conditions can be achieved. The Scottish Government estimates that, nationally, the current traditional 'grant only' scheme assists only 5% of the properties requiring investment within the private sector. In South Lanarkshire, excluding adaptations, the traditional grant route assists approximately 1,200 owners per year, (1.1% of private sector stock). Of this 1,200 typically 83% are priority works including common fabric related to the Council's Housing Investment Plan, Care and Repair clients and Below Tolerable Standard works. Therefore, the Council can only help a small number of non priority applicants each year. There are currently 5,700 owners on the waiting list for grant assistance.
- 4.5. Local authorities are required to publish a 'Section 72' statement of the areas of work they are prepared to support and the type of support which will be offered. The main difference from the current scheme is that grant will no longer be the first avenue for support, (except mandatory grant for disabled standard amenities and internal adaptations). Instead owners will be provided with information, advice, practical assistance and financial assistance to secure alternative funding, including the use of savings, equity release and other loans.
- 4.6. People who need financial assistance will be referred to a national broker service to secure a 'fair' loan from the commercial market. If a suitable loan product is unavailable, the owner may be able to receive assistance from the new National Lending Unit currently being established by the Scottish Government. A 'hardship grant' may be available for the very few applicants who cannot secure a fair product from either the commercial market or the National Lending Unit. A local 'Test of Resources' is to be developed to assess these on an individual case by case basis, dependent on the applicant's needs.

## **5. Outline Proposals for the Interim Scheme of Assistance**

- 5.1. Information, advice, practical assistance and financial assistance to owners will be at the core of the new Scheme of Assistance. Financial support in the form of grant will be limited to where the Council has statutory duties to provide grant (standard amenities and internal adaptations for people with disabilities) and cases of assessed hardship. There will be limited grants and other financial assistance for owners participating in the Council's capital investment programmes. This entails a radical change from the way we currently assist home owners and services to be provided in the future will look markedly different from the present.
- 5.2. A Private Sector Co-ordinator has been appointed with the responsibility of developing the Scheme of Assistance and ensuring that systems are in place to deliver effective Scheme of Assistance services from April 2009 in terms of duties, and from April 2010 in terms of powers.

- 5.3. To assist the cultural changes required in the implementation of the Act, it is proposed that the current Grants Team is renamed 'The HomeImprove Service'. Branding of the team and its work will help raise its profile and will make it more recognisable. It will add emphasis to what may be a new area of information provision by the Council. This will also be in keeping with the statutory guidance published by the Scottish Government.
- 5.4. The following key tasks require to be undertaken prior to March 2010:
- ◆ The introduction of mandatory grants for disabled adaptations (standard amenities and internal adaptations) from April 2009.
  - ◆ The cessation of approvals for non-priority improvement and repair grants from 1 April 2009.
  - ◆ All 5,700 applicants on the waiting list to be advised of the Scheme of Assistance and a programme of information, advice and practical assistance developed from April 2010.
  - ◆ Development of the final Scheme, including consultation, with an aim to introduce powers from the 2006 Act from April 2010.
  - ◆ A review of organisational structure, including a staffing review, to deliver the Scheme.
- 5.5. The Council has limited resources available to enable it to meet mandatory and priority requests. The budget available for disabled works and house repair and improvement works has been reduced. It is, therefore, proposed that from April 2009 financial support will be offered only in the following circumstances:
- ◆ Mandatory grant for disabled works (standard amenities and internal adaptations) of 80% (rising to 100% for people in receipt of specific benefits).
  - ◆ Disabled (non standard amenities, for example house extensions) – These will be reviewed by a joint Social Work and Housing Panel. The Hardship Scheme is available for this category of work.
  - ◆ A flat 25% grant for properties in significant breach of the Tolerable Standard with no passporting to 100% grant. Financial assistance may be payable but will not be offered to owners who knowingly acquire property which significantly fails the Tolerable Standard or remove standard amenities themselves. Owners will also have lived within the property for more than two years. The Hardship Scheme is available for this category of work.
  - ◆ The existing grants scheme will apply (subject to existing means test) for current Investment Programme works until March 2010.
  - ◆ A flat 25% grant for controlled door entry systems. The Hardship Scheme is available for this category of work.
  - ◆ A flat 25% grant, (or hardship grant), for new capital investment programme works included in the Housing Investment Programme from April 2009. The Hardship Scheme is available for this category of work.
  - ◆ A Hardship Scheme will be available where the applicant has exhausted all other routes, including sourcing a fair lending product and where the work is considered to be a priority by the Council. These will be subject to budgetary considerations and will be wait listed on a needs basis and not on the first come, first served basis which operates at present. In April 2009, for the transitional year, hardship funds will only be available for adaptations (non standard amenities and external alterations), properties deemed to be in significant breach of the Tolerable Standard, controlled door entry systems and new capital investment programme works.

- ◆ This assistance will not necessarily be in the form of grant and could be in the form of a loan. The types of loans which could be offered will be interest and principal repayment loans, interest only loans and loans with repayment either on sale or transfer of the house or death of the applicant. Each applicant will be assessed on their own merits prior to identifying the financial assistance which will be offered.

- 5.6. The National Lending Unit will not be operational during 2009/2010, limiting the lending options available to owners. In the first instance, owners will be advised to source their own funding. However, if this is not possible, lending options may be made available by the Council through its Hardship Scheme.
- 5.7. During this interim year an information and advice service will be developed to support and encourage owners to undertake investment in their home. A further report will be brought to Committee later in the year, setting out any further issues emerging from the Government guidance and the outcome of discussion between Resources about how best to take forward implementation of the Act. This report will present recommendations in relation to the final staffing structure and proposals for the final Scheme of Assistance, including final lending proposals for the scheme.

## **6. Employee Implications**

- 6.1. None at this stage. A further report on the organisational changes, including staffing required to deliver the Scheme of Assistance will be brought to Committee later in the year.

## **7. Financial Implications**

- 7.1. There are no financial implications at this time.

## **8. Other Implications**

- 8.1. None.

## **9. Equalities Impact Assessment and Consultation Arrangements**

- 9.1. An initial equality impact assessment has identified the need to consult widely on the proposed final Scheme of Assistance to enable a full impact assessment to be completed. An action plan has been developed to do this and will be completed by December 2009.
- 9.2. Consultation is ongoing with other Council Resources. Formal consultation, including regulatory impact assessments will take place as the Scheme is developed.

**Jim Hayton**

**Executive Director (Housing and Technical Resources)**

5 March 2009

## **Link(s) to Council Objectives and Values**

- ◆ Improve the quality, access and availability of housing
- ◆ Improve the quality of the physical environment
- ◆ Fair and open
- ◆ Accountable, effective and efficient
- ◆ Tackling disadvantage and deprivation

## **Previous References**

- ◆ Housing and Technical Resources Committee Report 8 March 2006

## **List of Background Papers**

Statutory and advisory guidance for Local Authorities on implementing the Housing (Scotland) Act, 2006 published between January and March 2009:

Volume 1: Preparing and Delivering

Volume 2: Housing Renewal Areas and Repair, Improvement and Demolition

Volume 3: Maintenance

Volume 4: The Tolerable Standard

Volume 5: Scheme of Assistance

Volume 6: Work to Meet the Needs of Disabled People.

## **Contact for Further Information**

If you would like to inspect the background papers or want further information, please contact:-

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