

REPORT

To: HOUSING AND SOCIAL WORK SERVICES COMMITTEE		Subject: PRIVATE SECTOR HOUSING - GRANT ADMINISTRATION FEES
From: HEAD OF HOUSING SERVICES		
Date: 5 AUGUST 2010	Ref: EMCh/PH	

1. Introduction

The purpose of this report is to seek approval for the application of revised administration fees for processing housing repair and adaptation grants.

2. Background

- 2.1. In August 2003, following the introduction of a means-testing system for repair and improvement grants, committee agreed that some of the additional administration costs required to deliver the new system would be passed on to grant applicants. This fee was set at £100 per grant application. In order to prevent the fee being a burden on less well-off applicants, it was agreed that the fees would be eligible for grant. This meant that someone receiving a means-tested grant of 30% would pay an administration fee of £70, whereas someone receiving a 100% grant would have the whole fee paid for them. The fee was deducted from the grant payable to the owner.
- 2.2. The full introduction of the Scheme of Assistance on 1st April 2010, which replaced the old grant scheme, brought about a number of changes, one of them being the removal of means-tested grants. In addition it is now a statutory requirement that owners must cover the cost of registering a grant on their title deeds. The current Land Registry charge for registering a grant is £30 and the Act does not allow grant provision towards these costs. It is therefore proposed to review the level of administration fees to reflect all these changes.
- 2.3. Owners who share responsibility for repair of common elements with the council and who participate in council contracts, not only benefit from grant assistance to help reduce their share of their costs but they are also given the opportunity to pay their outstanding balance by instalments at no extra charge. The administration costs associated with raising accounts, setting up payment plans and monitoring and recovering debt are not currently recovered. In some cases it can take 2 to 3 years before the council recovers its original outlay. Placing an additional administration charge on the setting up of payment plans for debtor accounts may encourage those owners who can pay as soon as works are complete to do so, rather than incur any additional administration costs.

3. Proposals/Considerations

- 3.1. Taking account of all factors identified above, but in particular the removal of means-testing from the grant process, it is proposed that the grant administration charge of £100 be reduced to £50. Unlike professional fees, these will not be eligible for grant assistance. However, in line with the practice currently used for building warrants, where works are for an adaptation to meet the needs of a disabled person, this fee will be waived. For most grant applicants this will have a cost neutral effect, i.e. if they got a 50% grant under the old system the £100 grant administration fee would have been grant eligible, therefore reducing it to £50. Applicants for disabled adaptations will benefit from the proposed change. Further examples are given in appendix 1.

- 3.2. To encourage owners within council contracts to pay their accounts on completion of works, it is proposed that a further administration charge of £50 be charged to anyone requiring a payment plan to be set up. This will assist in covering the additional administration required to set up plans, monitor payments and recover outstanding monies due to the council.
- 3.3. It is a statutory requirement that all applicants cover the cost of registering the grant on their title deeds which is currently charged at £30. This will be charged in addition to any applicable administration costs as highlighted at 3.1 and 3.2. above.

4. Financial/ Legal/ Policy/ Equality Implications

If the proposals contained in this report are approved the overall impact, in terms of income from fees, is estimated to be cost neutral at around £25,000.

5. Recommendations

It is recommended that Committee:

- i) Approve the reduction of administration fees from £100 to £50 with the exception of disabled adaptations where no fee will be applied.
- ii) Approve an additional administration charge of £50 for anyone requiring a payment plan to repay the outstanding debt.
- iii) Note that owners receiving a grant will also be eligible to pay a charge of £30 to register the grant on the title deeds.



Elaine McHugh
Head of Housing Services
26 July 2010

Examples of grant fee charges

Example 1

An owner participates in common work under the capital programme. The owner's share of costs is £4,000 including professional fees. They receive 50% grant towards cost of works and wish to pay the balance over a 2 years period..

	Current	Proposed
Grant Admin Fee	£50 (£100 minus 50%)	£50
Fee to register grant on title deeds	£30	£30
Admin fee for repayment plan	£0	£50
Total	£80	£130

Example 2

An owner receives an 80% disabled adaptation grant towards the cost of a wet floor shower. The total cost of work is £3,000, including professional fees, and they are eligible for a grant of £2,400.

	Current	Proposed
Grant Admin Fee	£20 (£100 minus 80%)	£0
Fee to register grant on title deeds	£30	£30
Total	£50	£30

Example 3

An owner receives a grant of 50% towards their share of common re-roofing works on a block of flats that is below tolerable standard. Their share of the costs is £2,500, including fees, and they receive a grant of £1,250.

	Current	Proposed
Grant Admin Fee	£50 (£100 minus 50%)	£50
Fee to register grant on title deeds	£30	£30
Total	£80	£80