

Subject: Private Sector Housing Renewal
Equity Release Scheme Progress
and Review Report

Status: For Publication

Report to: The Cabinet

Date: 21 March 2007

Report of: Head of Economic Regeneration and Strategic Housing

Portfolio

Holder: Regeneration

Key Decision:

Yes

Forward Plan

General Exception

Special Urgency

1. PURPOSE OF REPORT

- 1.1 To report on the progress of the implementation of the Private Sector Housing Renewal Equity Release Scheme known as Decent Homes Assistance.
- 1.2 To report on the review of the Equity Release Scheme and approve changes in its delivery mechanism.

2. CORPORATE PRIORITIES

- 2.1 Delivering regeneration across the Borough. (Housing)
- 2.2 Delivering quality services to customers. (Customers, Improvement)
- 2.3 Improving health and well being across the Borough. (Housing)

3. RISK ASSESSMENT IMPLICATIONS

- 3.1 Failure to have an effective delivery mechanism would mean that the Council would not achieve the Governments Decent Homes Targets.

4. BACKGROUND/REASON FOR REPORT

- 4.1 Members will recall that the Council in, March 2005, approved the use of Equity Release across the Borough to assist vulnerable homeowners living in non decent homes to bring their homes up to the Decent Homes Standard and approved, in principle, the appointment of delivery agents.
- 4.2 It was agreed that Equity Release Scheme known as “Decent Homes Assistance” would be delivered through West Pennine “Home Improve” Scheme directed at the under 60s and the Home Improvement Trust “Houseproud Scheme” directed at homeowners 60 and over and delivered by St Vincents Housing Association.
- 4.3 It was clear from the inception of the Council’s change to Equity Release that the process was not going to be fast because of its nature e.g. the need to give people time to understand the process, the signing up of Equity Release agreements in addition to the usual processes of obtaining contractors estimates, programming work on site etc.
- 4.4 There is a marked difference between the successes of both delivery agents so far. The table below highlights their performance.

| Delivery Agent | Enquiries Received | Enquiries Cancelled | Schemes at Design Stage | Schemes Aborted | Schemes in Progress or Completed |
|---|---------------------------|----------------------------|--------------------------------|------------------------|---|
| West Pennine Housing Association (under 60s) | 103 | 52 | 14 | 20 | 17 |
| St Vincents Housing Association (over 60s) | 109 | 97 | 1 | 9 | 2 |

- 4.5 The respective costs of each delivery agent are highlighted in the table below and assume the proposed changes in this report are approved and implemented. The proposed savings are to the Private Sector Housing Renewal Capital Programme.

| Delivery Agent | Cost in 2006/07 £ | Proposed cost in 2007/08 £ | Proposed savings in 2007/08 £ |
|--|--|---|--------------------------------------|
| West Pennine Housing Association (under 60s) | £48,000 monthly charge based on actual time cost | monthly charge based on actual time cost (is being reviewed on a fee basis) | 0 |
| St Vincents Housing Association (over 60s) | fixed fee £20875 | £0 | £21400 |
| Home Improvement Trust (House Proud operating licence) | £10,000 | £0 | £10,000 |

- 4.6 Discussions have taken place with both delivery agents and there are a variety of reasons for the difference in performance between the under 60s and the over 60s schemes. These include age, inheritance issues, volume of work required to meet the Decent Homes Standard, potential disturbance and the approach to how the scheme has been explained.
- 4.7 Officers have considered a range of options for the future delivery of the Equity Release scheme but the fundamental issue remains that of delivering an improved service to the customer.
- 4.8 The review has shown that more effort needs to go into promotional activity to ensure that residents are aware of the opportunities that the scheme provides. Additionally, having schemes for both age groups could also be regarded as confusing for our customers and the better option would be to provide one scheme with one delivery agent and one method of explanation.
- 4.9 In view of the performance record to date and taking into consideration experience, skills and resources officers feel that West Pennine Housing Association are best placed to provide an improved equity release service for all age groups.

- 4.10 St Vincents Housing Association will remain as delivery agent for the Council's Homecare and Repair Agency which assists older residents to improve/repair their homes through private funding, charitable trusts and the Handyman Service.
- 4.11 This report has been considered by Audit and Performance Management Overview and Scrutiny Committee on the 1st March,2007.

5. OPTIONS CONSIDERED

- 5.1 Do nothing, maintain existing arrangements. This will, however, result in no improvement of the service with subsequent lack of outputs.
- 5.2 Continue the existing scheme with two delivery agents and reintroduce small home repair grants for the over 60s who meet the vulnerable households criteria. However this may be seen as a backward step bearing in mind current Government views on Equity Release and may result in increased financial implications for the Council.
- 5.3 Deliver the service 'in house' within the Council's Private Sector Renewal Team. This would involve appointing appropriately skilled staff including an independent financial advisor to deliver the scheme and would place a greater financial burden on the Capital Programme.
- 5.4 Provide scheme through one delivery agent for all age groups. This would provide a more focused single point of delivery and contact for customers. In streamlining the delivery arrangements the Council is better placed to set more challenging targets and outputs for the scheme. Overall agency costs would be less.

6. COMMENTS OF THE HEAD OF FINANCIAL SERVICES

- 6.1 The change to the delivery mechanism saves capital resources for reallocation into the core programme.

7. COMMENTS OF THE HEAD OF LEGAL AND DEMOCRATIC SERVICES

- 7.1 There are no immediate legal implications arising from this report.

8. COMMENTS OF THE HEAD OF HUMAN RESOURCES

- 8.1 There are no human resource implications.

9. CONCLUSION

- 9.1 The Equity Release Scheme has so far met with limited success and is still not widely publicised. However, the scheme itself is in line with the Governments approach to private sector renewal and meeting the Decent Homes targets and has gathered some praise through the Audit Commissions recent Housing Inspection.

- 9.2 The review of the delivery agents has highlighted a marked difference in their approach to delivering the scheme and is reflected in the number of clients progressing through to completion.
- 9.3 It is essential that the scheme is delivered by an agency who has the full range of experience and skills to achieve the Council's objectives.
- 9.4 In view of this, officers believe that West Pennine Housing Association have demonstrated that they have the depth of experience and necessary skills to meet the requirements to deliver an improved equity release scheme on behalf of the Council. West Pennine also have the benefit of more experience, operating similar schemes in Rochdale, Oldham, Tameside, St Helens and Knowsley. This arrangement should initially be for a period of 2 years.

10. RECOMMENDATIONS

- 10.1 That the Cabinet note the progress of the implementation of the Private Sector Housing Renewal Equity Release Scheme known as Decent Homes Assistance
- 10.2 That the Cabinet approves changes in the delivery mechanism of the Equity Release Scheme as described in this report and appoint West Pennine Housing Association as the delivery agent for a period of 2 years.

11. CONSULTATION CARRIED OUT

- 11.1 West Pennine Housing Association and St. Vincents Housing Association have been consulted on the proposals in this report.

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| Background Papers | |
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| Document | Place of Inspection |
| Equity Release Scheme Files | Room119, Kingfisher Centre, Futures Park, Bacup OL13 0BB |