

**Cheltenham Borough Council**  
**Cabinet – 17<sup>th</sup> July 2012**  
**Private Sector Renewal Budget**

<b>Accountable member</b>	<b>Councillor Jefferies</b>
<b>Accountable officer</b>	<b>Mark Nelson, Enforcement Manager Built Environment</b>
<b>Accountable scrutiny committee</b>	<b>O &amp; SC</b>
<b>Ward(s) affected</b>	<b>All</b>
<b>Key Decision</b>	<b>No</b>
<b>Executive summary</b>	There is a need to prioritise expenditure of the remaining Private Sector Renewal (PSR) funding (£303,600). This funding was allocated by central government for housing renewal purposes following successful bids by the Council. This funding stream has now been terminated.
<b>Recommendations</b>	<b>I therefore recommend that:</b>  <b>Capital continues to be made available from the remaining PSR funding for the Housing Health and Safety loan / grant schemes contained in Appendix 5, sub appendix 1 and 2, of the Housing Strategy and that capital be available from remaining PSR funding to help finance compulsory purchase (CPO) action to bring long term vacant property back into use.</b>

<b>Financial implications</b>	<p>The total carry forward of PSR funding for the financial year 2012/2013 is £303,600. Given current levels of demand a budget of £180k should be sufficient to meet customer demand for the Health and Safety loan / grant scheme for the next 3 years.</p> <p>The use of PSR capital (£120k) for CPO action will be limited to covering the gap between costs and receipts of action. The Council's capital reserve will be used to purchase vacant properties and the receipts from final sale will be recycled.</p> <p><b>Contact officer : Nina Philippidis</b>  <b>nina.philippidis@cheltenham.gov.uk, 01242 775221</b></p>
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<b>Legal implications</b>	<p>No direct legal implications. The administrative procedures for loan and grants were devised in full consultation with legal services.</p> <p>Any CPO action undertaken will involve necessary and appropriate advice from One Legal.</p> <p><b>Contact officer: Sarah Farooqi</b>  <b>sarah.farooqi@teWKesbury.gov.uk, 01242 272693</b></p>
<b>HR implications (including learning and organisational development)</b>	None
<b>Key risks</b>	<b>See appendix 1</b>
<b>Corporate and community plan Implications</b>	<p>The funding of those recommended areas contributes directly to:</p> <ul style="list-style-type: none"> <li>• Investing in Environmental Quality: <ul style="list-style-type: none"> <li>• Protecting and improving the quality of Cheltenham's built environment</li> </ul> </li> <li>• Building Strong Communities and supporting Housing Choice: <ul style="list-style-type: none"> <li>• Promoting a balanced and sustainable housing market</li> <li>• Increasing the supply of affordable housing</li> <li>• Increasing the quality and choice of housing</li> </ul> </li> <li>• Promoting Community Safety: <ul style="list-style-type: none"> <li>• Reducing numbers of unsafe and long term empty homes</li> <li>• Providing safe homes for Cheltenham's vulnerable households</li> </ul> </li> </ul>
<b>Environmental and climate change implications</b>	The use of funding to secure re-occupation of vacant property via CPO action will help negate the impact vacant property have on the associated environment and neighbourhood.

## 1. Background

- 1.1 Cheltenham's Housing Renewal Policy was effective from 1<sup>st</sup> August 2003. The policy stated that revised versions would be produced when significant changes occur. The Housing Renewal Policy now forms part of the wider Housing Strategy.
- 1.2 Under the Regulatory Reform (Housing Assistance) (England and Wales) Order 2002 the Council has wide ranging powers to provide assistance for housing renewal. Housing Renewal was largely funded by Private Sector Renewal (PSR) capital grants from central government and the type of assistance was therefore influenced by central government policy.
- 1.3 The award of PSR capital grants has now ceased, but in the last four years the Council was successful in bidding for schemes that addressed unsafe housing conditions for the most vulnerable persons living in Cheltenham. Bringing long term empty residential property back into use was also considered a government priority. It was confirmed, at the time, by the Government Officer, that the use of PSR funding to secure the re-use of vacant property by CPO action was legitimate

## 2. Reasons for recommendations

- 2.1 The Housing Strategy contains two types of grant / loan that remain a priority for remaining PSR expenditure. Health and Safety loans and grants help provide safe living conditions for the most vulnerable households in Cheltenham by tackling Category 1 hazards as measured by the Housing Health and Safety Rating System. The Council has a statutory duty, under the Housing Act 2004, to take the most appropriate course of action where a category 1 hazard is identified.
- 2.2 The Council is committed to bringing long term empty residential dwellings back into use. There are an increasing number of properties where enforcement action against the owners is judged to be the only way to achieve re-occupation of the empty property. Although CPO action is seen as a last resort, it is recommended that PSR funding should be used to facilitate enforcement action by bridging the gap between the costs and receipts of CPO action.

## 3. Consultation and feedback

- 3.1 Proposals form part of the Councils Housing Strategy which has been subject to formal consultation.

## 4. Performance management –monitoring and review

- 4.1 The number of dwellings made safe and the number of dwellings brought back into use by direct action, are set performance targets for the Private Sector Housing team.

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<b>Appendices</b>	1. Risk Assessment
<b>Background information</b>	

The risk				Original risk score (impact x likelihood)			Managing risk				
Risk ref.	Risk description	Risk Owner	Date raised	Impact 1-4	Likelihood 1-6	Score	Control	Action	Deadline	Responsible officer	Transferred to risk register
	Any risks associated with equality impact										
	Cost to Council associated with failed CPO action.	Mark Nelson		1	2	2	Accept	Follow legal / statutory procedures / framework to reduce risk of an adverse ministry decision.	ongoing	Mark Nelson	
	Unethical lending. To meet Financial Services Authority (FSA) requirements for ethical lending the council must be seen to make borrowers aware of their financial obligations under the loan and that they will be establishing a charge on their property. Borrowers must obtain general advice from a regulated source.	Mark Nelson		2	1	2	Accept	A system for ensuring that borrowers obtain appropriate advice is in place resulting in a very low associated risk of negligible financial cost to the council	June 2012	Mark Nelson	
	Uncertainty when loan repayment will occur. There can be lengthy and uncertain repayment periods associated	Mark Nelson		2	3	6	Accept	The financial charge registered at the land registry gives the council a good element of control	June 2012	Mark Nelson	

	with these types of loan.							concerning repayment of the loan. Loans become repayable on death of the applicant, or on sale of the property subject to the application.			
	Without a loan / grant system, (which directly targets vulnerable persons in unsafe dwellings) it will be difficult for the Council to meet its statutory obligations in respect of tackling category 1 hazards (HHSRS) under part 1 Housing Act 2004.	Mark Nelson		4	3	12	Reduce	To adopt the policy recommended in this report, which recommends targeted capital spending on unsafe dwellings occupied by vulnerable households.	June 2012		

**Explanatory notes**

**Impact** – an assessment of the impact if the risk occurs on a scale of 1-4 (1 being least impact and 4 being major or critical)

**Likelihood** – how likely is it that the risk will occur on a scale of 1-6

(1 being almost impossible, 2 is very low, 3 is low, 4 significant, 5 high and 6 a very high probability)

**Control** - Either: Reduce / Accept / Transfer to 3rd party / Close