

STOCKTON-ON-TEES BOROUGH COUNCIL

CABINET RECOMMENDATIONS

PROFORMA

Cabinet Meeting14th November 2019

1. Title of Item/Report

Affordable Loan Scheme For Vulnerable Homeowners

2. Record of the Decision

Consideration was given to a report on Affordable Loan Scheme for Vulnerable Homeowners.

The Council was previously a partner in the North East Home Loans Partnership which operated between 2010 to July 2019. Since the scheme came to an end the Council no longer had a facility to provide financial assistance to homeowners who had no other financial means to fund essential repair works to their homes.

The report provided an update on the performance of the former loans scheme and sought approval to introduce a new financial loan scheme (Homeowner Improvement Loan). Members noted that the proposed new scheme was aimed at maximising the limited financial resources available and to ensure it complemented the Councils existing Warm Home Healthy People (WHHP) initiative.

The Council had a total of £300,000 which was set aside for the Regional Loan scheme but had not been allocated. In addition, the Council would continue to receive interest and loan repayments back which would ordinarily be recycled back into the scheme. In summary options available to the Council were:

Option 1, Do nothing

Option 2, Use available monies to operate a 'new' SBC Loan scheme on the same terms as the Regional Loan Scheme

Option 3, Introduce a 'new' Affordable Loan Scheme

With regard to the proposed new scheme an analysis of the Regional Loan Scheme had been undertaken and identified that 75% of loans were under £10,000. On further analysis high value works included a package of works which if the £35k maximum value had been lower, works could have been prioritised.

In summary the top 5 type of works carried out were window, roof and heating replacements, rewiring and damp-proofing. 70% of the loans provided were equity loans proving that these homeowners were unable to access any other form of funding to carry out these essential repairs.

As noted previously an analysis of schemes operated by other local authorities had also been undertaken. This identified that many offered similar loans to homeowners to facilitate essential repair works, albeit the maximum loan offered was frequently limited to £15,000. Authorities had advised that they capped their maximum loan value to support more households and decrease the length of time it takes some of the equity funds to be paid back.

As members were aware the WHHP initiative provided support and interventions to the Borough's most vulnerable households during the winter months, this scheme included funded support for repairing heating systems at no cost to the householder, benefits checks, income maximisation services and other energy efficiency measures. However, this scheme focussed on only one repair element, emergency heating repairs and was only provided during the winter months of the year. The proposed Homeowner Improvement Loan whilst a separate scheme would complement WHHP for example:

- Providing an option is available to vulnerable homeowners in the months when the WHHP scheme is not in operation to address heating failures, albeit in these months this would be via a repayable loan facility.
- Offer homeowners who do not qualify under the WHHP scheme criteria for heating repairs a potential financial solution if they are unable to fund works themselves and are unable to access mainstream funding.
- Supporting homeowners address affordable warmth issues which go over and above and heating repair i.e. improving energy efficiency within the home by funding repairs to windows, doors, roof repairs / replacement which are not included within the scope of the WHHP scheme.

Taking into account the above information Members were asked to support the introduction of a new Homeowner Improvement Loan (HIL), based on the following:

- Criteria
- Homeowners who do not have the financial means available to fund the essential repair/s to their home and are unable to access mainstream lending.

- Type of Loans available
- Maximum loan value £10,000.

- Equity Loan*
- Repayment Loan*
- Interest Free Loan* or
- A mix of the above up to maximum loan value*

*To be determined by FSA appointed loan administrator following a financial assessment.

- Scope of Works
- Loans available for essential repairs only*. Essential works would be limited to the following:
 - Window replacement/ repairs
 - Heating replacement/ repairs
 - Roof repairs (including roof replacement, repointing, chimney repairs and guttering replacement)
 - Rewiring
 - Damp Proof Course / Tanking
 - Door replacement/ repairs

* A survey of the property would be carried out by a Technical Officer from the Council, who will identify the scope (and priority) of essential works.

The next steps would be taken to introduce the new HIL scheme:

- A procurement exercise would be undertaken to appoint a Loan Administrator. The appointed Loans Administrator would be FSA registered to enable them to assess, approve and offer the right advice to home owners.
- Based on the proposal detailed within the report a new HIL Financial Assistance Policy would be drafted. Members were asked to delegate authority to the Director of Economic Growth and Development Service in consultation with the Cabinet Member for Regeneration and Housing to approve the terms of the new HIL Financial Assistance Policy.
- Leaflets and scheme publicity would need to be updated and distributed.

RESOLVED:-

1. A new, affordable Homeowner Improvement Loan (HIL) scheme as detailed in paragraph 16 of the report be approved.
2. Delegated authority be given to the Director of Economic Growth and Development Service in consultation with the Cabinet Member for

Regeneration and Housing to approve the final terms of the new HIL Financial Assistance Policy.

3. Reasons for the Decision

The introduction of a new 'Homeowner Improvement Loan' financial assistance scheme would align with Council health and wellbeing objectives (for example affordable warmth and fuel poverty) and continue to support owner occupiers, who do not have the financial means available to carry out essential repairs to their homes.

4. Alternative Options Considered and Rejected

None.

5. Declared (Cabinet Member) Conflicts of Interest

None.

6. Details of any Dispensations

N/A

7. Date and Time by which Call In must be executed

Midnight, 22 November 2019.

Proper Officer
18 November 2019