

# AGENDA



## CABINET

**MONDAY, 5 AUGUST 2013**

**11.00 AM**

**COUNCIL CHAMBER, COUNCIL OFFICES, ST PETERS HILL,  
GRANTHAM**

Beverly Agass, Chief Executive

**MEMBERS:** Councillor Mrs. Linda Neal (Leader/Portfolio: Policy, Strategy and Strategic Partnerships), Councillor Paul Carpenter (Deputy Leader & Portfolio: Governance & Communication), Councillor Mrs Frances Cartwright (Portfolio: Grow the Economy and Economic Development), Councillor John Smith (Portfolio: Healthy Environment), Councillor Mike Taylor (Portfolio: Strategic Resources - Well Run Council), Councillor Terl Bryant (Portfolio: Good Housing) and Councillor Bob Adams (Portfolio Holder: Arts and Leisure)

Committee Support Officer: Lucy Bonshor 01476 40 61 20  
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**Members of the public are entitled to attend the meeting of the Cabinet at which key decisions will be taken on the issues listed on the following pages. Key decisions are marked \*.**

### 1. APOLOGIES

**2. MINUTES**

(Enclosure)

**3. DISCLOSURE OF INTERESTS (IF ANY)**

**4. \*PRIVATE SECTOR HOUSING RENEWAL POLICY 2013-2018**

Report ENV588 from the Operations Director.

(Enclosure)

**5. \*SOUTH KESTEVEN DISTRICT COUNCIL SMALL BUSINESS LOAN SCHEME AND HARDSHIP AWARDS**

Report HOF245 from the Head of Finance.

(Enclosure)

**6. MATTERS REFERRED TO CABINET BY THE COUNCIL, SCRUTINY COMMITTEE OR THE POLICY DEVELOPMENT GROUPS**

**7. ITEMS RAISED BY CABINET MEMBERS INCLUDING REPORTS ON KEY AND NON KEY DECISIONS TAKEN UNDER DELEGATED POWERS.**

**8. REPRESENTATIONS RECEIVED FROM NON CABINET MEMBERS**

**9. ANY OTHER BUSINESS WHICH THE CHAIRMAN, BY REASON OF SPECIAL CIRCUMSTANCES, DECIDES IS URGENT**



**MEETING OF THE CABINET**  
**1 JULY 2013 - 11.00 AM – 11.50 AM**

**PRESENT:**

**Councillor Paul Carpenter**  
**Councillor Mrs Frances Cartwright**  
**Councillor John Smith**  
**Councillor Mike Taylor**  
**Councillor Terl Bryant**  
**Councillor Bob Adams**

**Councillor Mrs. Linda Neal - Chairman**

**Chief Executive (Beverly Agass)**  
**Strategic Director Corporate Focus/Section 151 Officer**  
**(Daren Turner)**  
**Strategic Director Community & Environment Focus**  
**(Tracey Blackwell)**  
**Head of Finance (Richard Wyles)**  
**Economic Development and Regeneration Lead - Economic**  
**Development & Investment Service (Corrine Garbett)**  
**Head of Legal & Democratic Services/Monitoring Officer**  
**(Lucy Youles)**  
**Cabinet Support Officer (Lucy Bonshor)**

**Non-Cabinet Members : (Councillor Nick Craft)**

**CO5. APOLOGIES**

Apologies for Councillor Terl Bryant were submitted but he attended the meeting from 11.04am.

**CO6. MINUTES**

The minutes of the meeting held on 3rd June were agreed as a correct record of the decisions taken.

Councillor Mrs Neal referred to an e-mail that she had received concerning a change to the minutes but stated that the minutes were agreed as to their accuracy and nothing could be added which was not said at the meeting. The Development Control Committee would look at all relevant material considerations for each application with regard to the Wind Energy SPD.

CO7. DISCLOSURE OF INTERESTS (IF ANY)

None disclosed.

CO8. CULTURAL STRATEGY 2013/14

**Decision:**

**That Cabinet approve the Council's first medium term Cultural Strategy 2013/14 to 2015/16 as appended to report ED927.**

Considerations/reasons for decision:

- 1) Report ED927 from the Portfolio Holders' Grow the Economy and Economic Development and Arts and Leisure.
- 2) The Cultural Strategy responds to the Council's priorities by ensuring a coordinated approach to improving the cultural offer in South Kesteven. It provides a framework to help address local needs and describes how aims and priorities can be delivered by working together with partners.
- 3) A clear vision for the district is outlined and descriptions of what the strategy will deliver for each of the towns and the rural hinterland.
- 4) Consultations have been undertaken through different forums comprising of officers, businesses and the public.
- 5) The document was taken to the Communities PDG on 16th May who following minor text amendments endorsed the document.
- 6) Comments made by Portfolio Holders on the visual quality of the document and the need to distribute the document to a wider audience.

Other options considered:

To revise the existing council policies such as the Economic Development Strategy to include the cultural agenda, however, this was not considered appropriate due to the wide areas the cultural strategy covered. It was felt that a dedicated cultural strategy was needed.

CO9. DISCRETIONARY COUNCIL TAX PAYMENT POLICY

**Decision:**

**That Cabinet approves the proposed Discretionary Council Tax Payment Policy.**

**(The policy is based upon the existing Discretionary Housing Payment**

**scheme (DHP) which is funded by government grant.)**

Considerations/reasons for decision:

- 1) Report HOF237 from the Head of Finance.
- 2) The abolition of council tax benefit from April 2013 and that Discretionary Housing Payment Schemes can no longer be made towards Council Tax liability.
- 3) That Council as part of its budget proposal for 2013/14 had approved a locally funded scheme to be set up to help with cases of extreme hardship that may arise following the introduction of the local Council Tax Support scheme (CTS).
- 4) The proposal was discussed at the Resources PDG at their meeting on 28th March 2013 and was given their full support.
- 5) The proposed scheme followed the guidance issued by the Department of Communities and Local Government.
- 6) Comments made by Portfolio Holders that the funding pot was for one year only and would not be an ongoing benefit.
- 7) Regular sessions to be held with the Portfolio Holder for Strategic Resources to monitor the funds held.

**CO10. LOCAL AUTHORITY MORTGAGE SCHEME - SCHEME EXTENSION**

**Decision:**

**Cabinet recommends to Council:**

- 1) **That the LAMS scheme is extended and a further amount of £1M is given to the Lloyds TSB Bank Plc scheme;**
- 2) **That additional lenders be included such as Teachers Building Society**
- 3) **That the maximum loan size per application is increased to £147,250.**

Considerations/reasons for decision:

- 1) Report HOF240 by the Head of Finance.
- 2) Council approved the implementation of a local scheme in March 2012 in partnership with Lloyds Banks plc up to a limit of £1M and approved plans to extend the scheme across other lenders as they enter the scheme up to a total of £5M.
- 3) The success of the scheme to date and the need to promote the scheme more widely in the south of the district.
- 4) Comments made by the Portfolio Holder Good Housing concerning the interest from the loans.
- 5) Comments made by the Strategic Director Corporate Focus concerning accounting guidance concerning the scheme.

**CO11. MATTERS REFERRED TO CABINET BY THE COUNCIL, SCRUTINY COMMITTEE OR THE POLICY DEVELOPMENT GROUPS**

**Defibrillator provision within South Kesteven District Council**

**Decision:**

**In principle the Cabinet supports the installation of automatic external defibrillators in its buildings across the district and thank the Scrutiny Committee for the work done to date and the brilliant paper that they submitted. However, before making a final decision the Cabinet wished the Scrutiny Committee to do further work on the following:**

- 1) Health and Safety implications and implementation.**
- 2) Budgetary considerations – options for funding**

Considerations/reasons for decision:

- 1) The Scrutiny Committee's Defibrillator provision within South Council District Council's Review document.
- 2) No budget provision for the current year.
- 3) The need for funding options to be resourced and evidenced.
- 4) The need to better understand the Health and Safety implications for the Council.
- 5) The usage of the defibrillators by possibly different people (staff/members of the public) and how this would affect the council's indemnity.
- 6) Comments made by Portfolio Holders whose parishes they covered had defibrillators installed in them.

**DATE DECISION EFFECTIVE:**

Decisions CO8, CO9, CO11 as made on 1st July 2013 can be implemented by Wednesday 10th July, unless subject to call-in by the Scrutiny Committee Chairman or any five members of the Council from any political group.

Decision CO10 as made on 1st July 2013 stands referred to Council on 11th July 2013.

**South Kesteven District Council, Council Offices, St. Peter's Hill, Grantham, Lincolnshire NG31 6PZ**

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## REPORT TO CABINET

**REPORT OF:**    **Operations Director**

**REPORT NO:**   **ENV588**

**DATE:**        **5 August 2013**

<b>TITLE:</b>	Private Sector Housing Renewal Policy 2013-2018	
<b>KEY DECISION OR POLICY FRAMEWORK PROPOSAL:</b>	Key Decision – the policy has the potential to affect all wards of the district	
<b>PORTFOLIO HOLDER: NAME AND DESIGNATION:</b>	Cllr Terl Bryant Portfolio holder for Good Housing	
<b>CONTACT OFFICER:</b>	Anne-Marie Coulthard e-mail <a href="mailto:a.coulthard@southkesteven.gov.uk">a.coulthard@southkesteven.gov.uk</a> telephone: 01476 406319	
<b>INITIAL IMPACT ANALYSIS:</b>  <b>Equality and Diversity</b>	Carried out and Referred to in paragraph (7) below  Completed 12 June 2013	Full impact assessment Required:  No
<b>FREEDOM OF INFORMATION ACT:</b>	This report is publicly available via the Your Council and Democracy link on the Council’s website: <a href="http://www.southkesteven.gov.uk">www.southkesteven.gov.uk</a>	
<b>BACKGROUND PAPERS</b>	Equality Analysis	

## **1. RECOMMENDATIONS**

1.1 It is recommended that the Cabinet;

1. Note the outcomes of the consultation process
2. Approve the Private Sector Housing Renewal Policy for 2013-2018

## **2. PURPOSE OF THE REPORT**

2.1 To present the draft private sector housing renewal policy for approval.

## **3. DETAILS OF REPORT**

The draft private sector housing renewal policy covers a range of services and financial assistance to homeowners, landlords and private sector tenants. The proposed policy is intended to encompass assistance for the most vulnerable, encourage empty homes back into use and ensure that standards are maintained in private rented and registered social landlord accommodation through advice and enforcement.

### **3.1 Development of the policy**

The private sector housing renewal policy supports the delivery of the priorities in the councils Housing Strategy. These are;

Priority 1: High quality new affordable homes available to buy or rent

Priority 2: Improved housing standards across the district and for all tenures

Priority 3: Access to housing and wellbeing services

Priority 4: Promotion of sustainable neighbourhoods and communities

The policy has been developed to align with priorities 2, 3 and 4, and will support the delivery of the following relevant outcomes contained in the Housing Strategy:

- ✓ Improvements to the quality of housing and environment in our neighbourhoods
- ✓ Improvements to the quality of private sector housing
- ✓ Households being assisted to remain safely in their homes
- ✓ An increased supply of good quality private rented accommodation
- ✓ Increasing proportions of houses reaching affordable warmth standards
- ✓ Well managed neighbourhoods in which citizens enjoy the best possible quality of life in homes which are affordable in use and meet their housing needs and where crime and antisocial behaviour do not adversely impact on the quality of life.

The Government believes that everyone should have the opportunity of a decent home. Poor quality housing can have an impact on the health of the occupants and on the quality of life in an area. The draft policy reflects the Government's view that it is primarily the responsibility of private sector owners to maintain their own property but recognises that some owners, particularly the elderly and most vulnerable, do not have the necessary resources to repair or

improve their homes. As a consequence the council has an important role to play in providing assistance in these cases. The draft policy focuses on delivering the outcomes through a proportionate approach by encouraging the co-operation of individuals in keeping their homes in good repair to ensure long term sustainability, but also includes a clear policy relating to enforcement action when properties fall below acceptable standards.

The resulting draft policy sets out how the service will intervene in the private housing sector, including the approach to enforcement, and also contains the financial assistance which is proposed to assist vulnerable residents and encourage empty homes back into use.

### 3.2 Consultation

The Communities PDG has influenced the content of the policy, and wider consultation has taken place with the Community Focus Forum, via e-mail with landlords, and the wider public through our website.

A précis of the comments received are included in appendix two, along with a response to each of these for consideration.

As a result, the draft policy focuses on the following key elements:

#### Advice and enforcement

- Advice and information will be provided to homeowners, landlords and private sector tenants to encourage repair and maintenance of properties.
- Advice will be provided on energy efficiency measures with signposting to the Energy Saving Advice Service or partner agencies for assistance with helping to reduce fuel poverty.
- Where private sector landlords are not meeting their responsibilities and informal action has been unsuccessful formal action will be taken where appropriate.

#### Financial assistance

- The draft policy proposes replacing the decent homes grant with essential home repair assistance. This will be available to vulnerable owner occupiers to remove serious non thermal hazards (category 1 hazards) that could not be resolved through other assistance.
- Assistance for energy measures will be provided through other partner agencies such as Responders to Warmth or the Green Deal.
- Mandatory disabled facilities grants (DFG's) continue to be available to provide assistance to disabled persons to help adapt their homes to meet their needs.
- The areas where discretionary disabled facilities financial assistance may be provided have been expanded and are now proposed to include; relocation assistance; top up of the mandatory £30,000 grant; assistance where the applicant is unable to meet their contribution to a mandatory grant ; to undertake small scale adaptations to fulfil needs not covered by

a mandatory DFG; or in exceptional cases to deliver a speedy remedy for very urgent adaptations where the procedural complexities associated with the mandatory grant process would cause delays.

- Empty homes funding is proposed to be increased up to £5,000 per property where the property has been empty for more than 6 months. It must be bought back into use for the rental market at an affordable rate (80% of market rate) for 3 years.

#### 4. OTHER OPTIONS CONSIDERED

- 4.1 None: Authorities have a general power to provide financial assistance. In accordance with the Regulatory Reform (Housing Assistance) (England and Wales) Order 2002 authorities are required to give assistance in accordance with a published policy. Government guidance suggests that they would consider that an authority was failing in its duty as a housing enabler and in its responsibility to consider the condition of the local private sector stock if it did not make some provision for assistance. It states that “a blanket ‘no assistance policy’, whether for grants, loans or both, would therefore be unacceptable”.

#### 5. RESOURCE IMPLICATIONS

- 5.1 The Government ended funding for private sector renewal work on 2011, however, there are still legacy funds available from our allocation. £368,000 remains to deliver empty homes and the essential home repair grant. Funding for mandatory disabled facilities grants continues to be supported by Government with a total budget for this of £500,000. For 2013/14 this is made up of £289,717 from Government and £210,283 from SKDC.

The Government announced in the recent spending review that the national government budget for Disabled Facilities Grants will increase to £220m in 2015-16 (allocation in 13-14 is £180m). This should result in an increased grant for that year.

#### 6. RISK AND MITIGATION

Risk has been considered as part of this report and any specific high risks are included in the table below:

Category Risk	Action / Controls
<p><i>Financial</i> – inadequate Capital available for financial assistance</p> <p>Inability to meet demand for service</p>	<ul style="list-style-type: none"> <li>• Budget in place 2013/14</li> <li>• Government grant provided for mandatory disabled facilities grants</li> <li>• Budget monitoring in place</li> <li>• Replacement of decent homes grant with essential repair grant with reduced scope</li> </ul>
<p><i>Strategic</i> - Deterioration in private sector stock condition.</p>	<ul style="list-style-type: none"> <li>• Financial assistance available to the most vulnerable</li> <li>• Undertake enforcement of</li> </ul>

Vulnerable residents at risk from poor quality housing	minimum standards in the private rented sector
<i>Regulatory</i> – Unable to provide financial assistance without a policy in place. Reduction in financial assistance could result in increased enforcement activity.	<ul style="list-style-type: none"> <li>• New policy to be in place</li> <li>• Review of enforcement capability within private sector housing team necessary if financial assistance reduced.</li> </ul>

## 7. ISSUES ARISING FROM IMPACT ANALYSIS

- 7.1 The equality impact assessment was completed on 12 June 2013. There were no issues arising from the assessment.

## 8. CRIME AND DISORDER IMPLICATIONS

- 8.1 The policy will have a positive impact on local communities by maximising the number of empty properties that are bought back into use, so helping to mitigate the blight and antisocial behaviour that can be associated with them.

## 9. COMMENTS OF FINANCIAL SERVICES

- 9.1 Taking into account the year end position for 2012/13, the updated 2013/14 budget allocation for Essential Home Repairs (previously better homes grants) will be £248k and there will also be a budget allocation of £120 for Empty Homes grant. In addition to this for DFG's there will be a total of £500k budget allocation including any government grants awarded to support this programme.

## 10. COMMENTS OF LEGAL AND DEMOCRATIC SERVICES

- 10.1 A Private Sector Housing Renewal Policy is required under the Regulatory Reform (Housing Assistance) Order 2002.

There is no delegated authority to officers to determine discretionary disabled facilities grants. Officers can put forward applications for the discretionary element for member decision.

Disabled Facilities Grants (Maximum Amounts and Additional Purposes) (England) Order 2008 requires the imposition of a charge on properties for 10 years in all owner occupation grants where the grant exceeds £5000 up to a charge limit of £10,000

## 11. COMMENTS OF OTHER RELEVANT SERVICES

- 11.1 None

## 12. APPENDICES:

- 12.1 Appendix 1 – Draft Private Sector Housing Policy  
Appendix 2 – Summary of consultation responses

## Private Sector Housing Renewal Policy 2013-2018

### 1.0 Introduction

South Kesteven's Private Sector Housing Renewal Policy supports the objectives in the district's Housing Strategy within the context of the corporate priority of creating the environment to support good housing for all.

This policy sets out how we will support local residents, and work with other agencies to provide a range of assistance for housing renewal.

The council has supported improvements in the private sector for many years with over £682,000 being invested in improving homes in the private sector since 2009 through grant funding. However, there continue to be homes in a poor state of repair and people living in homes which are of poor quality. Through our housing assistance policy we aim to focus our resources to encourage home owners to improve their homes while providing financial support for those most in need.

### 2.0 Strategic context

In 2010 the Government released Planning Policy Statement 3: Housing which contains the key housing policy goal "to ensure that everyone has the opportunity of living in a decent home, which they can afford, in a community where they want to live".

The majority of housing both nationally and locally is in the private sector, being either owner occupied or privately rented. South Kesteven's 2009 stock condition survey shows that private sector housing within the district is in a worse condition than housing in the public sector and privately rented homes have the worst conditions.

The Joint Health and Wellbeing Strategy for Lincolnshire 2013-2018 is based on the five priorities identified in Lincolnshire's Joint Strategic Needs Assessment

Under priority 5, tackling the social determinants of health, the Joint Health and Wellbeing Strategy for Lincolnshire has the outcome of:

*People's health and wellbeing is improved through addressing wider determining factors of health that affect the whole community.*

To meet this outcome, a priority for the Health and Wellbeing Board is to:

*Ensure that people have access to good quality, energy efficient housing that is both affordable and meets their needs.*

We aim to help achieve this outcome by taking action to promote, encourage and where necessary enforce standards, help vulnerable home owners and tenants to remain living independently in their homes where it is appropriate, encourage the best use of private housing and target assistance toward the most vulnerable.

### 3.0 Understanding South Kesteven's Private Sector

South Kesteven covers an area of 943 square kilometres making it the 31<sup>st</sup> largest in England with the administrative centre in Grantham and three further market towns of Stamford, Bourne and The Deepings. Two thirds of the population live in one of the four market towns and the remaining third live in one of the over 80 villages in the area (South Kesteven State of the District Report 2011)

There are approximately 133,788 people living in 57,344 households in the district with Grantham being the largest settlement. There are 142 people per square kilometre, this compares with an overall Lincolnshire Average of 121 people per square kilometre (2011 Census).

Between 2001 and 2011 the population increased by 7.2% (9,010 people). The proportion of the population made up of older people (aged 65+) in South Kesteven has increased by 3% to 19% over the same period. (2011 Census)

A Private Sector Stock Condition Survey was carried out in 2009 with some of the main findings highlighted below:

- A high proportion of the housing stock was built after 1964, with higher proportions of bungalows and detached houses.
- 60.2% of privately rented homes were built pre 1919.
- The highest rates of non decency were found in the private rented sector.
- The mean SAP rating is 53 EPC band E .
- 24.5% of households with a disabled resident have a household income below £10,000.

Property tenure in South Kesteven is shown below

Tenure	Dwellings	Percentage
Owner Occupied	41,343	72%
Privately Rented	8,935	15%
<b>Private Sector Stock</b>	<b>50,010</b>	<b>87%</b>
Local Authority	5,980	10%
Registered Social Landlords	1,783	3%
<b>Social Housing</b>	<b>7763</b>	<b>13%</b>
<b>All Tenures</b>	<b>57,773</b>	<b>100%</b>

Source: 2011 Census

The South Kesteven private sector house condition survey 2009 estimates that 11,700 private sector dwellings across the district have a Category 1 hazard, with the main reasons for failure being “excess cold” and “falls on the level”. The survey estimated that in 2009 the average cost to remedy a Category 1 hazard in the district was £4,900.

#### **4.0 Housing and Health**

The quality of the home has a significant impact on health; a warm, dry and secure home is associated with better health. Housing-related hazards that increase the risk of illness include damp, mould, excess cold and structural defects that increase the risk of an accident (such as poor lighting, or lack of stair handrails).

In addition to basic housing requirements, other factors that help to improve well-being include the neighbourhood, security of tenure and modifications for those with disabilities. The Building Research Establishment (BRE) has calculated that nationally poor housing costs the NHS at least £600 million per year.

In South Kesteven the highest significant hazard in the private sector is for excess cold.

#### **5.0 Strategic Links**

There are close links with a range of legislation, national and local strategies and policy. These include;

- Housing Act 2004
- Energy Act 2011
- Regulatory Reform (Housing Assistance) (England and Wales) Order 2002
- Decent Homes Standard
- Laying the Foundations: A Housing Strategy for England
- Joint Health and Wellbeing Strategy 2013-2018
- Lincolnshire Affordable Warmth Strategy 2010-2016
- Lincolnshire Homelessness Strategy 2012-2016
- Lincolnshire Housing Strategy 2009-2014
- South Kesteven Housing Strategy 2013-2018

#### **6.0 Policy Priorities and Aims**

Our Housing Strategy sets out four strategic housing priorities:

- Priority 1: High quality new affordable homes available to rent or buy
- Priority 2: Improved housing standards across the district and for all tenures
- Priority 3: Access to housing and wellbeing services
- Priority 4: Promotion of sustainable neighbourhoods and communities

To act on these priorities we need to ensure that we target our resources as effectively as possible. This policy sets out the structure of assistance and support that the Council provides to support home owners and private tenants alongside the enforcement options which are available. The aim is to raise housing standards, support and enable independent living and improve the supply and quality of housing in the private sector.

## **7.0 Empty homes**

Empty homes represent a wasted housing resource and can also be unsightly for residents, and attract crime and antisocial behaviour which contributes to the decline of an area.

In South Kesteven there are approximately 465 long term empty properties (over 6 months) Of these, approximately 50% have been empty for over 2 years. Some of these properties can give cause for concern for residents due to overgrown gardens and neglect, others deteriorate from being empty for so long and become uninhabitable unless major work is carried out.

From April 2013 changes to our Council Tax discounts now mean that owners of properties which have been empty for more than 2 years will pay a charge of 150% of the liability.

Maximising the number of homes bought back into use is a feature of our Housing Strategy 2013-18. Within this context is the need to provide an increased supply of good quality private rented accommodation. One way of doing this is by ensuring that we maximise the number of empty properties bought back into use. The Government has also identified returning empty homes back into use as a priority, and with the introduction of the New Homes Bonus there is financial reward equivalent to 6 years council tax. We also actively seek out external funding opportunities which may assist in this area.

In the first instance we aim to provide advice to the owners of empty properties to encourage them to bring them back into use. Financial assistance is also available to owners of empty homes (see section 10) to help them bring them back into use for the rental market. Further support in the way of a financial loan may be available in the future as we await the results of the National Empty Homes Loan pilot schemes.

Where these approaches fail and where an empty property is causing a specific problem to a neighbourhood, if an extensive evidence base relating to the property has been established the following enforcement options are available on a case by case basis;

- Empty Dwelling Management Orders
- Enforced Sale
- Compulsory Purchase Order (CPO)

Other alternative enforcement options are available to take action on land which is unsightly or attracting vermin and to secure empty properties against unauthorised entry.

## **8.0 Landlord accreditation**

We recognise that strong relationships with professional private landlords are necessary to ensure that there is a good supply of high quality, professionally managed accommodation that is affordable to a wide range of households and are considering the options available to us in relation to landlord accreditation within the district.

## **9.0 Improving housing standards - enforcement**

The enforcement of housing standards is a duty placed upon the Council which is delivered by the Private Sector Housing Team within Environmental Health Services.

Under the Housing Act 2004, local authorities have a duty to deal with Category 1 hazards (that being those hazards which present the most risk of harm to health). Private rented properties are of greatest concern due to the high numbers of vulnerable people who live in poor housing conditions in this sector.

Although this is an enforcement service, the focus is also on helping responsible landlords to achieve high standards in their property by providing advice and guidance to assist them.

Our response to complaints about housing standards will be in accordance with our Private Sector Enforcement Policy which is attached as Annex A. Enforcement will be carried out in accordance with the Council's overarching Enforcement Policy and the Enforcement Concordat.

## **10.0 Improving housing standards – financial assistance**

Authorities have a general power to give financial assistance for home repair, improvement and adaptation. In accordance with the Regulatory Reform (Housing Assistance) (England and Wales) Order 2002 authorities are required to give assistance under these powers in accordance with a published policy.

Our financial assistance policy promotes the property owners responsibility to repair and improve their homes while providing support to vulnerable homeowners, the disabled and those who are committed to bring an empty property back into use for the private rental market.

Our Essential Home Repair Assistance recognises that there is financial support available through the Green Deal and the Energy Company Obligation to deal with thermal efficiency and ensures that our funds are focused on other (non thermal) serious hazards in the home. A summary of the available financial assistance is below with full conditions in Annex B.

<b>Name of Assistance</b>	<b>Property Criteria</b>	<b>Who Can Apply</b>	<b>Type of Work for Which Assistance is Given</b>	<b>Amount of Assistance</b>	<b>Re Payment Conditions</b>
<b>Essential Repair Assistance</b>	Property must have a category 1 hazard.	Owner occupiers or long leaseholders in occupation, subject to a means test. 3 year prior occupation period.	Works of repair or improvement to remove a Category 1 hazard.	Maximum eligible expense is £5,000.	To be re-paid on sliding scale if property is sold within 5 years.
<b>Empty Homes Assistance</b>	Residential property must have been empty for at least 6 months.	Owner of the empty property or people representing the owners' interest.	Capital repair costs to bring the property up to Decent Homes Standard.	Maximum eligible expense is £5,000.	To be repaid in full if the property is sold within 5 years.
<b>Mandatory Disabled Facilities Grant (DFG)</b>	A permanent legal residence which is the primary or sole residence of the occupier.	Any disabled person who is the owner occupier or tenant with a qualifying referral from the Lincolnshire County Council Occupational Therapy Service. Subject to a means test.	Essential work to provide access to facilities for personal care, including bedroom and kitchen facilities, and works to improve safety.	Maximum eligible expense is £30,000.	For grants of a value greater than or equal to £10,000 and where additional floor space is created a land charge of a maximum of £10,000 will be attached. This must be repaid in full if the property is sold within 10 years.
<b>Discretionary Disabled Facilities Assistance</b>	A permanent legal residence which is the primary or sole residence of the occupier.	Any disabled person who is the owner occupier or tenant with a qualifying referral from the Lincolnshire County Council Occupational Therapy Service. Subject to a means test.	To provide a top up to a mandatory grant where; The works exceed the mandatory limit or the applicant cannot afford the required contribution Where works are not eligible for a mandatory DFG, or To assist people in moving to more suitable accommodation.	Maximum eligible expense is £10,000.	To be repaid in full if the property is sold within 10 years.

## **11.0 Other forms of assistance**

Where we are unable to provide financial assistance to occupiers and where there is no imminent risk to the health and safety of the individual we will inform them of other agencies who may be able to provide support or assistance.

## **12.0 Conditions of assistance**

12.1. In this section the term 'assistance' means any form of financial assistance approved for the purpose of housing renewal, maintenance, improvement or adaptation. This may include a grant, an improvement scheme in which people are invited to participate, a loan, or any other form of financial assistance, whether provided directly or indirectly. 'Condition' means any condition attached to any such assistance.

12.2 Where stated, any financial assistance and related conditions will be secured as a legal charge against the property, where breach of the condition would require the repayment of all or part of the assistance. This charge will not be removed until either the conditions expire or until the assistance is repaid, together with any interest or additional charges that may apply. In some cases, it may be specified that only part of the assistance has to be repaid if the conditions are broken and, in these cases, the charge will be removed upon payment of the specified part of the assistance.

12.3 A charge against the property is binding on any person who is for the time being an owner of the premises concerned. Where a condition is broken, the Council has all the usual powers and remedies in law to enforce the charge and secure payment of any amount due.

12.4 Where any condition is in force, the Council may require the person responsible to provide any information to satisfy the Council that the condition is being complied with. The Council can require this information in writing or in any other reasonable form. It is a condition that this information be provided, in the form required and within the reasonable time period specified by the Council, and as fully, accurately and honestly as reasonably possible. Failure to comply with this requirement is a breach of conditions in itself and the assistance, or part of the assistance where this is specified, must then be repaid to the Council.

12.5 It is the responsibility of the person responsible for any condition to demonstrate to the Council's satisfaction that the condition is being complied with. Failure to do so will be treated as failure to comply with the condition. The council does not have the burden of having to prove that the condition is not being complied with.

12.6 Conditions will generally be enforced in all cases. Money repaid or recovered will be recycled into the Council's capital programme for private sector housing renewal.

12.7 No retrospective application or request for financial assistance will be considered where the relevant work has already been started or completed.

12.8. The approval of assistance does not give or imply the Council's approval of any other consents that may be required, such as planning permission or Building Regulation consent. It is the responsibility of the applicant to obtain any such consents that are required.

12.9 Appeals about how the policy is operated should be referred to the Environmental Health Services Manager in the first instance. Appeals must be made in writing and detail the specific grounds on which the appeal is based.

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## **Private Sector Housing Enforcement Policy**

### **Introduction**

The supply of good quality, affordable private rented accommodation is essential to meet our local housing need and is linked to the economic success of the district.

In South Kesteven the majority of landlords are small portfolio holders, along with approximately 30 social landlords. The service aims to provide clear guidance and advice to landlords to give them the opportunity to put problems right before taking enforcement action. The private sector housing team will usually become involved where there is a clear case for intervention. There may be circumstances where legislation requires that formal action has to be taken immediately where there is an imminent risk to health.

Following a complaint about poor housing standards in a private rented home, the Council will take appropriate action to investigate the complaint. Initial investigations may result in advice or assistance being given or where necessary an inspection of the property will be undertaken.

Inspections can take place in response to a complaint or request for service, or proactively in accordance with statutory requirements or risk based assessment (such as mandatory licensing for Houses in Multiple Occupation).

### **Principles of enforcement**

Inspections are made using the Housing Health and Safety Rating System (HHSRS). This is a risk based method of assessment used to identify and protect against potential risks and hazards to health and safety from any deficiencies identified in dwellings. Inspections are carried out by officers who are authorised and have received appropriate training to enable them to carry out their duties competently.

Where proactive work is undertaken we will concentrate our resources on the areas in most need. For example, the results of the most recent Private Sector Stock Condition Survey will be used to identify areas or type of accommodation in the district where housing conditions are worst.

When offering advice in relation to compliance, we will distinguish between statutory requirements and advice or guidance which is aimed at improvements above minimum standards. Any advice will be confirmed in writing if requested.

Enforcement activities will be carried out in accordance with the Council's overarching Enforcement Policy and the Enforcement Concordat.

## **Power of entry**

Section 239 of the Housing Act 2004 gives a local authority power of entry to properties in pursuance of its duties under Part 1 of the Act when certain conditions are met. This enables an inspection to be carried out to see whether or not a Category 1 or 2 hazard exists. 24 hours notice must be given to the owner and/or occupier of the premises in most circumstances. Where entry is refused, the property is empty or where prior warning would negate the purpose of access a warrant may be obtained.

## **Enforcement options**

Hazards are identified as either Category 1 or Category 2 Hazards in accordance with the Housing Health and Safety Rating System Operating Guidance. The action taken in relation to the hazards will be the most appropriate, taking into account the score, whether there is a duty to act and both the actual and potential vulnerable occupiers.

To encourage consistency, officers will have regard to any “worked examples” provided by Local Government Regulation and the Housing Health and Safety Enforcement Guidance when considering the most appropriate course of action. Enforcement action must follow the principles of the Enforcement Concordat.

The Housing Act 2004 places authorities under a general duty to take appropriate action in relation to a category 1 hazard. The options available are:

- serve an improvement notice in accordance with section 11;
- make a prohibition order in accordance with section 20;
- serve a hazard awareness notice in accordance with section 28;
- take emergency remedial action under section 40 or make an emergency prohibition order under section 43;
- make a demolition order under section 265 of the Housing Act 1985 as amended;
- declare a clearance area by virtue of section 289 of the 1985 Act as amended.

Similar powers are available to deal with category 2 hazards. However, emergency measures cannot be used in respect of category 2 hazards, and authorities cannot make a demolition order, or declare a clearance area in response to a category 2 hazard.

In addition, prior to certain enforcement action the Council may be required to consult with Lincolnshire Fire and Rescue, or may need to make an application to the Residential Property Tribunal. In certain circumstances it may also be necessary to undertake a Neighbourhood Renewal Assessment as part of an options appraisal process.

The Council has a duty under Section 5 of the Housing Act 2004 to take enforcement action where Category 1 hazards exist. Where the person in control of the property has not

voluntarily taken action and commenced work to remedy the hazard(s) within an agreed timescale a statutory notice will usually be served.

Under Section 7 of the Housing Act 2004, local authorities have a power rather than a duty to take enforcement action in respect of Category 2 hazards. Where there are Category 2 hazards and Category 1 hazards are present at the property action will normally be taken to remove or reduce all of the hazards to an acceptable level.

### **Charging for Enforcement Notices**

As permitted by Section 49, the Council may and do make a charge for enforcement notices served under Part 1 of the Housing Act 2004. The charges will be reviewed and published annually.

### **Non compliance**

Where enforcement notices are not complied with or where there are serious breaches of legislation enforcement action can be carried out as follows;

- Simple Caution
- Prosecution

Decisions will take account of the principles of good enforcement as set out in the Enforcement Concordat, which we have signed.

### **Other enforcement Options**

There may be instances where other legislation may be more appropriate to achieve acceptable housing standards. Other legislation may include;

- Environmental Protection Act 1990
- Public Health Act 1936
- Prevention of Damage by Pests Act 1949
- Building Act 1984
- Town and Country Planning Act 1990

### **Immigration Inspections**

In addition to enforcement inspections, the council is from time to time asked to inspect properties for immigration control purposes. The property will be assessed in accordance with the Housing Health and Safety Rating System and a report made to the relevant embassy or

UK Border Agency. A charge is made for this service. The charge will be reviewed and published annually.

## **Houses in Multiple Occupation**

Inspections of Houses in Multiple Occupation (HMO) will be undertaken:

- When a new HMO is identified
- Following a complaint about standards
- Before issuing an HMO licence
- Periodically in accordance with a risk based inspection programme

Mandatory HMO licences will be valid for 5 years and will specify the number of occupiers and households. The occupancy number will depend on the size of rooms and the facilities available.

HMOs must meet certain standards to be licensed. These are set out in Schedule 4 of the Housing Act 2004. Additional local conditions may be used where appropriate.

Where a property does not meet the statutory requirements a number of courses of action are available;

- Apply conditions to the HMO licence
- Reduce the length of the licence from 5 years and apply conditions to the granting of the licence
- Restrict the occupation of the property until conditions are met
- Refuse to grant the licence

## **Assessment of Fit and Proper Person**

Where there is no reason to believe otherwise, a fit and proper person assessment will be carried out using a self assessment form. Where there is any suspicion regarding the accuracy of the information provided or the history of the potential licence holder or manager we reserve the right to request further information via a CRB check. Enquiries with other agencies to establish suitability may also be carried out.

## **Licence Fees**

Licence and renewal fees will be reviewed and published annually. The renewal fee is only applicable where the licence holder has submitted their application prior to the expiry of the licence and there are no changes in circumstances or to the property. Where the licence has expired or where there are changes to circumstances or the property the full licence fee is payable.

## **Breaches of licence conditions, revocations and variations.**

Where breaches of licence conditions are reported an officer will normally inspect the property and take appropriate action. This may include variation or revocation of the licence.

## **Appeals**

The licensee has a right to appeal to the Residential Property Tribunal against refusal to grant a licence, licensing conditions and the maximum number of occupiers or households specified on the licence.

## **Enforcement action**

Where a landlord fails to licence a HMO, the council may take a case to the Residential Property Tribunal. The Residential Property Tribunal may on conviction for failure to licence, make a Rent Repayment Order requiring up to 12 months rent to be repaid to the tenant or the Council where the tenant is in receipt of Housing Benefit.

## ANNEX B

### **Available financial Assistance**

#### **Mandatory Disabled Facilities Grant – DFG**

These will be awarded according to Government Legislation (Housing Grants Construction and Regeneration Act 1996) which determines the maximum amount of grant, the type of work which may be funded and the test of resources which must be made. The maximum amount of assistance is £30,000.

#### Purpose

To adapt the home of a disabled person to meet their needs in providing access to and from the dwelling; facilitating access to a room used as or usable as a principal family room; facilitating access to a room used or usable for sleeping; facilitating access to toilet and bathing facilities or for the preparation of food.

#### Eligible persons

To qualify for assistance an applicant must be the disabled person, owner occupier or tenant with a referral from the Lincolnshire County Council Occupational Therapy Team. The grant is available to help the home to be adapted to meet the needs of any disabled person living in the property and enable them to continue living there.

#### The Property

To qualify for assistance the property must be the primary or sole residence of the applicant and must be reasonably and practically capable of being adapted to meet the needs of the disabled person, having regard to the age and condition of the dwelling.

#### Details of the Assistance

- The owner's contribution will be determined by the "Test of Resources" (not required for applications made on behalf of children under 19 years old)
- The maximum grant will be £30,000 in any one application.
- The grant will pay for the works required to adapt the property to meet the needs of the disabled person as assessed and recommended by an Occupational Therapist from Lincolnshire County Council
- Where the Council provides a DFG of a value equal to or greater than £10,000 that funds the creation of additional floor space the Council will impose a local land charge.
- The maximum charge will be £10,000, repayable if the property is sold or otherwise disposed of within 10 years of the grant works being completed.
- If equipment e.g. portable ramps and stairlifts are no longer required, an assessment will be made to determine if it is possible to recycle them for another application.

## **Discretionary Disabled Facilities Assistance**

### Purpose

To provide additional discretionary assistance to a disabled person where appropriate. The maximum available assistance is £10,000.

### Eligible persons

To qualify for assistance an applicant must be the disabled person, owner occupier or tenant with a referral from the Lincolnshire County Council Occupational Therapy Team. The grant is available to help the home to be adapted to meet the needs of any disabled person living in the property and enable them to continue living there.

### The Property

To qualify for assistance the property must be the primary or sole residence of the applicant and must be reasonably and practically capable of being adapted to meet the needs of the disabled person, having regard to the age and condition of the dwelling.

### Details of the Discretionary Adaptations Assistance

- The assistance may be provided for small scale adaptations to either fulfil needs not covered by a mandatory DFG or to deliver a speedy remedy for very urgent adaptations.
- The assistance may contribute to the total cost of the works in excess of the Mandatory Disabled Facilities Grant or where the applicant cannot afford their required contribution.
- The assistance may contribute towards the cost of moving where more suitable accommodation has been identified and the applicant is unable to afford the cost of moving.
- The assistance will contribute toward the cost of works required to adapt the property to meet the needs of the disabled person as assessed and recommended by an Occupational Therapist from Lincolnshire County Council.
- The assistance will normally be up to a maximum of £10,000, although the council may use discretion to determine a reasonable amount in excess of this in exceptional circumstances.
- The amount of the assistance will be secured by attaching a land charge to the property for a period of 10 years from the completion of the property purchase (in the case of relocation) or from the completion of the grant aided work.
- The Council has the discretion to waive repayment of the assistance in cases where the owner can prove exceptional circumstances.
- This assistance is provided subject to funding availability and judged on a case by case basis.
- Approval of the discretionary assistance will be given by the Portfolio Holder for Good Housing

## **Discretionary Essential Home Repair Assistance**

### Purpose

To provide assistance to owner occupiers in receipt of certain means tested benefit to remove Category 1 hazards (as defined by the Housing Act 2004) which are not supported via other schemes e.g. Green Deal. The maximum grant funding is £5,000 per property.

### Eligible persons

Owner occupiers who have lived in the property for at least 3 years and are in receipt of one or more of the principal income related or disability benefits:

- Income support (Employment and Support Allowance)
- Working tax credit (annual income of no more than £16,090, subject to annual review)
- Housing Benefit
- Child tax credit (annual income of no more than £16,090, subject to annual review)
- Pension credit
- Income based job seekers allowance
- Attendance allowance
- Disability living allowance
- Industrial injuries disablement benefit
- War disablement pension
- Incapacity benefits (including Employment and Support Allowance)

Applications will only be considered from people who have not received a Decent Homes Grant or Essential Home Repair Grant within the 3 years prior to the application.

### The Property

- Privately owned properties built before 2000.
- Must have Category 1 hazards to the main living accommodation assessed as requiring attention which would not be rectified by alternative government assistance e.g. the Green Deal.

### Details of the Discretionary Essential Home Repair Assistance

- Eligible work does not include improvements which would be available through the Green Deal and Energy Company obligation e.g. insulation, heating system replacement, replacement glazing, heating controls and draught proofing.
- Reasonable and practicable works will be undertaken having regard to the age and condition of the dwelling.
- The maximum grant available is £5,000 per property. No more than one grant for the same property will be considered within a 3 year period.
- The council retains the discretion to apply means testing to determine the maximum amount a household is eligible to apply for.
- The applicant must be the owner occupier of the property.

- The property must be the sole residence of the applicant. The applicant must have lived in the property for at least 3 years prior to application.
- The amount of the assistance will be secured by attaching a land charge to the property for a period of 5 years from the completion of the grant funded work. If the property is sold within 5 years the grant must be repaid on a reducing scale (20% reduction per full year since completion).
- Contractors appointed by the council will be used and payment made directly to them. The council reserves the right to make payment directly to the applicant in certain circumstances.
- This grant is provided subject to funding availability.

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## **Discretionary Empty Homes Assistance**

### Purpose

To provide assistance to owners of long term empty residential properties to bring them back into occupation for the rental market at an affordable rent. The maximum grant available is £5,000 per property.

### Eligible persons

Applicants must be the owner of the empty property or represent the interests of the owner.

### The Property

The property must have been empty for a minimum of 6 months at the time of application (evidenced through Council Tax information).

The property will be subject to an inspection and assessment to determine suitability. Priority will be given to those properties which meet local housing need taking account of the size and location of the property.

### Details of the Discretionary Empty Homes Grant

- Eligible works are repair to the property e.g. materials and contractor's labour costs.
- Ineligible works include professional fees e.g. surveyor and architect fees, insurance costs and works to outbuildings or land drainage. Works which would normally be covered by standard building insurance are also excluded.
- The council retains the discretion to assess the eligibility of certain work in complex cases.
- Works must not have already commenced or been completed at the time of the application.
- The property must have been empty for at least 6 months at the time of application (as evidenced through council tax data).
- The maximum grant available is £5,000 per property. No more than one grant for the same property will be considered.
- The amount of the assistance will be secured by attaching a land charge to the property for a period of 5 years from the completion of the grant funded work. If the property is sold or transferred within 5 years the grant must be repaid in full.
- The property must be bought back into use within 12 months of payment of the grant. The grant must be re-paid in full if this is not satisfied.
- The property must be available for rental purposes at a rent not exceeding the Local Housing Allowance Rate relevant for the property for a period of 3 years. The grant must be re-paid in full if this is not satisfied.
- The property must not be rented to a member of the owners family during the 3 year period.
- Evidence of financial commitment to complete the project must be evidenced at the time of application.
- The property must be refurbished to the Decent Homes Standard.

- All works must comply with applicable planning, building control and housing standard requirements.
- This grant is discretionary and provided subject to funding availability.

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Summary of Consultation responses

<b>Consultation response</b>	<b>Officer Comments</b>
<u>Support for policy</u> Everyone has the right to a decent standard of living and therefore support in the main the councils approach to this.	
<u>Council tax premium</u> 1 month zero charge between leaving and incoming tenants is not long enough to deal with improvements to properties. Penalises landlords for taking time to improve properties	Not part of this policy but the Cabinet may wish to note this
<u>Payment of Housing benefit</u> Landlords should not be paid housing benefit if the property does not meet minimum standards.	Housing benefit is paid to the tenant not the landlord. So it is not possible to control in this way.
<u>Land charge period for financial assistance</u> Grants should be paid back when a property is sold no matter how long this is. Interest should be paid back out of the profits.	A condition has to be set which is a compromise between incentive to improve property/bring back into use and allowing the council to recover money. Proposed to be set at 5 years.
<u>Rented housing standards</u> Rented properties should be inspected prior to being rented to ensure they meet minimum standards	Legislation does not allow us to inspect without permission of the occupier/owner (unless a warrant is obtained). This would be logistically difficult and would be need to be resourced.
<u>Empty Homes</u> Grants should not be given to owners of empty homes to help bring them back into use	In most cases the cost of renovating an empty home to the decent homes standard is likely to be more than the proposed £5,000 grant so the owner will have to contribute. This is an incentive which can increase affordable housing supply in the district and attract new homes bonus.



# South Kesteven District Council

## Equality Analysis (Stage 1)

### Private Sector Housing Renewal Policy

<b>Service Area:</b>	<b>Lead officer: Ian Yates</b>	<b>Date of Meeting</b>  11/06/13
	<b>Assessors:</b> Anne-Marie Coulthard	
	<b>Neutral Assessor:</b> Carol Drury	

**1. Name and description of policy/service/function/strategy**

Private Sector Housing Renewal Policy
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**Is this a new or existing policy? Existing**

**2. Complete the table below, considering whether the proposed policy/service/function/strategy could have any potential positive, or negative impacts on groups from any of the protected characteristics (or diversity strands) listed, using demographic data, user surveys, local consultations evaluation forms, comments and complaints etc.**

<b>Equality Group</b>	<b>Does this policy/service/function/strategy have a positive or negative impact on any of the equality groups?  Please state which for each group</b>	<b>Please describe why the impact is positive or negative. If you consider this policy etc is not relevant to a specific characteristic please explain why</b>
<b>Age</b>	Positive  Positive  Positive  Neutral	The grants offered are not determined by age.  Mandatory Disabled Facilities Grants and Essential home repair grants are available to all age groups (subject to a means test).  Applications for disabled adaptations for under 19's must be made by a parent or guardian and are not subject to means testing.  Enforcement of housing standards in the private rented sector takes no account of the age of the owner of the property.
<b>Disability</b>	Positive  Positive  Positive	Mandatory disabled facilities grants are provided for within the policy to make adaptations to homes for disabled persons to help them to remain independent where appropriate.  Discretionary top-up is available on a case by case basis.  Information available in alternative formats on request.

	Potential negative	Funding is limited, but has not been exceeded since the budget was increased in 2008/9. The likelihood of this is considered minimal.
<b>Race</b>	Positive	Language Line available to communication with customers whose first language is not English.
<b>Gender Reassignment</b>	Neutral	Not a determinant of this policy
<b>Religion or Belief</b>	Neutral	Not a determinant of this policy
<b>Sex</b>	Neutral	Not a determinant of this policy
<b>Sexual Orientation</b>	Neutral	Not a determinant of this policy
<b>Pregnancy and Maternity</b>	Neutral	Not a determinant of this policy
<b>Marriage and Civil Partnership</b>	Neutral	Not a determinant of this policy
<b>Carers</b>	Positive	Where a property is adapted through a disabled facilities grant and made more suitable for the needs of the disabled person this can result in a more effective care package and improved family life.

<b>Other Groups (e.g. those from deprived (IMD*) communities; those from rural communities, those with an offending past)</b>  *(IMD = Indices of multiple deprivation)	Low income families – positive	Targeted support through means testing means that those on a low income can access grants to rectify serious hazards in the home or adapt their homes.
	Low income families – positive	Through the empty homes grant accommodation is brought back into use for the rental market at an affordable rate (80% of market rate) for 3 years.
	Literacy issues - positive	Support is provided to complete application forms for grants.

**3. What equality data/information did you use to inform the outcomes of the proposed policy/service/function/strategy? (Note any relevant consultation who took part and key findings)**

Private Sector Stock Condition Survey, data relating to the grants provided and their conditions and their recipients, Empty property data.

**If there are any gaps in the consultation/monitoring data, how will this be addressed?**

Data analysis of equality data collected as part of service user surveys. Data to be used to ensure that all customers are treated in an equal and fair way.

**4. Outcomes of analysis and recommendations (please note you will be required to provide evidence to support the recommendations made): Please check one of the options.**

a)	No major change needed: equality analysis has not identified any potential for discrimination or for negative impact and all opportunities to promote equality have been taken	<input checked="" type="checkbox"/>
<b><i>If you have checked option a) you will need to complete a Stage 3 analysis when your policy/service/function/strategy has been implemented</i></b>		
b)	Adjust the proposal to remove barriers identified by equality analysis or to better promote equality.	<input type="checkbox"/>
<b><i>If you have checked option b) you will need to answer questions b.1 and b.2</i></b>		
c)	Adverse impact but continue	<input type="checkbox"/>
<b><i>If you have checked option b) you will need to answer questions c.1</i></b>		

d	Stop and remove the policy/function/service/strategy as equality analysis has shown actual or potential unlawful	<input type="checkbox"/>
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**b.1 In brief, what changes are you planning to make to your proposed policy/service/function/strategy to minimise or eliminate the negative equality impacts?**

**b.2 Please provide details of whom you will consult on the proposed changes and if you do not plan to consult, please provide the rationale behind that decision.**

***If you have checked option b) you will need to complete a Stage 2 equality analysis***

**c Please provide an explanation in the box below that clearly sets out your justification for continuing with the proposed policy/function/service/strategy.**

***If you have checked option c) you will need to complete a Stage 2 equality analysis. You should consider in stage 2 whether there are sufficient plans to reduce the negative impact and/or plans to monitor the actual impact.***

**Signed (Lead Officer):**  
*(Name and title)*

**Ian Yates**  
*Operations Director.*

**Date completed:**

**12/06/13**

**Signed (Neutral Assessor):**  
*(Name and title)*

**Carol Drury**  
Community Engagement and Policy Development Officer

**Date signed off:**

**14/06/13**

## REPORT TO CABINET

**REPORT OF: HEAD OF FINANCE**

**REPORT NO: HOF245**

**DATE: 5 AUGUST 2013**

<b>TITLE:</b>	<b>South Kesteven District Council Small Business Loan Scheme and Hardship Award</b>	
<b>KEY DECISION OR POLICY FRAMEWORK PROPOSAL:</b>	N/A	
<b>PORTFOLIO HOLDER: NAME AND DESIGNATION:</b>	Councillor Mike Taylor - Well Run Council Portfolio Holder Councillor Mrs F Cartwright - Grow the Economy and Economic Development Portfolio Holder	
<b>CONTACT OFFICER:</b>	Richard Wyles – Head of Finance 01476 406210 Email: <a href="mailto:r.wyles@southkesteven.gov.uk">r.wyles@southkesteven.gov.uk</a>	
<b>INITIAL IMPACT ASSESSMENT:</b>	Carried out and Referred to in paragraph (7) below:	Full impact assessment Required:
<b>Equality and Diversity</b>	N/A	
<b>FREEDOM OF INFORMATION ACT:</b>	This report is publicly available via the Your Council and Democracy link on the Council's website: <a href="http://www.southkesteven.gov.uk">www.southkesteven.gov.uk</a>	
<b>BACKGROUND PAPERS</b>		

### 1. RECOMMENDATION

1.1 It is recommended that:

- Cabinet approve the establishment of a small business loan scheme and allocate up to £100K, from the provision agreed in the 2013/14 budget, for the formation of a fund and;

- A Board for considering applications comprising of the Grow the Economy - Economic Development Portfolio Holder, Well Run Council\_ Strategic Resources Portfolio Holder, the Chairman of the Resources PDG and an officer from Economic Development be established.
- Approval is granted for the usage of the proposed criteria for any applications with respect to Hardship relief.

## **2. PURPOSE OF THE REPORT**

- 2.1 To propose the introduction of a loan fund to provide financial support to small business in the South Kesteven district during the current economic climate and to give consideration to an application criteria with respect to Hardship relief.

## **3. DETAILS OF REPORT**

### **3.1 Small business loans scheme**

- 3.1.1 Council, at its meeting on 1 March 2013, approved the introduction of a budget in order to assist and respond to the local economy during the current financial climate. It is proposed that up to £100K be allocated from the 2013/14 budget framework for this scheme and that the number of applications and awards be regularly monitored to assess the positive impact the scheme is having on the business community.
- 3.1.2 15% of businesses in South Kesteven are small or medium sized with the majority employing less than 16 people (compared to a national average of just under 17 people). Unemployment in the district has risen by 0.3% over the past 12 months which is 6.4% of the working age population.
- 3.1.3 Due to the current financial climate many SME businesses are suffering from a lack of access to finance as banks have been reluctant to lend money. Banks are looking for shared risk and if greater levels of deposits or match funding on loans are not provided this can lead to loan applications being rejected. Difficulties in renewing loan arrangements, higher overdraft interest rates or a summary withdrawal of overdraft are some of the issues being reported by businesses. The introduction of a small loans scheme for small businesses will help address some of the issues being faced accessing finance. The launch of this initiative also complements the introduction of a criteria methodology for assessing hardship relief applications.
- 3.1.4 The proposed loans scheme should be used to match similar levels of capital investment by firms and banks or other organisations and should not form more than one third of the total loan required. A typical scenario could be:

A small business requires £30,000 to expand, purchase equipment or meet an order. The financial package could be £10,000 owner, £10,000 bank and £10,000 SK loan scheme. The investment risk would be shared by the owner, bank and SKDC thus reducing the bank's overall exposure to risk (making them

more likely to advance funding) but ensuring that the SKDC risk was no higher than the commercial risk being taken by the owner and the bank.

3.1.5 A loan agreement will be required from all successful applicants and will operate with the following criteria:-

- Eligible businesses must comply with the EU definition of a small business (ie less than 50 employees, turnover not exceeding 7m euros) and be independent - not a subsidiary of a larger company.
- Eligible business must be able to demonstrate their potential for growth and adding to the GVA of the local economy
- Loans can only be advanced to provide funds for the sole purpose of enabling a business to expand (employment of additional staff, capital investment)
- The applicant's business must have premises in South Kesteven and, if applicable, their business rate payments must be fully up to date at the time of submitting the application.
- The minimum and maximum loan applications from SKDC will be £4,000 and £10,000 respectively per business and a personal guarantee will be required before any loan can be advanced
- Proof of bank lending and personal funding will be required
- Loan periods will be for a maximum of 3 years
- Loans may be repaid in full at anytime during this period without interest penalty
- A fixed rate of interest will be applied to the loan
- The rate of interest applied will be at PWLB rate equivalent to loan term applicable at the date the loan was advanced
- Repayments inclusive of interest will be due on the last day of each month
- The application would include evidence of the last 2 year's performance (including financial information, number of employees etc)
- Resources PDG considered the matter at their meeting on 30<sup>th</sup> May 2013 and were fully supportive of the proposals contained in the report.

### 3.1 **Hardship Relief**

3.2.1 This initiative compliments a suite of Economic Development and business development packages being delivered by the Council including the shop front scheme, serviced land. The greater promotion of the Hardship fund for

business rate assistance will hopefully support small business's to continue to trade in the District over the short term. In respect of this The Council has a discretionary power under Section 49 of the Local Government Finance Act 1988, in exceptional circumstances, to reduce all or part of a business rates bill. The legislation stipulates that a local authority in considering hardship must be satisfied:

- The ratepayer will suffer hardship if relief is not granted
- There is a direct benefit to the ratepayer, or the community, and there are no adverse impact to other ratepayers or the community as a result of awarding relief

3.2.2 It is proposed to increase the awareness of the hardship relief and to introduce a criteria that can be used to assess whether the awarding of relief is appropriate based on the implications of the business continuing trading in the district. The proposed criteria is:

- History and Future Planning
  - What was the reason for the hardship - is there a recognisable one-off reason for the hardship, or is it just a slow down in trade, or even that the business is just not sustainable?
  - Is there an improvement plan - does the organisation / individual have an improvement plan to relive them of hardship and if so what are the chances of success?
  - Will the granting of hardship be effective - will the organisation / individual still be unsustainable even with the granting of a reduction in the non-domestic rates liability. Will the money spent by the authority have any longer term benefit or will it just delay the inevitable?
- Loss of Amenity
  - What would be the effect on the local community - would the local community suffer if the organisation/individual were no longer in existence?
  - Are there other similar businesses - if the applicant no longer occupied the premises would the existence of other organisations/individuals mean that there would be no or insignificant loss of amenity?
  - What area / group is served by the applicant - does the ratepayer serve a limited target audience or do large sectors of the South Kesteven community benefit from their existence?
  - Another vacant property? - are there other empty properties in the area and another empty property would degrade the area further and be detrimental to the local public?

- Employment Implications
  - Number of people employed - What number of people are employed by the organisation/individual and would their jobs be in danger if hardship was not granted?
  - Are the employees taken from an unemployment black-spot - Is the organisation/individual situated in an area where jobs are more difficult to obtain, or are they in an area when the employees would have a greater chance of finding other employment?
- External Factors
  - Consideration should be given when certain regional, national or global factors affecting hardship are beyond the organisation's control, particularly when central government provides extra funding and including consideration of rules of state aid?

#### **4. OTHER OPTIONS CONSIDERED**

4.1 None applicable

#### **5. RESOURCE IMPLICATIONS**

5.1 None applicable

#### **6. RISK AND MITIGATION**

6.1 None applicable

#### **7. ISSUES ARISING FROM EQUALITY IMPACT ANALYSIS**

7.1 None applicable

#### **8. CRIME AND DISORDER IMPLICATIONS**

8.1 None applicable

#### **9. COMMENTS OF FINANCIAL SERVICES**

9.1 The scheme would be operated in accordance with Article 87 European Community Treaty, Commission Regulation (EC) No 1998/2006, De minimis Aid – Block Exemption. This Regulation permits the Council to provide aid awards of less than Euros 200,000 (approximately £120,000) over a rolling three year period to an enterprise regardless of company size. This limit applied from 1 January 2007.

9.2 The main risk associated with this type of loan fund is the level of default in repayments. The application of strict selection criteria and the quality of continued business advice and monitoring once a loan has been approved and taken up will be critical in minimising the default rate.

## **10. COMMENTS OF LEGAL AND DEMOCRATIC SERVICES**

- 10.1 The Local Government Act 2000 allows a local authority to do anything to promote the economic, social and environmental well being of its area. This includes financial support to individuals and organisations that can be on such terms as the Council sees fit. Restrictions on the range of activity an authority can undertake may exist where it is expressly prohibited by other legislation and/or does not promote the economic, social and environmental wellbeing of its area. The regulation set out above relating to EU law is designed to maintain an equal playing field in relation to 'state aid'.
- 10.2 The Council has a discretionary power under Section 49 of the Local Government Finance Act 1988, in exceptional circumstances, to reduce all or part of a business rates bill.

## **11. COMMENTS OF OTHER RELEVANT SERVICES**

- 11.1 None applicable

## **12. APPENDICES**

- 12.1 Small Business Loan Scheme - Guidance notes and application form

# **South Kesteven District Council Small Business Loan Scheme**

## **Application Guidance Notes**

### **What is the South Kesteven District Council Small Business Loan Scheme?**

From August 2013, SKDC is offering a Small Business Loan, as part of a package of small business support measures, to help local businesses survive and continue to grow during the current difficult economic climate. In particular it responds to the issues being faced by small businesses as a result of reduced external funding support being made available to them.

Our loan will help established small businesses access the funding required to expand by providing match funding to that available within the business and/or provided by its bank or other funders. As a result this will contribute towards increasing business profitability, safeguarding and creating jobs thereby ultimately leading to local economic growth.

A typical scenario of how this loan scheme can work is:

“A small business requires £30,000 to implement an expansion project. The financial package could be £10,000 from the business, £10,000 from the bank and £10,000 from the SKDC loan.”

The critical point is that the SKDC loan amount should not exceed one third of the total funding required. Therefore proposals that meet this criteria but with different matched funding methods will still be considered, as long as they include bank/other financial institution or commercial lender funds. This is important because the commercial viability of both the business and expansion plan needs to be demonstrated to us.

The loan period is up to three years and principle and interest repayments made by existing borrowers will be made available to advance as loans to new borrowers.

### **Who can apply for the loan?**

Established small businesses<sup>1</sup> located in South Kesteven district (to whom they pay their business rates) that require match funding to help finance expansion plans are eligible.

<sup>1</sup> The EU defines a small business as an enterprise with less than 50 employees, annual turnover not exceeding 10 million Euros, and balance sheet total not exceeding 10 million Euros.

## **What are the other criteria?**

Businesses must be able to demonstrate their potential for growth and increasing Gross Value Added (GVA) <sup>2</sup> of the local economy. In short, we are looking to support businesses that will contribute to the growth of the local economy, e.g. by increasing turnover, profits and jobs. Loans can only be advanced to fund for the sole purpose of enabling a business to expand, e.g.

- Employment of additional staff
- Capital equipment purchase or updating
- Purchase of materials to complete a major new order
- Developing new markets, products or services

Businesses must also include evidence of the last two year's performance, including income and expenditure, profit, and number of employees. This is to demonstrate the commercial strength of the business. We have introduced this loan scheme to support businesses that in normal economic circumstances would not have a problem with securing the external funding required to expand.

A personal guarantee (from all owners/directors) will be required for the SKDC loan in addition to that required by the other funder(s). However this will not be secured against any asset (business or personal) and a loan agreement will set out the repayment terms, interest rate and obligations.

## **How much can be applied for?**

The maximum loan for a single business will be no more than £10,000. Given that the loan amount must be no more than one third of total amount required, proof of bank or other financial institution and business funding equal to, or greater, than the loan amount will be required as part of the application.

## **How is the loan paid?**

Loan periods will be for a maximum of three years. A fixed rate of interest, at a below market rate (Public Works Loan Board Annuity rate), will be applied to the loan. Loans may be repaid in full at anytime during three years without interest penalty. Repayments inclusive of interest will be due on the last day of each month.

<sup>2</sup> Gross Value Added was introduced by the former DTI (now Department for Business, Enterprise and Regulatory Reform), as a means of measuring and benchmarking the performance of businesses, sectors or of a specific economy, and allows comparison of economic performance among, for example, differing sectors of benchmarking of areas across the EU. GVA per capita is expressed as the contribution to the economy per employee.

In terms of advancing the funds, this will be done via bank transfer, which may need up to 3 working days to complete, upon receipt of the signed loan agreement.

### **What is the application process?**

In order to submit an application, applicants are required to complete an application, together with all relevant supporting documents, and send them to South Kesteven District Council. For fully completed applications, a final decision will be made within 10 working days. Any missing information will cause a delay in the decision making, because it will be returned.

### **The application form**

Please complete all sections of the application form, as incomplete applications will not be considered. Together with the application form, you are required to submit other relevant supporting documents e.g.

- Copies of company accounts for last two years
- Marketing Plan
- Company Workforce Development Plan

### **How is the application assessed?**

The Head of Economic Development will review the applications and make a recommendation to the relevant Cabinet Member for Economic Development and Well Run Council together with a member representative from Resources Policy Development Group.

The SKDC loan supports businesses that require funding to expand and have the potential to improve the economy. Such applications are more likely to be successful. We reserve the right to refuse any application.

### **Loan agreement and performance management**

A signed loan agreement that sets out the repayment terms, interest rate and other obligations will be required from all successful applicants. The applicant will be responsible for their business performance but will provide six monthly reviews to the Council for the duration of the loan period.

### **Other considerations**

Please note that the SKDC loan is provided from public funds and therefore the loan will be subject to inspection and audit. Any fraudulent activity will be quickly identified and reported to the police. Legal action may also be undertaken on behalf of South Kesteven District Council in order to recover money owed and any other damages that deem to have been incurred.

Any personal involvements with members or officers of South Kesteven District Council must be declared from the outset. Applications that do not meet these criteria will be declared null and void.

### **Completed application must be returned to:**

Head of Economic Development  
South Kesteven District Council  
St Peters Hill Council Offices  
Grantham  
Lincs  
NG31 6PZ

**South Kesteven District Council  
Small Business Loan**

**Application Form**

Please refer to the guidance notes before submitting your application and complete all sections of this application form.

<b>Business details</b>	
Name of business:	
Registration number (Company/VAT):	
Business address:	
Post code:	
Tel no:	Fax no:
Email:	
Website:	
Contact name:	
Job title:	
Business status (e.g. Ltd, Partnership, Sole trader, CIC):	
Number of years business has operated:	
<b>Business Overview</b> (including brief description of products/services)	
Principal industry sector of the business: (e.g. manufacturing, ICT, Construction)	
Number of staff employed (FT/PT):	

<b>The amount of finance required for the expansion</b>				
From own resources:				
From the bank:				
From other financial institution:				
<b>Purpose of your loan application and expected resulting business growth</b> (Please also attach accounts for the last two years, your marketing plan and your workforce development plan as supporting documents to this application form)				
<b>Business growth forecast</b>	<b>£</b>	<b>Over how many years</b>		
Increase in turnover:				
Increase in profit before tax:				
Increase in (local) jobs:				
<b>Local economy impact forecast - Gross Value Added</b> (If required the Business Link Advisor will be able to assist with the completion of the following section)				
	<b>Previous Year</b>	<b>Current Year</b>	<b>Year 1 Forecast</b>	<b>Year 2 Forecast</b>
Total sales/turnover				
A: Total salary and wage costs				
B: Pre-tax profit				
C: Depreciation				
GVA=A+B+C				
No. of employees				
GVA per employee				

<b>Bank's confirmation of financial support</b>
Bank name:
Bank address:
Comments:
Name of contact:
Signature:
Tel no:
Fax no:
<b>Other financial institution's confirmation of support</b>
Institution name:
Institution address:
Comments:
Name of contact:
Signature:
Tel no:
Fax no:
Email:

**Declaration and data protection statement**

By signing this application

- I confirm that the information supplied above is correct, to the best of my knowledge, and I confirm if the company of which I am a representative is awarded a loan, all money will be used solely for the purpose specified in this application.
- I consent to South Kesteven District Council and others on its behalf processing and holding by means of a computer database or otherwise any information, which I provide to them for the purpose of a potential loan. I also agree to South Kesteven District Council accessing such other information as they hold about me, which they have acquired for other purposes.
- I agree that relevant South Kesteven District Council Members and Officers can view the information provided.
- I agree to the terms of this scheme, to regular monitoring of business progress after the loan is given and to my Bank discussing my business with South Kesteven District Council if required.

Disclosure of Relationship (please delete as applicable)

- I certify to the best of my knowledge and belief, I am not related to, or in a relationship with, any Councilor or employee of SKDC
- I declare that I am related to, or in a relationship with, the following Councilor or employee of SKDC

Name:

Position:

Relationship:

Signature:

Print name:

Date:

**Completed application must be returned to:**

Head of Economic Development  
South Kesteven District Council  
St Peters Hill Council Offices  
Grantham  
Lincs  
NG31 6PZ