

# Cheshire East Council

## Cabinet

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<b>Date of Meeting:</b>	11 <sup>th</sup> July 2017
<b>Report of:</b>	Executive Director, Place – Frank Jordan
<b>Subject/Title:</b>	Home Repairs and Adaptations for Vulnerable People Policy
<b>Portfolio Holder:</b>	Councillor Ainsley Arnold, Housing and Planning

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### 1. Report Summary

- 1.1. This reports sets out how Cheshire East Council will exceed its statutory duties to enable vulnerable residents to live independently in suitable, well maintained homes by providing help with home repairs and adaptations, which will result in the improved health and wellbeing of our residents and reduce the demand on health and social care.
- 1.2. The Council has successfully operated a policy of home repair grants and loans for vulnerable people for a number of years, most recently through the Private Sector Housing Financial Assistance Policy which was adopted in 2012. The 2012 Policy has facilitated Council investment of nearly £7million into improving the homes and lives of over 1,450 vulnerable households in Cheshire East. The Policy has also drawn in over £2.1million of match funding from Government grants, Registered Providers and charitable trusts.
- 1.3. There are significant cost benefits to the Council and the local health economy derived from investment in housing repairs and adaptations. Analysis of the Disabled Facilities Grant programme shows that spending £1.3million in 2016-17 had the potential to avoid expenditure on health and social care to the tune of £3.8million over the next five years. Every £1 spent on stair lifts has produced a cost benefit of £7.50 in the local health and social care system through reduced falls and emergency admissions.
- 1.4. The Council has reduced costs in the local health economy by over £2million by helping 173 vulnerable people to tackle heating problems in 2016-17. For every £1 of the Council's investment in heating, there was a cost benefit of £18.51 to the health and social care system.
- 1.5. The 2012 Policy has been reviewed in order to refocus the help we offer to ensure that we deliver Outcome 5 of the Council's resident-focused outcomes: 'People live well and for longer'. A set of four outcomes have been developed within the Policy that link to the overarching Outcome 5:

1. **Affordable warmth:** Residents can afford to heat their homes and have the opportunity of better health
  2. **Independence:** Disabled people can use their home more effectively and live independently with confidence and dignity
  3. **Health and wellbeing:** Residents can be confident that their home is safe and weathertight and they can live without fear of injury or ill health
  4. **A place to live:** Residents have the opportunity to live in a suitable well maintained home in the heart of our communities
- 1.6. The Policy sets out a series of six grants and loans that will help residents to achieve these four outcomes. It is anticipated that help will normally be offered as an interest free loan, and the Policy details how the Council will act as a responsible lender and have regard to the applicant's ability to make repayments before we offer them a loan. There will be circumstances where it is not feasible to offer a loan, either because of the individual's vulnerability, or an imminent risk to health and safety, or because there is a statutory duty to provide a grant. In these circumstances financial assistance may be offered as a non-repayable grant, subject to certain conditions being fulfilled.

## 2. Recommendation

- 2.1. It is recommended that Cabinet:
- Approves the Housing Repairs and Adaptations for Vulnerable People Financial Assistance Policy
  - Delegates approval to the Executive Director, Place to put all necessary steps in place to implement the Policy.

## 3. Other Options Considered

- 3.1. The Council could opt to not invest in housing repairs and adaptations, but there is a compelling business case for investing public resources into essential home repairs and adaptations, preventing unnecessary hospital admissions and enabling care to be provided at home. The statutory duty placed on local housing authorities by the Housing Grants, Construction and Regeneration Act 1996 means that the Council cannot opt out of investment in Disabled Facilities Grants.
- 3.2. A policy detailing only grants has been considered but discounted as the cost of delivering such a policy would be unsustainable; recovery of loans allows us to re-invest funding to assist further households.
- 3.3. A policy detailing only loans has been considered but discounted as there is recognition that there are some vulnerable households who are unable to

access a loan because of their vulnerability or a loan cannot be secured quickly enough to be able to deal with an imminent risk to health and safety.

#### **4. Reasons for Recommendation**

- 4.1. The Council is committed to putting residents first and investing in early intervention and prevention services to help residents live well and for longer. By choosing to invest in home repairs and adaptations through this Policy, the Council can empower and motivate people to manage their own care and wellbeing at home, enable our social care teams to be able to provide high quality care and support in a suitable environment, and reduce the need for paid care in accessible, safe home environments.
- 4.2. There is a strong policy drive for integrated approaches across housing, health and social care to prevent hospital admissions and expedite hospital discharge. Housing's role in supporting health is becoming more prominent, with research demonstrating the causal link between poor housing conditions and ill health.
- 4.3. The Policy delivers on many of the recommended actions within NHS England's guide to how housing can support health and social care systems, including improving suitability and accessibility, affordable warmth, enabling hospital discharge and supporting people to live independently in the community.
- 4.4. Bringing long term empty homes back into use is a critical part of the local authority's strategic housing role to achieve social, economic and environmental objectives that shape our communities and create a sense of place. The Policy provides an opportunity for a significant enabling tool to bring empty homes back into use at an affordable rent, benefitting vulnerable low income households and increasing availability of housing stock which supports the Local Plan by focusing housing numbers on existing sites and supporting sustainable development. Inclusion of an empty homes loan in this Policy as an interim measure will enable the Council to continue offering loans while the Council's wider approach to tackling empty homes is under review.
- 4.5. The Council makes a significant financial investment through its capital programme to enabling disabled people to achieve independent living and to improving housing conditions. The policy provides a clear framework to ensure that financial resources are directed to the people who need it most and that resources are used effectively to achieve outcomes that support the Council's three year plan.

#### **5. Background/Chronology**

- 5.1. One of the major social achievements of the last century is the significant increase in life expectancy. Improved housing has been an important

contributor to that gain as decent, suitable housing is a key determinant of the health and wellbeing of a population, particularly in later life. The availability, standard and suitability of housing has a critical role to play in plans for a more integrated approach to provision of health services and social care. Good health starts at home: good housing benefits people's mental and physical wellbeing, enables informal carers' ability to care, and underpins older people's ability to live independently, safely and as part of the wider community. Improving housing conditions, such as making properties weathertight, improving indoor temperatures, tackling damp, and adapting homes to make them more suitable for disabled people has a positive impact on the health of vulnerable people.

- 5.2. The Council shares the Government's view that everyone should have the opportunity of a decent home, and that the primary responsibility for maintaining and improving housing rests with the owner, but that there are occasions where it is necessary to intervene, including where vulnerable people are unable to afford to carry out urgent repairs that are affecting their health and safety, and to support disabled people to overcome functional difficulties created by an unsuitable home environment.
- 5.3. The Regulatory Reform (Housing Assistance) (England & Wales) Order 2002 removed most of the prescriptive housing renewal grant legislation, and introduced a wide ranging discretionary power for local housing authorities to develop a local policy to meet local need. The 2002 Order did not repeal the legislation on providing Disabled Facilities Grants, and these remain a statutory duty to be provided by local authorities.
- 5.4. Cabinet approved the Private Sector Housing Financial Assistance Policy at its meeting on 2<sup>nd</sup> April 2012, providing eight grant and loan products to assist homeowners, disabled people and landlords to repair and maintain their homes.
- 5.5. The Policy has been successfully delivered for five years, but a number of necessary amendments have been identified to reflect changes in welfare reform, Government policy and to respond to changing local priorities and pressures. Specifically, issues that were identified were:
  - 5.5.1. The eligibility criteria for a number of the grants and loans was out of date and did not reflect changes made through welfare reforms in recent years.
  - 5.5.2. Winter wellbeing and affordable warmth has become an increasing priority locally in the Council's efforts to tackle fuel poverty; the 2012 Policy did not adequately support this as the provision of loans and the necessary legal process needed to secure a charge at the Land Registry did not allow an urgent response to heating breakdowns. Changes in the national energy efficiency landscape had rendered the Warm Front top-up grant in the 2012 Policy defunct, without a suitable replacement available.

5.5.3. The Disabled Facilities Grant service operated in Cheshire East is very successful and met the needs of 318 disabled people in 2016-17. We have successfully introduced more flexibility into the service offered to disabled people, enabling people to have more choice and control and meet their aspirations for the way their home is adapted. However, the constraints of the statutory grant cannot always support people's aspirations, and the 2012 Policy had no flexibility to assist.

5.5.4. Disabled Facilities Grant legislation rules out the use of the grant if a property is not the disabled person's only or main residence. Increasingly we are unable to fully meet the needs of children and young people who live between their estranged parents' homes, or who receive substantial levels of care from grandparents, and they could potentially be left at risk while their needs are not fully met, or their main carer may not receive the respite that they need to continue providing effective care, resulting in carer breakdown.

5.5.5. Spiralling building costs are affecting our ability to deliver adaptations within the financial constraints of the statutory grant. Building costs have almost doubled over the last six years; this is not unique to Cheshire East as Registered Providers and other local authorities are reporting similar issues. The impact of the spiralling building costs is that some disabled people have been unable to have their home adapted as they cannot fund the costs in excess of the statutory grant, or the adaptations have been significantly delayed while other design options are developed or while the applicant secures the additional funding.

5.5.6. Our ability to meet the needs of vulnerable residents was undermined by the wide ranging purposes for which some of the grants and loans could be used, restricting the number of people in need who receive help. For example, uptake of empty homes loans has mainly been by people who intended to move in to the home themselves, and restricted money available for properties to be made available for affordable rent.

5.6. The revised Policy addresses these issues by:

5.6.1. Updating the eligibility criteria, including introducing low income thresholds in addition to welfare benefit criteria, in order to assist people who are on low income but still above benefit thresholds;

5.6.2. Providing for a Warm Homes grant, which is designed to draw in match funding in order to maximise our financial resources;

5.6.3. Extending the purpose for which loans can be used, to support people's aspirations about how their home is adapted, and to allow the adaptation of a second property enabling disabled people to receive care and support at another property owned by a family member or carer;

5.6.4. Increasing the maximum value of grants and loans, in particular by introducing a discretionary top-up to the statutory Disabled Facilities Grant, to be able to deliver essential works within the budget available;

5.6.5. Deleting the Warm Front top-up grant and the Landlord Accreditation grant, and refocused the purposes for which the Empty Homes loan can be used, to increase affordable rent.

5.7. The six products that are detailed in the new Policy are:

1. **Healthy Homes Loan** – a loan of up to £15,000 for essential repairs. This is intended to support low income homeowners to make their homes safe and weathertight, focusing on the external structure of the property and services such as electrics to the property.
2. **Warm Homes Grant** – a grant of up to £2,000 for heating measures. This is intended to support people who are vulnerable to the effects of cold, by providing funding towards heating repairs, replacement boilers and other heating appliances.
3. **Disabled Facilities Grant** – a statutory means-tested grant of up to £30,000 for home adaptations such as adapted bathrooms, ramps and stair lifts. The policy also provides for a discretionary top-up of £20,000 for extensive building works such as an extension, in recognition of rising building costs which mean that the statutory grant may be insufficient to meet the disabled person's needs.
4. **Independent Living Loan** – a loan of up to £15,000 for low income disabled homeowners for purposes which would not be covered by the statutory grant. This is intended to support people who have been assessed as having to make a financial contribution to a statutory grant, but do not have access to savings, thereby delaying the adaptations, which impacts on their safety and wellbeing, and increases their need for a care package. This loan is also intended to support disabled people who might receive care and support at two addresses, perhaps due to a relationship breakdown of parents, but are unable to access a statutory grant at both addresses. Offering a loan to these families would enable a disabled person to receive respite care in an appropriate setting, benefit parent-child relationships and provide a break to the main carer.
5. **Disability Relocation Grant** – a grant of up to £2,000 to enable disabled people to move to a more suitable home.
6. **Empty Homes Loan** – a loan of up to £20,000 to bring empty homes up to a standard suitable for re-occupancy for an affordable rent. This has been included in the Policy so that we are able to continue to provide loans to bring empty homes back into much needed use while a policy on how the Council will tackle empty homes is developed. A report will be brought forward to Cabinet in the future.

5.8 The Policy includes equity share loans, interest free repayment loans and grants. Consideration has been given to the costs of delivering grants and loans and the borrowing costs, set out below.

- 5.9 Equity share loans: There is no regular repayment due on the loan, instead a charge is placed on the property equivalent to a percentage of the value of the property which is derived from the value of the loan compared to the market value of the property. Repayment of the loan is deferred until the property is next sold. The expectation is that the property value will increase over time thereby enabling full recovery of the loan amount plus additional funds in lieu of interest covering the lost investment opportunity of tying up capital in the loan. However, there is a risk that the property value may not increase or could fall resulting in a loss on the loan. This arrangement has the advantage of no monthly repayments so is relatively easy to administer.
- 5.10 Interest free repayment loans: The applicant would make monthly repayments until the loan is repaid in full or upon sale of the property, whichever is the earlier. The loan term will range from between one and ten years based on a test of affordability for the applicant. Although these are technically a mortgage, the administration of these loans could be dealt with in the same way as a normal debtor to the Council. There is an opportunity cost of offering interest free loans: by tying up the capital in interest free loans, the Council loses the opportunity to invest the money and receive interest on its investment.
- 5.11 Grants are the most costly to the authority as the expenditure is only recouped in the event of a breach of grant conditions, but are easy to administer. Grants will only be awarded where loan options have been exhausted first.
- 5.12 We have discounted using interest-bearing loans as these would take the form of a mortgage. Mortgages in general are difficult to administer. The Council currently uses a mortgage administrator to manage the few remaining former district mortgages. This agreement is in its final year at a reduced cost of £2,200 for 2017-18. Any new mortgages would lead to significantly increased costs of administration over future years. Alternatively arrangements and resources would need to be made available in-house to administer any new mortgages, which will become more onerous if repayments are not maintained.
- 5.13 Should any of the loan conditions be breached by an applicant, there is provision within the policy to use its discretion to demand repayment of the loan. In the event of non-payment, interest will be applied to the outstanding balance at a rate equivalent to the Bank of England base rate plus 0.5%. At current rates this is 0.75%, which compensates the Council for any other lost investment opportunity as investments are currently yielding less than 0.75%. This rate would also ensure that the impact is not so great on a vulnerable loan recipient.

## **6. Wards Affected and Local Ward Members**

6.1. All wards.

## **7. Implications of Recommendation**

### **7.1. Policy Implications**

7.1.1. The Policy sets out ways to meet Outcome 5 'People live well and for longer'. We are committed to supporting the most vulnerable residents, whilst enabling others to support themselves and lead a prosperous and healthy life.

### **7.2. Legal Implications**

7.2.1. The Regulatory Reform (Housing Assistance) (England & Wales) Order 2002 contains wide-ranging powers to provide assistance for housing renewal, including for the purpose of adapting or improving or repairing living accommodation. The Order also states that before the powers contained within it can be used, the Council must publish a policy on how it intends to use them.

7.2.2. The Council is under a statutory duty to provide grant aid to disabled people for a range of adaptations to their homes (Housing Grants, Construction and Regeneration Act 1996).

7.2.3. A local housing authority does not have a duty to assist a grant applicant in meeting any share of the costs which the applicant is financially assessed to be responsible for. The housing authority may however consider using its discretionary powers of assistance provided for by the Regulatory Reform Order.

7.2.4. Under the Financial Services and Markets Act 2000 (Exemption) (Amendment) (No2) Order 2003, local authorities offering mortgages have been exempted from the financial regulatory regime on the basis that a comparable quality of service is provided to customers in accordance with the mortgage sales guidance for local authorities and registered social landlords. The Council has put in place documents and procedures which meet its responsibilities as a lender.

7.2.5. By putting in place a policy which meets its statutory duties and sets out the extra discretionary investment that it will make for vulnerable residents, the Council is meeting its legislative responsibilities and its overarching local priorities.

### **7.3 Financial Implications**

7.3.1 Delivery against the Policy is funded by rolling capital programmes in the Council's budget: Disabled Facilities Grant, Empty Homes and Private Sector Assistance. Unspent funds from previous years are

carried forward to subsequent years where the funds are committed but works are incomplete at the end of the financial year.

7.3.2 The total approved funding for discretionary Private Sector Assistance and Empty Homes programmes for 2017-18 including carry-forwards is £333,078. An additional £300,000 per annum is included in the rolling programme for 2018-19 and 2019-20 which will be subject to further approval as part of the budget setting process.

7.3.3 In 2017-18, the Disabled Facilities Grant allocation is £1,775,253, however it should be noted that the future allocation of capital grant is not guaranteed. The statutory duty placed on local authorities to award Disabled Facilities Grants determines that should the Government not allocate capital grant to the Council in the future, funding will need to be provided from the Council's own resources or through prudential borrowing. The grant determination for the capital allocation contains a grant condition that any money paid must only be used for the specific purpose of providing adaptations for disabled people who qualify under the scheme.

7.3.4 £1.5million per annum is included in the Council's medium term financial strategy which will be subject to further approval as part of the budget setting process. A request for approval to increase the capital programme for 2017-18 to reflect the increased capital allocation will be submitted as part of the first quarter review to enable us to use the grant for the purposes for which it is specified.

#### **7.4 Equality Implications**

7.4.1 The Policy will enable the Strategic Housing service to deliver efficient and effective services to groups with protected characteristics who are vulnerable, in particular but not limited to older people and people with a disability.

#### **7.5 Rural Community Implications**

7.5.1 The Policy will apply equitably across all our communities.

#### **7.6 Human Resources Implications**

7.6.1 The Policy will be administered by Strategic Housing officers within existing resources.

#### **7.7 Public Health Implications**

7.7.1 The Policy will enable the Strategic Housing service to provide services which directly impact on public health. Housing improvements will benefit vulnerable residents' mental and physical wellbeing and reduce demand on health and social care services.

7.7.2 The exact relationship between poor housing and ill health is complex. 45% of accidents occur in the home, and accidents are among the top ten causes of death for all ages. Local data suggests that around 3,500 to 4,000 older people attend Accident and Emergency (A&E) departments each year as a result of a fall.

7.7.3 Cold and damp homes increase the risk and effects of cardiovascular, respiratory and rheumatoid diseases, as well as hypothermia and mental ill health. Young children, older people and people with an illness or disability are more likely to suffer the effects of cold and damp housing.

## **7.8 Implications for Children and Young People**

7.8.1 The Policy will provide opportunities for disabled children and young people to live in suitable housing, and protect the health of children and young people in low income vulnerable families through improved living conditions.

## **7.9 Other Implications – Better Care Fund**

7.9.1 People need health, social care, housing and other public services to work seamlessly together to deliver better quality care. More joined up services help improve the health and care of local populations and may make more efficient use of available resources. There is no single way to integrate health and care. Some areas are looking to scale-up existing initiatives such as the New Care Models programme and the Integration Pioneers. Others are using local devolution or Sustainability and Transformation Plans as the impetus for their integration efforts. The Better Care Fund is the only mandatory policy to facilitate integration. It brings together health and social care funding, and this policy framework for the Fund covers two financial years to align with NHS planning timetables and to give areas the opportunity to plan more strategically. The Disabled Facilities Grant is a part of the Better Care Fund and is very much in-keeping with the whole system approach of working with our colleagues on the two local transformation plans of Caring Together and Connecting Care.

## **8 Risk Management**

8.1 The publication of a policy setting out how we intend to use the powers within the Regulatory Reform Order will remove the risk of the Council acting outside of its powers when giving financial assistance for housing renewal.

8.2 The use of legal charges registered at the Land Registry for loans within the policy is the most secure method of registering the Council's interest in a property, and will ensure that the property cannot be disposed of by the applicant or their estate without the Council redeeming its interest following repayment of the loan.

8.3 We have considered the risk of a resident applying for a loan who already has an existing charge on their property in favour of another lender or in favour of the Council as a result of a deferred payment agreement for care costs, or as a result of a Council mortgage. The risks associated with allowing further borrowing are considered on an individual basis for each loan application, and the circumstances of previous borrowing and the amount of available equity in the property examined to ensure that the applicant is not put at financial risk and the Council has the best possible prospect of recovering the deferred amounts or other secured borrowing and the amount due as a result of borrowing under this Policy.

8.4 As any loans are secured on their home, applicants are strongly advised to seek independent legal and financial advice, and the costs of this professional advice can be included in their loan. There are two loan repayment options to maximise choice for applicants and to enable us to tailor our loan offer to their particular circumstances. Where customers are assessed as being able to afford to make monthly repayments, they will be offered an interest free loan over a period of up to ten years. Where customers are unable to afford regular repayments, an equity share loan will be offered, which is repaid only when the property is sold, and the repayment amount is based on a percentage share in the value of the property.

## 9 Access to Information/Bibliography

9.1 Background reports can be obtained by contacting the report writer.

## 10 Contact Information

Contact details for this report are as follows:

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