
PRIVATE SECTOR FINANCIAL ASSISTANCE POLICY

**Responsible Cabinet Member - Councillor Bill Dixon,
Neighbourhood Services and Community Safety Portfolio**

Responsible Director - Cliff Brown, Director of Community Services

Purpose of Report

1. The purpose of this report is to seek retrospective approval for utilising Single Housing Investment Programme (SHIP) funding, for grants instead of loans in accordance with the Private Sector Housing Financial Assistance Policy.

Information and Analysis

2. Cabinet approved on 18 September 2007 revisions to the Financial Assistance Policy which are summarised in the table below:

	Current Schemes	Proposed Changes
Funding Allocations	£736k Private Sector Loans	£368k Private Sector Loans £368k Grants ¹
Repayment Loan Period	5 years	15 years
Interest Rate	Bank of England base rate (currently between 5-6%)	2%

Despite the implemented changes to the Financial Assistance Policy and widespread marketing of the programme, take up of the financial assistance loans element of the programme remains slow. Indications nationally suggest that the take up of loans remains small and that Darlington's experience mirrors national trends.

3. Our Home Improvement Agency, Care and Repair were successful in attracting a number of potential applicants for loans. Unfortunately towards the end of the financial year it became apparent that applicants were either ineligible because they had insufficient equity or disposable income or were resistant to paying the interest rates or land charges on the sale of the property. In contrast all of the funding for grants was quickly taken up and there was a waiting list for more grants. In order to avoid the SHIP funding being clawed back by the Regional Housing Board it was therefore necessary to quickly approve sufficient additional grants to utilise the funding previously earmarked for loans. The final split between grants and loans is not yet available but the majority of the funding for Financial Assistance will

¹ For Small Scale Grants applicants must be in receipt of a relevant benefit whilst for Large Scale Grants a statutory means test is undertaken.

be spent on grants rather than loans and retrospective approval is therefore being sought.

4. Whilst there continues to be short-term difficulties in securing sufficient demand for private sector loans, loans must continue to be offered to ensure that Darlington benefits from regional funding to support Decent Homes programmes while being monitored on a local level very closely, to ensure the model of financial assistance is appropriate in the local housing market. As reported in previous Cabinet papers on 18 September 2007 there is approval for a regional private sector loans product due to be implemented in 2009, which should also help.

Outcome of Consultation

5. The Housing Strategy and Renewal Team have consulted closely with Care and Repair to agree a way forward and achieve a positive outcome.

Legal Implications

6. This report has been considered by the Borough Solicitor for legal implications in accordance with the Council's approved procedures. There are no issues which the Borough Solicitor considers need to be brought to the specific attention of Members, other than those highlighted in the report.

Section 17 of the Crime and Disorder Act 1998

7. The contents of this report have been considered in the context of the requirements placed on the Council by Section 17 of the Crime and Disorder Act 1998, namely, the duty on the Council to exercise its functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent, crime and disorder in its area. It is considered that some of the improvement works identified in this report will be beneficial in reducing crime.

Council Policy Framework

8. The issues contained within this report do not represent changes to Council policy or the Council's policy framework.

Decision Deadline

9. For the purpose of the 'call-in' procedure this does not represent an urgent matter.

Summary

10. The introduction of the new Financial Assistance Policy has been very challenging and provided a product which has been untested in the local housing market. The shift from grants to interest bearing loans represents a significant culture change for the local housing market. Recognising local demand difficulties, it is important that we remain committed to the provision of private sector financial assistance loans in accordance with national legislation, in order to maximise the amount of inward investment for Darlington to tackle priority non-decent private sector homes and raise the health and quality of life experiences

for vulnerable local people.

Recommendation

11. It is recommended that Members give retrospective approval for committing SHIP funding for grants instead of loans in accordance with the Financial Assistance Policy.

Reasons

12. The recommendations are supported by the following reasons:
 - (a) To ensure the Regional Housing Board do not reclaim any funding allocations from Darlington in respect of SHIP2 and that 100% expenditure is achieved.
 - (b) To ensure that changes in local housing market conditions and levels of demand for private sector financial assistance can be accommodated in a more targeted manner.

Cliff Brown
Director of Community Services

Background Papers

- (i) Financial Assistance Policy 23 March 2006
- (ii) Financial Assistance Policy 18 September 2007
- (iii) Annual Housing Investment Programme 18 March 2008

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