

PRIME MINISTER

HOME IMPROVEMENT CONSULTATION PAPER

Patrick Jenkin has circulated Cabinet colleagues with a draft consultation paper on home improvement policy. He plans to issue the document as a Green Paper very shortly, so that the Housing Bill scheduled for the 1985/6 session can contain proposals on home improvement.

Summary of the consultation paper

The condition of the housing stock: Fewer houses lack basic amenities, but there are still almost a million dwellings which fail to meet the minimum standard of fitness, 0.7 million lacking basic amenities and 2.3 million needing repairs costing £2,500 or more. A quarter of private homes are unsatisfactory and the number of dwellings needing major repairs has risen by a fifth since 1976.

Encouraging owners to help themselves: The building industry should publicise to householders the importance of doing timely repairs to a good standard. Building societies are lending more than ever to assist with repairs: £1,500m in 1983 alone. Agency services set up by councils or housing associations are also helping with householders' repairs. But in 1981 two-thirds of householders in unsatisfactory properties had incomes of less than £4,200 a year, one-third would have had to borrow three times their annual income to do all the necessary repairs and one-third were pensioners.

why? - ✓
Home improvement grants: The proposal is for a single type of repair/improvement grant, mandatory for the installation of basic amenities and for bringing houses up to the new "tolerable standard" of fitness, discretionary for houses above tolerable standard but still needing repair to meet the "10-point, 30-year standard". Eligibility for grant would be assessed not, as now, on rateable-value limits but in one of three ways:

OPTION A: Full means-testing with measurement of incomes, savings and cost of works, along the lines of Supplementary Benefit assessment.

OPTION B: Income-testing, taking some account of savings.

OPTION C: Income-testing alone.

Option B is recommended: grants would be payable to households with incomes under £10,000 p.a. and savings under £4,000.

Home improvement loans: Loans could replace discretionary grants and perhaps mandatory grants as well. Loans would

yield savings on the cost of home improvement assistance; the savings could either be used to cut public spending generally and/or to increasing the number of households aided.

Loans would be repayable either on subsequent sale of the property or, at the householder's discretion, earlier. Repayment would be either at historic cost or on the basis of an equity share in the value of the property, equivalent to the proportion of the post-improvement value represented by the works done.

Other provisions: A variant on the Improvement for Sale scheme would allow councils to make grants to developers of properties on which proceeds from sale were too little to allow a big enough financial return. Housing Improvement Areas, with new criteria for size, improvement need etc., will replace General Improvement Areas and Housing Action Areas and councils will be encouraged to select areas that are capable of improvement as well as in need of it. The Government will legislate to give councils power to institute Enveloping schemes for the external repair of groups or blocks of privately-owned dwellings. Inspections of dwellings by councils with a view to making compulsory repair orders will be required by law. Slum clearance is no longer needed on a massive scale, and in future it should be done more sensitively.

Public funding: The Government now funds council spending on home improvement and slum clearance by specific Exchequer support, for which councils are required to apply. An alternative would be to support such spending wholly through block grant, leaving councils to decide how to spend the resources allocated to them.

Policy Unit recommendations

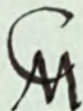
There is no reason why you should not say that you are content with the draft as it stands. However, there are two points which you may wish to make in a Private Secretary's letter (draft attached):

1. **Home improvement loans:** The cost of home improvement grants has risen almost tenfold since the Government took office (a figure which, incidentally, gives the lie to accusations that we are not interested in infrastructure support). In 1984/5 the cost of home improvement grants was £900m. The replacement of most grants by loans could eventually yield annual savings of £200m-£500m, though the full saving would not be achieved until the loan system had been running for about seven years. Nonetheless this saving is very large, is accordingly worth going for and would be achieved with a minimum of public outcry or political cost. You may, therefore, wish to indicate strong support for the idea of home improvement loans.

2. **Housing Improvement Areas:** When preparing legislation on the criteria for the new Housing Improvement Areas, we shall need to look carefully at the before-and-after maps of publicly-funded assistance: the consultation document rightly says that councils will in future be encouraged to select only those areas capable of improvement, but we shall have to be careful not to lay ourselves open to accusations that, in withdrawing improvement status from some areas, we are declaring them to be "no-hope" areas for which nothing can be done.

3. **Public funding:** We have recently attracted flak for allowing local authorities to accumulate receipts from council-house sales and then telling them they were not free to spend the money. We do not now want to give them the chance to overspend on home improvement - a decision which we might later regret. The existing obligation upon councils to apply for home improvement or clearance money is a useful restraint on their propensity to overspend. You may like to say so in your letter.

4. **Timing:** Instructions to Counsel for a 1985/6 Housing Bill will have to be drafted soon. You may like to include in your letter a gentle reminder that time is pressing, both on home improvement policy and on the private rented sector.



CHRISTOPHER MONCKTON

14 January 1984.

DRAFT PRIVATE SECRETARY'S LETTER

CONSULTATION DOCUMENT ON HOME IMPROVEMENT POLICY

The Prime Minister has seen the draft consultation document on home improvement policy and is content that it should be published as a Green Paper. She has commented that she is attracted by the idea of home improvement loans, which, while continuing to provide incentives for householders to keep their properties in good repair, would be ^{eventually reduce the} of great assistance to the Government in its overall economic aim of ~~controlling~~ ^{cost of assessing home improvement} public expenditure.

The Prime Minister considers that local authorities should continue to receive their funding for home improvement and slum clearance by specific grant rather than by block grant. The necessity of applying for grant ^{would} act^s as a useful restraint upon the propensity of councils to overspend.

If legislation is to be drafted in time, the Green Paper will have to be published quickly and the period of consultation will have to be short. The Prime Minister is also concerned that your Secretary of State's proposals for de-regulating the private rented sector should be put forward to H Committee soon, so that they can be included in the 1985/6 Bill.

[The Prime Minister is content that the Green Paper should be published as drafted.]

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*cc PS/10/000
(with attachment)
PS/10/000
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PS/10/000
PS/10/000
m m m m m*

2 MARSHAM STREET
LONDON SW1P 3EB

01-212 3434

My ref: G/PSO/46642/84

Your ref:

7 JAN 1985

Dear Willie,

PRIVATE SECTOR HOUSING IMPROVEMENT POLICY - CONSULTATION DOCUMENT

On 17 October, H Committee approved the proposals in H(84) 28 as the basis for public consultation. Nicholas Edwards and I were invited to prepare a consultation document, and to circulate it in draft to colleagues after this year's public expenditure decisions had been taken and before publication.

A draft consultation paper is enclosed. This is based closely on the policies set out in H(84)28. It does, however, cover three items not included there:

- a. the possibility of home improvement loans instead of or in addition to home improvement grants (paragraph 37 to 44);
- b. Exchequer support for local authority spending (paragraphs 82 to 84). At present, a large part of the cost of spending on improvement and slum clearance is met from specific grants. The draft invites comments on whether this should continue, or whether support should be given wholly through block grant;
- c. clearance (paragraphs 74 to 78). New powers are proposed to increase involvement of private developers in schemes of clearance and rebuilding. These include the possibility of financial contributions from local authorities (akin to the IFS for developers system already included in H(84)28). Interest-free loans for private householders affected by clearance are also proposed, to enable such people to buy another house.

Subject to your views and those of colleagues we would hope to publish the document as a Green Paper very shortly. A Housing Bill including these items is my priority bid for legislation in the 1985/6 session. It would be helpful, therefore, if any comments could be sent in writing as soon as possible - though we would, of course, be happy to have a meeting if that were felt to be necessary.

/ I am copying this letter to colleagues in H Committee and to Sir Robert Armstrong.

*You ever
Patrick*

PATRICK JENKIN

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2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref: G/PSO/46642/84

Your ref:

7 JAN 1985

Dear Nick,

PRIVATE SECTOR HOUSING IMPROVEMENT POLICY

You wrote to Ian Gow on 11 December, giving your views on the draft consultation document which Ian had sent to you on 27 November.

I am glad to note that you were content with the draft almost in its entirety. It was useful to have your comments on the subjects of home improvement loans and on Exchequer contributions to local authority spending. So far as the former is concerned, I can confirm that we have an open mind. We have made some small changes to the text to make that crystal clear. On Exchequer contributions, we have, as you asked, amended the draft to put forward both options (continue specific grants or subsume into block grant) and invite comments.

I enclose a copy of the revised draft of the complete document, and the letter I am today sending to Willie Whitelaw and colleagues inviting their comments.

Your ever
Patrick

PATRICK JENKIN

Re: Ian & Edwards MP.

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DRAFT GREEN PAPER: "HOME IMPROVEMENT - A NEW APPROACH"

INTRODUCTION

1. Since May 1979 the Government has introduced a range of new, radical housing policies centred on the encouragement of owner-occupation. Over 60% of households in England and Wales now own their own homes. A recent survey of non-owners found that 77% of those interviewed hoped to be home-owners within two years; among the 25-35 age group owner-occupation was the preferred tenure of 90% of those interviewed. Our housing is a national asset of the highest social and economic importance which will increasingly be in the hands of owner-occupiers. Home ownership offers opportunities for individuals to alter and improve their homes as they wish; they must also carry the primary responsibility for keeping their property in good repair.

2. This consultation document deals with the condition of the privately owned housing stock in England and Wales, both owner-occupied and tenanted, and with its maintenance, repair and improvement. The Government's proposals envisage that the building industry, the financial institutions and local authorities will all help individual householders to meet their responsibilities.

3. The Government has had the benefit of the views of the local authority associations and has taken into account representations from a wide range of bodies in carrying out its review. It would now welcome comments from these and other organisations on the proposals which are set out below. Comments should be sent to:

Room N7/09
Department of the Environment
2 Marsham Street
London SW1P 3EB

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or to:

Housing Division
Welsh Office
Cathays Park
Cardiff CF1 3NQ

by [16 March 1985].

THE CONDITION OF OUR HOUSING STOCK

4. There are 12½ million privately owned dwellings in England and 800,000 in Wales. The majority of householders are better housed than ever before. In 1971 as many as 1 in 8 houses lacked an inside WC; 1 in 10 had no bath. By 1981 the proportions had fallen to 1 in 33 and 1 in 40. Features which a few years ago were regarded as luxuries are now commonplace; 57% of homes today have central heating compared with 23% in 1971.

5. When the Government carried out a survey of the housing stock in England in 1981 it found that the total number of unsatisfactory¹ private sector houses had fallen substantially since 1971. Even so there were 3.5 million unsatisfactory dwellings: 0.9 million regarded as failing to meet the minimum standard of fitness for human habitation; 0.7 million which lacked one or more basic amenities; and nearly 2.3 million which needed repairs costing more than £2,500. In all more than one in four private sector homes were unsatisfactory. The 1981 Welsh House Condition Survey found 87,000 privately owned dwellings to be unfit; 74,000 to lack one or more basic amenities; and 230,000 which were in need of repairs costing over £2,500; a combined total of 250,000 dwellings, or over a quarter of the stock. In one vital area the position was getting worse: the number of dwellings needing major repairs had increased by over 20% in both England and Wales since the stock was last surveyed in 1976.

6. An important factor in the condition of the private housing stock is its age: 37% of such dwellings in England and 56% in Wales were built before 1919. There is a high correlation between age and unsatisfactory condition.

¹ unsatisfactory dwellings for this purpose are those which were unfit, lacked basic amenities or needed repairs costing over £2,500 at 1981 prices.

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THE GOVERNMENT'S ACHIEVEMENTS

7. Since it came to office in 1979 the Government has given a high priority to the improvement and repair of private sector housing. It has launched a number of initiatives to encourage both the private and public sectors to make better use of available housing and resources. These have included important changes to the home improvement grant system. Since 1980 tenants have been able to receive grants for the first time and 5,600 in England and 1,000 in Wales have benefited from this change. The Housing Act 1980 also made repairs grants generally available for pre-1919 houses in need of major repair. Between 1975 and 1979 only 800 repairs grants were given in England. In the three years 1981 to 1983 155,000 such grants were paid. In Wales the corresponding figures were 500 repairs grants in 1975-79 and 24,000 in 1981-83.

8. For 1982-83 and 1983-84 special arrangements were introduced under which the maximum grant rate for repairs grants and for intermediate grants (towards the installation of basic amenities) was raised to 90% for all applicants. Local authorities were offered additional resources to enable them to increase their grant spending. As a result expenditure in England, which had been as little as £90m in 1978-79, rose to £430m in 1982-83 and £907m in 1983-84, when 250,000 grants were paid. In Wales, expenditure of £11m in 1978-79 rose to £43m in 1982-83 and £102m (33,000 grants) in 1983-84. Spending is likely to reach £700m in England in 1984-85 and £80m in Wales.

THE FUTURE

9. The primary responsibility for maintaining and improving private housing will continue to rest with the owners. Evidence from the 1981 English House Condition Survey, updated to take account of recent trends, suggests that, in addition to mortgages, rents, rates and other bills, the average household now spends £450 a year on improvement and repair work (including maintenance and decoration). For owner-occupiers, the figure is much higher - £620. In all, spending on such work by owner-occupiers and private tenants in England and Wales amounts to over £7½ billion a year. When investment by landlords and developers is added, the total spent on the maintenance, improvement and repair of private sector housing approaches £9 billion.

10. Despite all this spending there were still 2½ million unsatisfactory private

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sector houses in England and Wales in 1981; and spending between 1976 and 1981 was insufficient to prevent an increase in the number needing major repairs. The standard of the private sector stock is not solely a matter for its owners. As a national asset of increasing importance, its long-term future is a proper matter of national concern. One way of giving effect to this concern is to encourage and facilitate private sector investment in maintaining and increasing the value of the housing stock. In the first place, therefore, the Government intends to take action to raise the level of private sector investment. Full details are set out in paragraphs 13-24 below. Many householders fail to spend money on necessary improvements and repairs because they are worried about the disruption which will be caused or how to find a reliable builder. Individuals also need to be helped to get the best out of the investment they do undertake by spending the money where it does most good. They need advice on the consequences of failing to take action in time. The building industry and the lending institutions are becoming increasingly involved in the improvement and repair field. The Government is keen to see a further development of services to ensure that necessary maintenance, repair and improvement work is carried out.

11. In addition direct intervention by the public sector is justified in some circumstances, in particular where:

- a. households are living in unhealthy or unsafe conditions; or
- b. financial help is necessary for those who would not otherwise be able to carry out necessary improvement and repair work to unsatisfactory dwellings; or
- c. conditions across a whole area are so bad as to discourage individual owners from spending money on their homes.

12. Whenever the public sector does intervene it is essential that public money is spent in the most cost-effective way. Proposals for ensuring that help is available where people really need it are at paragraphs 25-50. The Government is also mindful that much of the legislation in the home improvement field has been criticised as over-complicated; this is especially true of the grant system. Simplification has been one of the main objectives of this review.

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ENCOURAGING OWNERS TO HELP THEMSELVES

13. In general, owners are best placed to decide how much money to spend on their homes, and how it can best be used. But the 1981 English House Condition Survey showed that many people whose homes were in poor condition did not appreciate the extent of the faults nor the consequences of leaving them unremedied. Very few whose homes were judged by professional surveyors as unfit regarded their condition as "very bad"; most thought they were average or better than average.

14. Greater public awareness of the need for timely repairs - like replacing defective guttering and repointing brickwork - would have three benefits. It would:

- i. save householders from greater expense in later years.
- ii. improve the condition of the housing stock; and
- iii. help to maintain a satisfactory workload for the building industry.

The Government urges the building industry to consider ways of publicising the importance of carrying out maintenance work, and how to detect the repairs which are most commonly needed. There have been a number of useful initiatives, notably the series of Home Improvement Months sponsored by the National Home Improvement Council; but more could be done.

15. Even when they do recognise that work is needed, many householders are deterred from undertaking it by concern about the standard of workmanship. Sometimes owners act against their own best interest: the cheapest builder is not always the one to choose. More publicity needs to be given to advice such as the Office of Fair Trading's "7 Golden Rules" (included in their 1983 Report on home improvements) aimed at those intending to employ a builder.

16. The Government welcomes the initiatives taken by the building industry to introduce warranty schemes. The Federation of Master Builders has had a scheme in operation for some time which its members can offer. The Building Employers Confederation has introduced a scheme which all BEC members are required to make available to clients. By offering the householder a guarantee of good workmanship, warranty schemes increase the willingness of owners to carry out work to their homes. The Government hopes that warranty schemes will be improved and extended, and become widely used for major renovation work.

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17. It is also important that work is carried out with a minimum of disruption. In England, over a third of owner-occupiers living in houses needing major repairs are old age pensioners. In Wales the figure is as high as 50%. Fear of disruption to their homes deters many elderly people from undertaking repairs and improvements. They need reassurance that the work will be carefully planned, and that everything will be put back in place.

18. For larger jobs, householders frequently need to borrow to finance some or all of the work. Where the house is being bought with the aim of renovating it the improvement cost is often included as part of the mortgage. In the last few years the lending institutions have shown themselves increasingly ready to lend on older houses in need of renovation. However, the majority of unsatisfactory dwellings have been occupied by the same household for more than 10 years. In these cases an existing mortgage will need to be increased or a new loan taken out. The amount of further advances for improvement and repair work has risen dramatically in recent years. Building societies alone lent £1,500m in this way in 1983, compared with £150m in 1973. The Government welcomes this trend; the availability of loan finance will do much to encourage owners to carry out renovation work. The Government's Green Paper on building society powers, published last July¹, outlines various proposals which would make it easier for households to obtain funds for home improvements and repairs. These include the possibility of building societies offering unsecured loans and second mortgages on property already mortgaged to another lender.

19. Some of the money being advanced is in the form of maturity loans. Under these arrangements the capital is repaid when the house is sold and only the interest is due meanwhile. Maturity loans are especially worthwhile for elderly owners who can use them to exchange a share of the equity for money to carry out repairs or improvements. The Government is keen to see the lending institutions provide and advertise maturity loans, and devise attractive loan packages for renovation work.

20. Housing conditions will only be improved if we make the best use of private sector expertise and finance. The Government intends to discuss with the building industry and the lending institutions ways in which this can be done.

¹ 'Building Societies: A New Framework' (Cmnd 9316).

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AGENCY SERVICES

21. Educating households to know when repairs are needed, publicising the best way of securing the services of a reputable builder and ensuring that loan finance is available will all help. But some owners will still find the prospect of carrying out major work to their homes a daunting one. In such cases more direct help is needed.

22. Agency services of various kinds are already available in some places to help such owners. These Agencies are organisations which have been set up by local authorities, housing associations, charitable trusts or trade associations to offer home owners practical help with their home improvements or repairs. Some Agencies offer a full building works service; but more commonly they act in an advisory capacity, helping their clients to identify the work that needs doing, contacting building firms on their behalf and arranging the necessary funding through grants or building society loans.

23. The Government believes that such services will have an increasingly important part to play. The organisations involved, and the type of work they cover, will vary from place to place. The Government welcomes the steps which the private sector has taken to establish Agencies, particularly where they can tap private finance. Charitable organisations have set up services in several parts of the country, including the Ferndale Home Improvement Service in the Rhondda and Tyneside Housing Advice Centre in Newcastle. The National Home Improvement Council has begun pilot Neighbourhood Revitalisation Services in three areas. Even where Agencies have been the responsibility of local authorities and housing associations, building societies and banks have often been willing to earmark funds for improvement and repair loans in the area; sometimes they have seconded staff or provided show houses. The Green Paper on building society powers suggests that societies might themselves wish to offer Agency services.

24. Agency services have a particularly important part to play in increasing the level of renovation activity among those households who would otherwise be least likely to undertake work to their homes. Some Agencies will be operated and financed wholly by the private sector; in others some public sector involvement will be necessary. The Government intends to legislate to clarify the powers of local authorities and registered housing associations to provide Agencies. So far as funding is concerned, local authorities could be empowered to provide

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contributions towards housing association agencies operating in their areas, as well as having the power to fund services for themselves. In either case, however, the bodies concerned will be expected to minimise costs by securing help from the private sector and levying fees where appropriate.

FINANCIAL HELP FOR OWNERS AND TENANTS

25. Private spending on improvement and repair should increase. But the English House Condition Survey found that in 1981 64% of owner-occupiers living in unsatisfactory property had household incomes of less than £4,200 a year. 37% would have needed to borrow at least 3 times their annual income to carry out all the work which was needed. 35% were headed by an old age pensioner. In Wales over 40% of heads of households of unsatisfactory properties were OAPs; only 41% of heads of households were in full or part-time employment. Without financial help many such people will not be able to carry out essential work to their homes, even if they are aware of what needs to be done. The public sector will need to assist if disrepair is to be prevented and the condition of the housing stock is to be improved.

26. At present, help is made available in the form of home improvement grants. But, though the grant system is complicated, it fails in some respects to direct money where it is most needed. Research carried out into a sample of grants given between 1981 and 1983 underlines these shortcomings. Some of the main results from this research (the Distribution of Grant Enquiries) are set out at Annex 1. There is a need to simplify the arrangements for making financial help available while at the same time making sure that the money goes to those who would not otherwise be able to carry out essential work.

27. Determining eligibility simply according to the condition of the dwelling is not enough. Because the potential demand for help will always be greater than the public resources available it will not be possible - even if it were right - to give assistance to all who live in unsatisfactory houses. In allocating the money which is available, priority should be given to those who would otherwise be unable to afford the work which is needed.

28. In future, help could continue to be in the form of grants. Another possibility, on which the Government would welcome views, would be special loans, which could be introduced in some or all circumstances instead of grant. The

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Government has taken no final decisions on these matters: possible grant and loan systems are below.

Grants

29. If grants rather than loans are used the Government envisages a single type of grant, covering both repairs and improvements (including the installation of basic amenities). There would be mandatory and discretionary elements. At present intermediate grants are mandatory for houses lacking basic amenities. In England, there were 2.1 million such dwellings in the private sector in 1971; but by 1981 there were only 622,000 and the number is falling fast. In Wales the number of dwellings lacking basic amenities fell from 129,000 in 1976 to 74,000 in 1981. The number of houses unfit for human habitation has, however, remained virtually unchanged in both England and Wales. The Government therefore proposes that, in addition to installing basic amenities, grants would be mandatory to bring houses up to the proposed new 'tolerable standard' (see Annex II). For dwellings already above that standard, or to be brought above it, grants would be discretionary. After a discretionary grant a dwelling would be expected to meet the 10 point/30 year standard (see Annex II) or, failing that, be in reasonable repair. The 10 point/30 year standard would also be the maximum standard eligible for grant aid.

30. There would be no limit on the age of houses eligible for mandatory grants. Discretionary grants would be available for property built before 1940: although pre-1919 housing still makes up the bulk of property needing major repairs, the number of inter-war houses in poor condition increased nearly three fold between 1971 and 1981.

31. The Government has given very careful consideration to possible methods of determining eligibility among owner-occupiers (including both freeholders and long leaseholders). Since 1974, Rateable Value limits (at present £400 in London and £225 elsewhere) have been used, on the assumption that those living in unsatisfactory houses below these limits were least likely to be able to finance work to their homes unaided. But there is evidence that many of those eligible for grants at present could in fact afford to finance work from their own resources; while the opposite is true of some of those excluded from eligibility. This finding applies to all levels of Rateable Value: there is little relationship between the Rateable Value of dwellings and the ability of owner-occupiers to finance necessary improvements and repair work.

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32. The Government has therefore concluded that a new method for determining eligibility for grants among owner-occupiers would be needed. A simple "passporting" system alone - making eligible those in certain groups, such as old age pensioners or Supplementary Benefit recipients - is attractive in theory but does not work in practice: too many owner-occupiers who fall outside such groups are deserving of help. Three possible systems have therefore been considered:

Option A: Full means-testing, involving measurement of incomes, savings and cost of works, along the lines used for Supplementary Benefit.

Option B: Income-testing, taking some account of savings.

Option C: Income-testing alone.

Option D - Mandatory grants only for those receiving S.B.

33. These three alternatives are set out in detail in Annex III. Under a grant system, the Government's preference would be for Option B - making eligible for grants owner-occupiers with gross household incomes (for head of household and partner) under £10,000 in the previous tax year and savings under £4,000. Access to grant for those owner-occupiers meeting the basic eligibility test would then be further controlled by means of a taper based on the cost of work needed, so that those on relatively larger incomes and needing to carry out less work would receive a lower rate of grant. Such a test would be applied to all grants, whether mandatory or discretionary, but those households receiving Supplementary Benefit or Family Income Supplement would automatically be eligible without having to pass the income and savings test. About 1.3 million owner-occupiers in England would be eligible under these arrangements compared with 1.5 million at present. But about 100,000 households who are unable to afford the work needed to their homes would be eligible for the first time; and over 300,000 of those at present eligible but who can afford the work which is needed would be excluded.

34. The present system of proof of title and certificates of owner-occupation is time-consuming and serves little practical purpose. One option in future would be for owner-occupiers applying for grants to have to state only that they own the property in question and will live in it after the grant has been paid. Local authorities would then take action under the Theft Act where this undertaking appeared not to have been given in good faith.

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35. Currently, there are four maximum rates of grant. In future under the suggested grant system, all grants would be available at up to 75% (or 90% for those receiving Supplementary Benefit or Family Income Supplement). The rate of grant in individual cases would depend on the household's annual income and the cost of work needed. Eligible expense limits (EELs) - the maximum total costs of work to any one property which can attract grant - would also be simplified. There would be just four EELs. One limit would be for mandatory grants to bring dwellings below the tolerable standard up to that standard. A second, higher, limit would apply wherever grants were being paid to bring dwellings up to the 10 point/30 year standard, irrespective of whether the dwelling concerned was previously below the tolerable standard or above it. There would be higher limits in both cases in Greater London.

36. As regards the private rented sector the Government proposes that tenants with regulated tenancies should be eligible on the same basis as owner-occupiers (ie using a test of income and savings). A similar test would not be appropriate for landlords. Assistance to landlords would be limited to dwellings let on regulated tenancies with registered rents.

Loans

37. The alternative form of financial assistance would be to adopt a system of home improvement loans, for properties which would otherwise attract discretionary grants and possibly also as an alternative to mandatory grants. Loans might offer savings on the cost of home improvement assistance; such savings could be applied either to the reduction of public expenditure in general or to an increase in the number of owners aided and in the percentage of the cost of improvement works. This increase could enable additional incentives to be provided to the categories of owners with a poor record of take-up under the present system, such as the elderly and those on low incomes. For example, elderly or low-income owners might be given 90% or 100% grants for essential improvements, the extra public sector cost being funded by receipts from the loans repaid by other owners.

38. In many respects the rules governing improvement loans (for example, eligible expense limits and restrictions on the type of work towards which help was given) could be the same as for grants. With loans, however, the householder would be encouraged, or possibly required, to seek help in the first instance from a bank or building society. Local authorities would then be lenders of last resort. A

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test of income and savings could be used as a criterion of eligibility either instead of or in addition to a requirement that the applicant had been refused a private sector loan.

39. If loans were introduced, repayment could be made either on subsequent sale of the property or earlier, at the householders' discretion. The terms for repayment ^cwould be on the basis either of historic-cost or of equity-sharing. With a historic cost loan the local authority would attach a charge to the property for the full cash amount of the loan. This sum would be repayable, without interest, when the charge was redeemed. It would be necessary to take account of the possibility that the sum to be repaid might, in the early years after the work had been carried out, be greater than the increase in value of the house brought about by the loan, since money spent on renovation is not always reflected in a commensurate increase in the market value of the property.

40. Accordingly, part of the debt might be remitted if repayment in the early years of the loan were made (and the rate of remission could be varied depending upon whether the dwelling was previously above or below the tolerable standard; or whether the borrower was either elderly or on a low income); or the charge might contain a provision that the borrower should not be required to repay more than an amount sufficient to ensure that he suffered no financial loss.

41. Alternatively, repayment could be linked to a fixed equity share in the property, using a system in some respects similar to the Government's shared-ownership scheme for house purchase. If the increase in the value of the house brought about by the work financed by a public sector loan were, say, 25%, then the repayment due would be 25% of the value of the property on sale or earlier redemption. In this way, the public sector would share in the appreciation in the value of properties for which it had made loans.

42. An equity-sharing loan system would require the owner to have a valuation carried out at the time of applying for the loan to assess both the pre-improvement and post-improvement value of the property and so to decide what the local authority's share of the equity should be. Safeguards would be needed on subsequent sale of the property to ensure that the sale was at market value.

43. Some owners might subsequently carry out further work, at their own expense, which increased the value of the property. In these circumstances, owners could be

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given the option of obtaining a further valuation on the basis of which they could apply for an amendment of the legal charge to make an appropriate reduction in the local authority's share of the equity. Owners who wished to repay their loans without selling their properties would similarly need to have a valuation made to determine the amount of repayment.

44. Substantial savings in public expenditure might also be possible if loans were used. The receipts accruing to local authorities would be greater with equity-sharing loans than with historic-cost loans. Equity-sharing loans would not suffer from any tendency on the part of borrowers on historic-cost loans to delay the sale of their properties for the sake of cutting the real cost to them of the eventual repayment, thereby reducing both mobility in the housing market and the capital receipts of the lending authorities.

Matters common to grants and loans

45. Whether grants or loans are chosen the Government intends to make help available for houses in multiple occupation (HMOs) towards the full range of improvement and repair work, rather than merely when basic amenities or means of escape from fire need to be installed.

46. The Government seeks views about the system for assisting housing adaptations for the disabled in future. The alternatives are set out at Annex IV.

47. Where public sector help is given it is vital that the work is carried out to an acceptable standard and represents good value for money. Measures are also needed to avoid abuse. The present arrangements do not meet these requirements. Though some local authorities keep lists of builders who carry out grant-aided work, applicants are not obliged to use firms from such lists. Indeed there is no legal requirement for the applicant to use the builder whose estimate was approved by the local authority - even though authorities are required to pay the amount of grant originally agreed, irrespective of the actual cost of the work.

48. The Government has considered giving local authorities rather than individual householders responsibility for choosing the builder, letting the contract and supervising the work. This would mean very high administrative costs for authorities; it would also remove the contractual link between householder and builder, even though the former would be paying a proportion - sometimes over half

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- of the cost. The Government has therefore decided against this solution, but intends instead to take action in two areas;

- i. by continuing to allow applicants to choose the builder but giving greater powers to local authorities to ensure that work is done by reputable building firms and that applications from builders with a poor record can be rejected. This would involve giving priority to firms offering suitable warranty schemes (see paragraph 16 above) and other builders known to do a good job. The Government intends to discuss this approach with the building industry and the local authority associations.
- ii. ensuring that each applicant employs the builder on whose estimate the offer of a grant or loan was based. Local authorities will be given the power to withhold the money from anyone who, without good reason, uses a builder other than the one whose estimate was approved.

49. Local authorities will still be able to give financial help for do-it-yourself work where they believe the applicant is competent to carry out the repairs or improvements to a satisfactory standard. DIY work will attract assistance only towards the cost of materials used.

50. The Government would welcome views on the possible grant and loan systems set out above. Legislation alone will not be enough - greater efforts need to be made by all those concerned to encourage those owners who have hitherto been most reluctant to take up help, particularly the elderly, to do so. But the Government is keen to introduce new arrangements which will be:

- simpler to understand
- easier to administer, and
- better value for money.

IFS FOR DEVELOPERS

51. It would not be appropriate to use arrangements such as these for grants or loans in cases where property is being converted or renovated for sale by developers. Instead, the Government proposes to introduce a variant on the Improvement For Sale scheme. Under these powers local authorities will be able to

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give grants to developers in cases where the proceeds from the sale of the property are insufficient on their own to provide an adequate financial return.

52. The arrangements will be designed to offer a quick and cost-effective way of getting empty local authority property and property in statutory improvement areas improved and brought into use. The scheme needs to be simple while ensuring that the public sector cost is kept to a minimum. The amount which the local authority can pay will be subject to an absolute ceiling per dwelling. There will also be controls to ensure value for money and to take account of the size of projects. The local authority's agreement will be necessary to the final selling price, and the grant paid to the developer will be adjusted in the light of this. The developer will bear the risk that the work itself will cost more than originally foreseen. It would be possible in addition to require improved dwellings to be offered for a certain period to existing public sector tenants and those on waiting lists.

AREA IMPROVEMENT POLICY

53. Area action has an important role as part of a strategy for improving the condition of the housing stock; it will continue as a central plank in the Government's policy. The declaration of an area can do a great deal to increase private spending by reassuring the inhabitants and others, such as the lending institutions, that its future is secure. Areas also provide a way of concentrating public sector help so that it has the maximum effect.

54. There are at present 560,000 houses in 1,936 statutory improvement areas in England - 375 Housing Action Areas (HAAs) and 1,561 General Improvement Areas (GIAs). In Wales there are 45,000 houses in 120 areas. The number of houses in potential areas is even greater - 1.4m in 1981. Some HAAs and GIAs have been conspicuously successful. In HAAs reaching their 5th year in 1980 77% of dwellings needing major works to them had been improved. But some have been less successful, and overall the condition of HAAs merely held steady between 1976 and 1981 (though similar areas which had not been given HAA or GIA status actually deteriorated). Sometimes this was because local authorities declared inappropriate areas - the houses, and the surrounding environment, must be capable of being improved. In other cases too little money and manpower was set aside. Local authorities must accept that area improvement policy needs careful planning and a substantial commitment of resources. It is vital to ensure the cooperation of the lending

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institutions, and to be prepared to give declared areas priority in allocating public sector funds.

55. The Government proposes that in future the main purpose of areas will be to increase local confidence and attract private funding (though local authorities will continue to be able to carry out compulsory acquisitions, subject to Ministerial approval). The arrangements for declaring areas will be drastically simplified. It is not necessary to have two types of area: the characteristics of areas declared as HAAs and GIAs have become increasingly similar; and the powers available to local authorities are now virtually identical. There will therefore be a single type of area - a Housing Improvement Area (HIA). Although HIAs will be expected to act as the focus for schemes involving the co-ordinated repair of blocks of dwellings and for other kinds of financial help, they will not (apart from IFS for developers) be restricted to HIAs and the rules governing local authority assistance to householders will be the same there or elsewhere. There will be transitional arrangements to cover the move to HIAs.

56. The legislation will set out the broad criteria which HIAs must meet, including a minimum size; a minimum proportion of dwellings needing substantial and structural repairs; and a maximum proportion of local authority housing. HIAs should also be areas where social and environmental problems exist side by side with poor housing. If areas meet these requirements, local authorities will be able to declare them as HIAs. The Government would probably need a power of veto over declarations, as it has at present with HAAs, unless Exchequer contributions cease to be available for spending on environmental works (see paragraphs 82-84 below). HIAs will be time-limited; the Government has in mind 7 years.

ENVELOPING AND BLOCK REPAIR

57. There are benefits in spending public money renovating houses in a single street or neighbourhood rather than spreading the resources across a wide area: the impact is greater, both on the local environment and on the confidence of owners. Concentrating grants in statutory (and non-statutory) improvement areas has been one way of taking account of these benefits.

58. More recently, techniques have been developed whereby local authorities bring about the renovation of the external fabric of entire blocks or terraces of dwellings which have deteriorated beyond the scope of routine maintenance. The

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object is to secure quick, coordinated repair which produces a significant impact on the general character of the area as well as achieving economies of scale. Enveloping is one such approach, involving 100% public sector financial support. So far, 55 enveloping schemes have been approved in England involving 5,373 dwellings and 8 in Wales involving 919 dwellings. Progress with enveloping has, however, been hindered by the unsatisfactory nature of the existing statutory powers to carry out such works.

59. Another approach has been to group individual repairs grants into a single contract, with owners contributing to the cost. Several authorities have been successful in carrying out such schemes, often called 'limited enveloping' or 'block repair'.

60. The Government proposes to introduce legislation to provide a general power for local authorities to institute schemes for the external repair of groups or blocks of privately owned dwellings. The legislation will provide that, where possible, owners should contribute towards the cost: this makes schemes even better value for the public sector resources involved, and it is appropriate that owners should have a financial stake in the work which is carried out to their homes. Authorities operating 'block repair' schemes have found it possible to secure contributions, even in areas where incomes are low.

61. So far as possible the Government wishes to give local authorities a free hand to carry out schemes where local circumstances make this appropriate and they have the agreement of the owners concerned. The legislation will therefore allow local authorities to undertake such projects without seeking individual approvals from the Government, providing they meet certain criteria. These will cover:

- i. the minimum size of scheme and maximum number of empty properties;
- ii. a requirement that the great majority of owners affected should be eligible for home improvement grants or special loans from the local authority;
- iii. the fact that contributions, amounting to 10% of the cost of work to each dwelling, should be obtained from the owner or occupier, though authorities will be allowed to undertake schemes where a small proportion of owners is in such financial hardship as to be unable to afford to meet any of the costs; and

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- iv. the cost of the scheme, including the relationship between the cost to the local authority and the increase in value of the dwellings;

Schemes not meeting the criteria will need to be submitted for consideration by DOE or the Welsh Office.

62. Projects will be restricted to work to the exterior of the dwellings: they will not cover other work within the curtilage (for example the rebuilding of boundary walls) nor internal work. Local authorities will be able to help finance such work with home improvement grants or loans, but these will be subject to the proposed rules set out above and to overall limits on the amount of public investment in individual properties.

63. Schemes will be expected to have an impact on the surrounding area, but the powers will not be limited to statutory improvement areas.

64. As all or almost all the owners will be contributing towards the cost, the formal responsibility for letting the contract could rest with them rather than the local authority, though in such cases there would be a single contract and the authority would need to act as the managing agent and offer advice and help to the owners. The alternative would be for local authorities themselves to be legally responsible for letting the contract, following full consultation with owners. To enable owners to contribute 10% of the cost, local authorities will need to arrange with building societies and banks for loans - often maturity loans - to be available.

MINIMUM HOUSING STANDARD

65. Ever since 1868 there has been a minimum housing standard - conditions below which no households should be expected to live. Where houses are in such a bad state as to put their inhabitants at risk, the public sector needs to intervene to ensure that the properties are either brought up to an acceptable standard, or cease to be used. Since 1957 the minimum standard in England and Wales has been the fitness standard. Under that standard local authorities have to assess whether a house is suitable for occupation, taking into account nine factors: repair, stability; freedom from damp; internal arrangement; natural lighting; ventilation; water supply; drainage and sanitary conveniences; and facilities for the preparation and cooking of food and the disposal of waste water.

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66. At the time the fitness standard was framed it was clear that many houses failed to meet its requirements by a wide margin. As the number of outright slums has been reduced, the proportion of houses which are on the borderline between fitness and unfitness has increased. Nowadays, with fewer houses lacking basic amenities, the decision is often a very difficult one. To help local authorities the Government intends to set a new minimum standard and to offer advice to local authorities in administering it.

67. In Scotland the fitness standard was replaced in 1974 by the tolerable standard. Under this standard local authorities are still required to consider houses against a list of criteria but the property is automatically below the standard if it fails to meet the requirements in one or more respects - there is no need for authorities to try to reach an overall judgement about its condition. The system to be adopted in England and Wales will follow this approach.

68. So far as the standard itself is concerned, the temptation is to raise it to match rising social expectations. The Government is cautious about moving in this direction. Being below the minimum standard implies action to improve or demolish the house - if necessary against the wishes of its owner. People should not be subjected to such powers unless the property is demonstrably bad, to an extent where health or safety is endangered. The new standard proposed in England and Wales will therefore be the present Scottish standard (except for the provision of artificial lighting and heating) with the addition of requirements

- that the dwelling is free from serious and dangerous structural disrepair;
- for a fixed bath or shower;

Owners will continue to have a right of appeal against proposals for compulsory action.

69. Comments are invited on the proposed standard, which is set out in full at Annex II. It is estimated that in 1981 1.2m private sector dwellings in England and 104,000 in Wales would have been below this standard compared with nearly 1 million and 87,000 respectively regarded as unfit for human habitation by the 1981 English and Welsh House Condition Surveys.

70. Advice will be prepared for local authorities on the interpretation of the new standard. The assessments of individual dwellings should be as objective as

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possible: the advice will include recommendations designed to ensure that all authorities adopt similar measures in considering such things as dampness and natural lighting.

ACTION AGAINST DWELLINGS BELOW THE MINIMUM STANDARD

71. Where houses are below the minimum standard they should be dealt with as quickly as possible. Recently, this has not always been happening. In 1982-83 only 24,000 properties in England and 4,000 in Wales, regarded by local authorities as unfit were subject to compulsory action to secure their renovation, closure or demolition. In future local authorities will be required to carry out regular inspections of their areas with a view to assessing the number and location of houses below the minimum standard. Local house condition surveys will be one method of doing this. Where houses are found to be below the tolerable standard authorities will be required to take action to secure their renovation or closure within a period of not more than 12 months from the date at which they are declared to be below the standard.

72. Local authorities need to decide whether renovation or demolition is the more appropriate course for houses below the tolerable standard. In making this choice the present legislation requires them to judge whether or not the house can be improved at "reasonable cost". There has been a substantial amount of case-law on the definition of this term over the years. In the case of rented property it is generally taken that reasonable cost relates to the tenanted value of the dwelling. Where this value is low, renovation frequently seems uneconomic. However, once a closing order has been made and tenants rehoused, the value of the house can rise significantly - to an extent where renovation is regarded as appropriate.

73. The Government believes that these arrangements are in need of revision. In future local authorities will be required to take account of the range of possible options for a dwelling or area in deciding between renovation and demolition. A Departmental Code of Guidance will set out the economic and social factors which local authorities should consider in reaching their decisions. The test of reasonable cost will not be applied. Authorities will rather be required to consider the relative merits of available options. Property owners will be able to use a failure to have regard to the Code to argue that orders affecting them should not stand.

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CLEARANCE

74. In most cases renovation will offer a more cost-effective solution than demolition, as well as being in keeping with the wishes of the occupiers. The days of large-scale slum clearance are over. Most 19th century slums have been dealt with: the number of dwellings suitable for inclusion in clearance areas was halved between 1971 and 1981. Increasingly, the unsatisfactory houses which remain are individual properties. Some of these need repairs; others require improvements to bring them up to a modern standard. But some still need to be demolished.

75. There is some evidence that the pendulum has swung too far against demolition. The 1981 EHCS found that there were still 300,000 houses in potential clearance areas, but only 15,000 houses were demolished in England in 1982-83; in Wales 900 were cleared. The rate of clearance is still falling. It is short-sighted and wasteful to spend large amounts of money to keep houses which will never provide satisfactory accommodation.

76. But where demolition is the most cost-effective solution it will be necessary to proceed with greater sensitivity than in the 1960s, when great areas of old houses were often laid waste. The EHCS showed that two thirds of the houses in potential clearance areas were in groups of less than 10 dwellings. Often the sites were interspersed with basically sound housing which could and should be retained. To do this will mean careful planning of the arrangements for decanting, selective clearance and redevelopment, especially if a sense of community is to be retained.

77. To provide a good mix of replacement housing, and to keep down public expenditure, private developers will need to be involved to the maximum possible extent. Local authorities will be given a statutory duty to seek the involvement of the private sector in redevelopment schemes. Authorities will also be empowered to offer pump-priming finance to developers where the cost of clearing and redeveloping the land is more than the price which can be obtained for new housing built on the site. The arrangements for such grants will be similar to those already set out in paragraphs 51-52 above for the proposed 'IFS for developers' system. They will be aimed at small clearance sites where the value of existing housing in the neighbourhood is low. The price at which the land is sold to the developer will be fixed by the District Valuer; the authority itself will have to approve the selling price of the houses.

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78. The Government proposes that the arrangements for compensating those affected by clearance should be simplified; in future all those who have owned houses for more than two years will be entitled to market value compensation as of right. In most cases, however, even market value compensation will not be sufficient to enable an owner-occupier to buy another house in reasonable condition. Many households will be unable to afford to borrow on normal terms to make up the difference: in 1981 almost half the households in England living in unfit dwellings had no member in paid employment. The Government therefore proposes that local authorities should be able to give additional financial help towards house purchase, probably in the form of an interest free loan, to owner occupiers and tenants on low incomes who have lived for at least 2 years in houses which are to be demolished. The loan would be repaid when the house they moved to was sold.

OTHER COMPULSORY POWERS

79. Apart from housing below the tolerable standard, compulsory powers against private housing are not justified except where a nuisance is being caused to neighbouring property or to passers-by. At present action in these circumstances is taken under the Public Health Act 1936. For the future there are two possibilities: either this power could continue, or section 92(1)(a) of the 1936 Act could cease to apply to housing and be replaced by a specific housing power. The choice reflects a difference in philosophy: the Public Health Act assumes that neglect which is so severe as to create a nuisance should be a criminal offence. Under housing powers an offence would not be committed and a grant or loan could be available towards the remedial work which was required. On balance the Government prefers the latter course, but would welcome comments from those most closely concerned.

80. All compulsory powers will be subject to a single set of procedures, following the pattern presently used for repair notices under the Housing Act 1957 but covering both improvements and repairs. The owners and occupiers of property affected by the powers will be given full opportunity to appeal against notices served. Owners will not be able to serve purchase notices.

PUBLIC EXPENDITURE

81. The Government will continue to decide annually the amount of public spending on housing which the country can afford. Local authorities will be left to

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determine how much of the total available to them to spend on private sector housing. The proposals set out in this consultation document are aimed at ensuring that the public money which is spent is used to produce the maximum benefit.

EXCHEQUER SUPPORT FOR LOCAL AUTHORITY SPENDING

82. At present the Government, through specific Exchequer support, pays a large proportion of the cost of local authority spending on private sector housing improvement and slum clearance. These contributions have been used as a method of influencing authorities' spending patterns - particularly by increasing the level of support towards home improvement grants. The existence of such contributions has enabled individual local authorities to increase spending on grants at very little cost to their ratepayers. One possibility would be to continue to support such spending in this way.

83. The alternative would be to begin supporting spending on slum clearance and private sector housing improvement wholly through block grant. This would be more in keeping with the Government's general wish to leave local authorities to decide how to spend the resources available to them. It would also reduce the workload both of local authorities (who have to draw up the claims) and Departments (who have to check them). Support through block grant alone should not imply a change in the overall level of Government support for local authority spending, since the reduction in the specific Exchequer contribution would lead to an increase in the amount available for distribution as block grant. If this option were chosen, the Government would need to discuss with the local authority associations how authorities' Grant Related Expenditure ^AAssessments should be calculated for these items of expenditure.

84. The Government would welcome ^{vi}views on the two possibilities.

THE NEXT STEPS

85. The Government would welcome comments from local authorities, the lending institutions, the building industry and other interested bodies on its proposals. It will be discussing the details with those most concerned over the next few months, with the intention of introducing legislation when the opportunity arises.

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86. The policies now being established provide the blueprint for improvement policy over the remainder of this century. The measures proposed are forward-looking and positive. The cornerstone of policy must be that owners are primarily responsible for the condition of their houses, though they should be given every help and encouragement in shouldering that responsibility. Where public sector intervention is called for the legislation needs to be simple, so that it can be understood by those who are affected and efficiently administered by local authorities. The Government's proposals achieve this. They also offer better value for the public money which is available and are more related to the contemporary problem of disrepair.

87. Housing standards are important to everyone. The Government's proposals are aimed at achieving a steady improvement in housing conditions.

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ANNEX 1

DISTRIBUTION OF GRANT ENQUIRIES

A. ENGLAND

1. In autumn 1983 the Department of the Environment carried out a study - the Distribution of Grant Enquiry (DGE) - to establish which people and properties received home improvement grants, the condition of the property before and after improvement or repair works were carried out, and the influence of grant availability on the decision to repair or improve. The study enabled comparisons to be drawn between the population who obtained grants and those people who according to the 1981 English House Condition Survey (EHCS) were potential grant recipients¹. Data obtained by the DGE are generally representative of grants paid between 1981 and June 1983.
2. Results from the DGE are highly relevant in considering the future of the grant system. Some of the main findings relating to owner occupiers (but excluding grants for adaptations for the disabled) are set out below. The full DGE results will be published in due course.

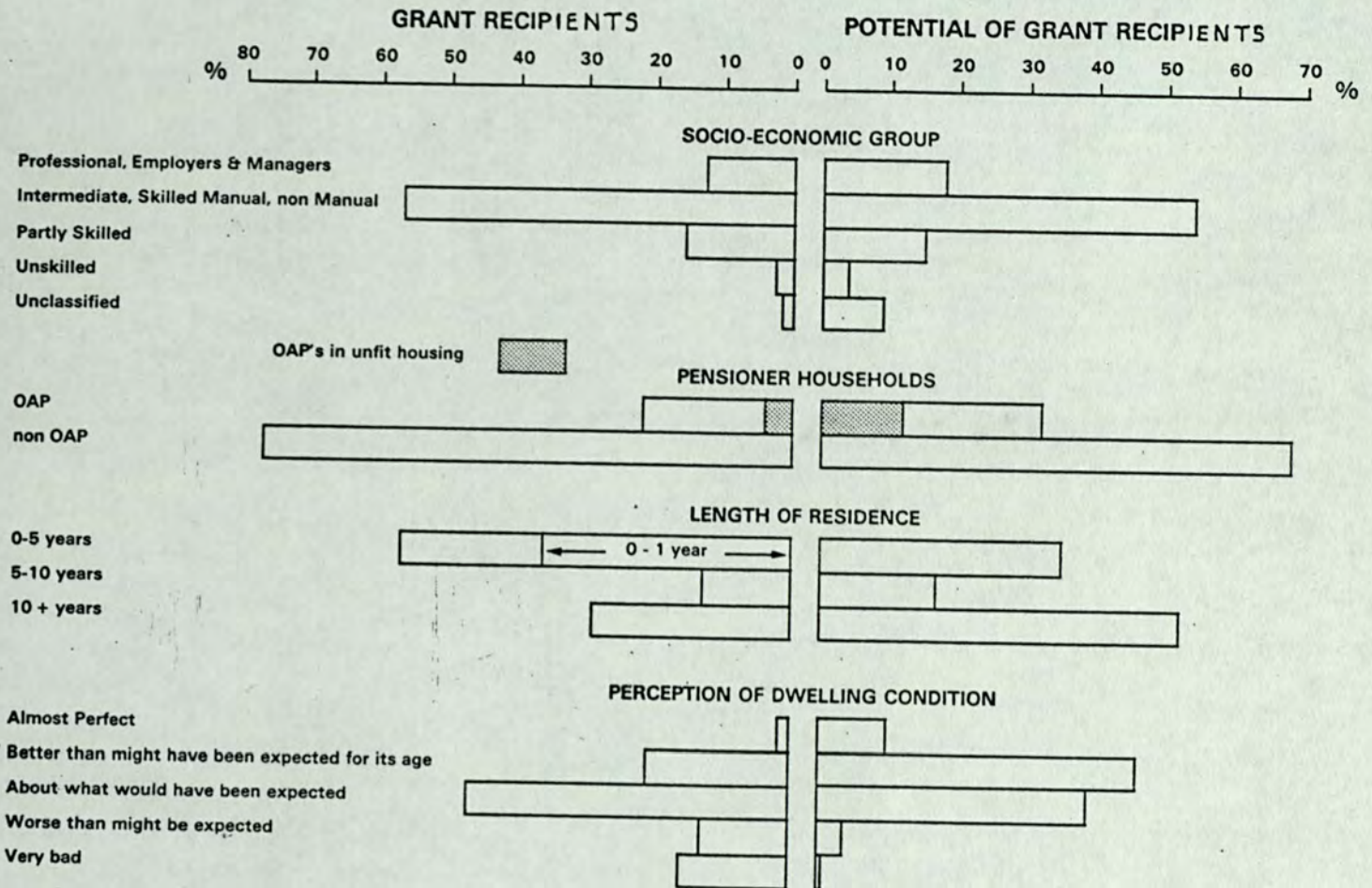
Grant Recipients

3. Grants recipients are not too dissimilar to potential recipients although there is scope for improved targeting, Figure 1.

¹ Potential grant recipients are defined as those owner occupiers whose dwellings would justify grant aid by virtue of condition and where the dwellings are within the current age and rateable value limits. The EHCS estimated there were some 1.6m owner-occupied dwellings in this category.

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Figure 1 : GRANT RECIPIENTS



Contrary to anecdotal evidence, professional and managerial classes were not shown to be over represented as grant recipients. But elderly households accounted for only 20% of recipients despite the fact that over one third of potential recipients were of pensionable age. And the elderly who had grants tended to live in better housing conditions than elderly potential recipients. The under-representation of the elderly as grant recipients helps to explain the wide difference between the average incomes of recipients and potential recipients. The average income of recipients, (household head plus partner) was about £7,000 pa (1982 prices) - approximately the same as the national average, but substantially higher than potential recipients whose average household income was £3380 (1981 prices).

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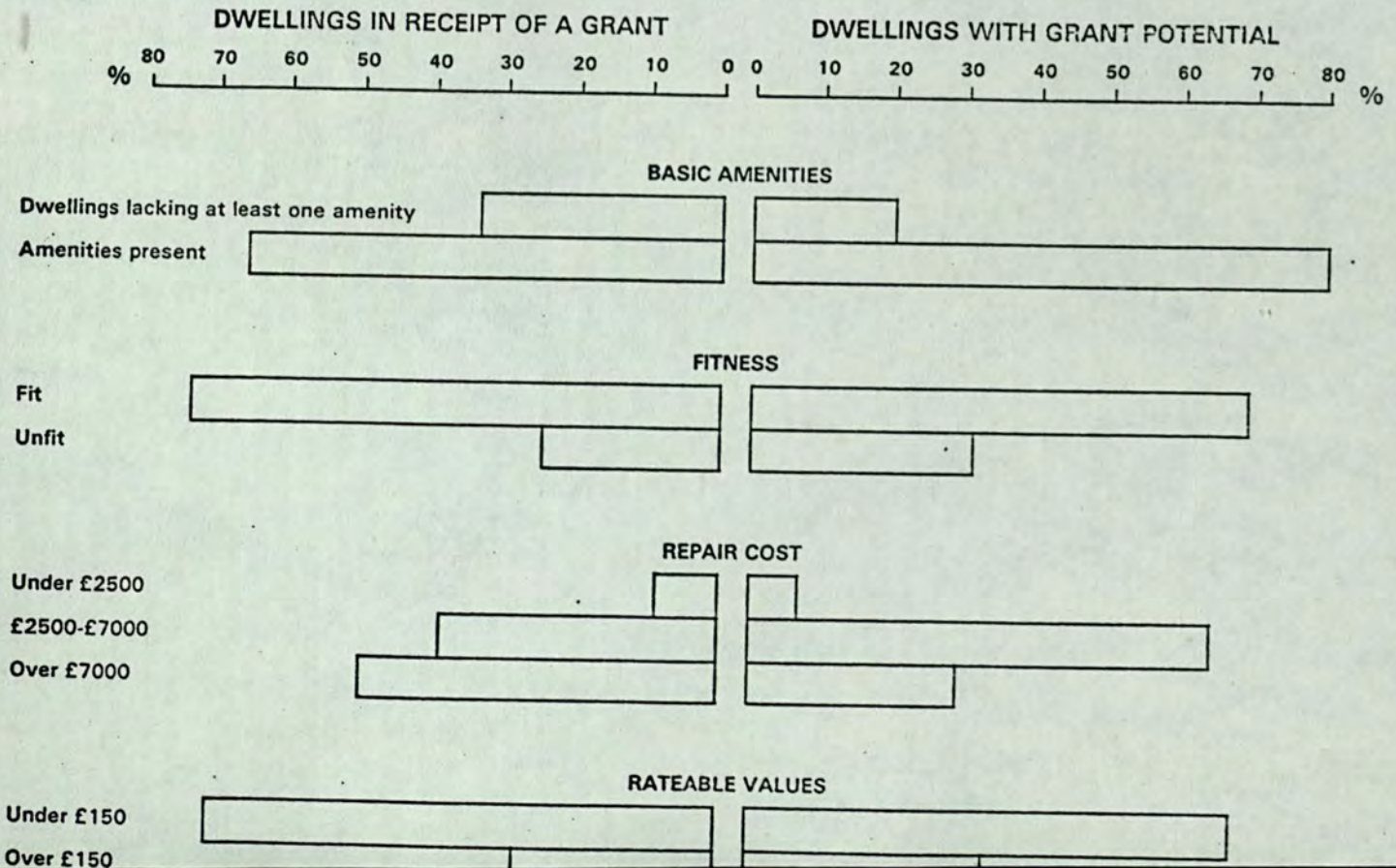
4. Grant aided work was more likely to take place when a property changed hands rather than being undertaken by someone who had lived in their home a long time. Purchase of property to improve or repair played an important role in improving the condition of some of the worst stock. One-third of the properties bought immediately prior to grant aided work taking place were unfit and half lacked at least one basic amenity. Taking on a property in need of repair and improvement provided a valuable step into owner occupation. Over 60% of people who took on a house to improve or repair were first time buyers; 50% of all purchasers are first time buyers.

5. As might be expected, people who obtained grants were more perceptive and concerned about the condition of their property than potential grant recipients, Fig 1. Over one third of recipients had undertaken some work to their house before they applied for a grant.

Dwellings on which Grant is paid

6. Targeting of grants had been effective in providing amenities and directing resources to dwellings in serious disrepair (Fig 2). However, the grant system picked up fewer unfit dwellings than might be expected.

Figure 2 : DWELLINGS IMPROVED BY GRANT



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7. The three types of grant were directed to different sectors of the stock. Improvement grants concentrated on the worst houses: 40% went to dwellings which were unfit; 60% to houses with repair costs in excess of £7000: and half to houses lacking at least one basic amenity. Repairs grants went to dwellings in relatively better condition: just over 10% were unfit and 40% had £7000 + repair costs. By definition all intermediate grants provide basic amenities: they went to unfit houses in 25% of cases and dwellings with repair costs over £7000 in 40% of cases.

8. Grants generally were given for dwellings which commanded low market values. This was partly due to their type, the majority being small terraced houses built before 1919, as well as their condition. 70% of grant-aided dwellings had rateable values below £150. Where a property had been bought immediately prior to improvement or repair work being carried out, the average purchase prices was £16,000 - substantially less than the national average of £25,600 (1982 4th quarter ¹) and £2460 below the average for older terraced houses.

Works Carried Out

9. In over one third of cases the local authority inspector said that work needed to be carried out in addition to that identified by the grant applicant. Grant aided work concentrated on the essential work such as repairs to the structure of the property and the provision of basic amenities. Grants resulted in the installation of at least one basic amenity in one third of cases. If only improvement and intermediate grants are considered this increases to two thirds. Repair work was undertaken on roofs and walls/chimneys for 70% and 65% of dwellings respectively. In contrast less than 20% of grants provided for the installation of central heating (if only improvement grants are considered, central heating is installed in just over one third of cases).

10. The majority of grant recipients were satisfied with their accommodation following grant aided work although over one third felt there was still work to be done. Improvement grants provided the most complete job, only 10% of these recipients considered further work to be necessary compared with 40% of other grants recipients. However, little of the work still required related to the dwelling's structure, with perhaps the exception of external walls and damp proof course where further work was considered necessary in 15% of cases. Most of the other work still to be done related to plasterwork and internal fitments.

¹ Figures from Nationwide Building Society

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Sources of Finance for Grant Aided Work

11. Grant percentages given by local authorities do not fully reflect the recipient's level of contribution to the total cost of grant-aided works. Not all work carried out was considered eligible by local authorities; and costs often exceeded eligible expense limits. This was particularly true for improvement and intermediate grant recipients. On average such grants contributed less than 60% of the total cost of work whereas the average rate of grant quoted by authorities was 72% and 86% respectively. For repair grants quoted grant rates more closely corresponded to the effective rates received by recipients. Grants contributed 76% to total costs.

12. Almost half of recipients managed to finance their share of costs using savings alone and a further 10% used savings and other sources of funds. Of all recipients over one third resorted to a mortgage or loan for all, or part of their share of the costs. Where money was borrowed, banks and building societies were especially likely to be used, each accounting for 40% of borrowings. Relations or friends were lenders in 10% of cases.

Role of Grant

13. The DGE sought to establish how far the availability of grant had influenced householders' decisions to buy and to renovate the houses in which they lived. Although respondents gave consistent information, these results need to be interpreted with caution, particularly where people were answering hypothetical questions about their actions had grants not been available.

14. Most people said they were aware of grants when they decided to do the work but less than 15% said grants were the main reason for carrying out the work. The condition of their property was such that some work would have had to have been done. Grant availability did play a greater role in the timing of the work: almost one third of recipients cited this as a reason for carrying out the work at that particular time. This was the case particularly where the main reason for the work was a leaking roof or general repairs.

15. Where people are buying a property which is known to be in need of improvement or repair, it might be expected that grant availability would play a substantial role in the decision to do so. Two thirds of those who had bought poor

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condition property were aware that grants were available before they decided to buy but only half of this group felt that grants influenced their decision.

16. Taken at face value these results and the fact that three-quarters of recipients said they would have done at least some of the work even if they had not had a grant, suggest that people are not unduly influenced by grant availability in their decision to improve or repair their house. However, this underestimates the importance of grants. It is clear that, in many cases where recipients said they would have done work, either less work would have been done or it would have taken longer to complete, or both. Roofs would not have been repaired in one third of dwellings and roof timbers, walls and chimney stacks would have been left untouched in 40% of cases. In over half the cases where people would have carried out at least some of the work, completion of that work would have taken at least five months longer than it would with a grant.

17. One quarter of the people who said they would have done some work unaided claimed they would have found the money from savings. Over half said that they would have financed it with a mortgage or loan. However on the basis of the information which they supplied about their income, savings and mortgage commitments it is highly questionable whether all those who said they would have done some work could have afforded to do so. About 40% of all recipients would have done at least some work without grant and probably would have been able to find the necessary funds. Over one third, whilst saying they would have done some work, would have been unlikely to obtain the necessary finances.

The effect of the proposed new system

18. If the proposed new grant system had been in force during the period covered by the DGE, 34% of those who received grants would have been ineligible (25% had incomes above £10,000; 20% had over £4000 in savings). The proportion of recipients who bought a property in order to improve it would have been substantially reduced, as would the proportion of those in higher socio-economic groups. There would have been an increase in the proportion of elderly recipients and those who were unable to pay for the work.

19. It is important to emphasise, however, that the scale of the changes proposed to the grant system make it very difficult to predict the future pattern of grant take-up simply on the basis of past evidence. Some of those on low incomes who are

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at present ineligible for grants would become eligible for the first time. The proposed extension of mandatory grants to cover all houses below the tolerable standard ought to increase the proportion of grant aid going to such properties. The development of agency services is an important tool for increasing take up, particularly among the elderly.

B. WALES

20. A Distribution of Grant Enquiry was carried out at the same time in Wales. Many of the findings were similar to those in England but there were some important differences. The following paragraphs highlight the major results for owner-occupiers in Wales.

21. The characteristics of grant recipients were broadly similar to those of heads of households of substandard dwellings in Wales, although 55% of recipients were in full-time work compared to 41% of the target population (as identified in the 1981 Welsh House Condition Survey). Of those in work, professional and managerial classes represented 17% of recipients compared to 6% of the target population. 33% of all grants went to OAPs whereas OAPs made up 45% of the heads of households of the target substandard stock.

22. Most grants went to households with low incomes. The average reported household income of recipients was £5,200; 80% had incomes of less than £8,000. 50% of grant recipients had savings of less than £1,000 and only about 7% had savings of over £4,000. Over half (54%) financed part or all of their share of the costs from savings while a third borrowed to pay part or all of their share.

23. Improvement and Intermediate grants tended to go to dwellings in the worst condition while Repairs grants were more likely to go to dwellings in relatively better condition. 28% of Improvement grants and 38% of Intermediate grants went to unfit dwellings while for Repairs grants the figure was 20%. In all, 24% of grants went to unfit properties and a further 23% went to properties which were fit but lacked amenities. Another 25% of grants went to fit properties with all amenities which were in need of repairs over £7,000. Thus over 70% of grants went to these substandard dwellings; this figure rises to over 90% if a repair threshold of £2,500 is used. Grant aided dwellings tended to have a low rateable value: under £150 in 90% of cases.

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24. Some 90% of the recipients said that they knew of the existence of grants when they decided to do the work. About a quarter of recipients chose to undertake the work at that particular time because of the existence of grants. Very few recipients considered that the availability of grants alone was a factor in undertaking the work; usually recipients seemed to identify the need to repair or improve their property and then looked at the methods of financing.

25. About 70% of recipients said that they would have undertaken at least some or all of the work without the aid of a grant. However the survey suggests that, taking account of income and borrowing potential, about 60% of grant recipients would have found difficulty in financing the total cost of the works without a grant.

26. The effect of the current proposals for grant eligibility during the period covered by the Distribution of Grant Enquiry in Wales would have been to exclude about 14% of those who received grants (12% had incomes in excess of £10,000 and 7% had savings over £4,000).

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ANNEX II

HOUSING STANDARDS

I. The tolerable standard

1. The present statutory minimum standard of housing in England and Wales is one of fitness for human habitation. This standard is contained in Section 4 of the Housing Act 1957 (as amended). Where houses fail to meet the standard, local authorities are required to intervene to ensure that they are dealt with either by renovation or, if this is not possible at reasonable cost, by demolition or closure.

2. The Government believes that a minimum standard will continue to be needed to ensure that people do not live in dwellings which endanger their health or safety. However, it feels that changes to the fitness standard are desirable, particularly in order to make it more objective. A house fails to meet the fitness standard now "if and only if it is so far defective in one or more matters that it is not reasonably suitable for occupation in that condition". This requirement introduces a large subjective element into the consideration by the Environmental Health Officer and the local authority. In the past this was less of a problem than it is today. When the 1957 Act standard was introduced most of the houses which were unfit for human habitation by modern standards had clearly been so ever since they were built. There are far fewer such properties today. Increasingly, dwellings which were once acceptable are falling below the minimum standard as a result of structural deterioration.

3. For the future, therefore, the Government proposes to revise the standard, as well as making some changes to the way it is used. It feels that the most appropriate course is to adopt in England and Wales a new tolerable standard along the lines of the existing Scottish system of that name. The proposed standard is set out in full at Appendix A. As with the Scottish standard a dwelling in England and Wales will automatically be below the tolerable standard if it fails in one or more respects to meet the requirements set out.

4. The content of the standard will be the same as the present Scottish standard except
 - i. that it will include requirements

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- a. for the dwelling to be "free from serious and dangerous disrepair". The state of repair of a house already features in the existing fitness standard. Given the increasing importance of disrepair, and the fact that defects of this kind put at risk those living in the dwellings, such a requirement seems essential; and
 - b. for the provision of a fixed bath or shower. Accommodation which does not have such facilities is unacceptable by modern standards of hygiene;
- ii. that it will not include requirements for artificial lighting and heating, which are not included in the present fitness standard but are (and will continue to be) components of the 10 point/30 year standard (see below). To require electric lighting could be prohibitively expensive in some rural areas; and artificial lighting provided by portable appliances would relate more to the way in which the house was used by a particular occupier than its structure. The provision of space heating raises much the same problem: unless the facilities are fixed (eg central heating) their presence will depend on the preference of the occupying household.
5. The proposed tolerable standard would continue to be the standard below which local authorities were required to intervene to ensure dwellings were renovated, closed or demolished. Where renovation was appropriate, dwellings below the tolerable standard would be eligible for mandatory home improvement grants.
- II. The 10 point/30 year standard
6. There has been a 'target' standard for the condition of the stock for many years. Since 1974 this has been the "10 point/30 year standard". Dwellings renovated with the aid of improvement grants have generally been expected to meet this standard which, as its title indicates, implies that property is in good condition and can be expected to have a further useful life of at least 30 years.
7. Subject to some small changes of wording, the Government intends to continue using the 10 point/30 year standard as the condition which dwellings are expected to be in after a discretionary home improvement grant has been paid (though local authorities will have the option of requiring instead that dwellings are merely put into reasonable repair, where attainment of the full 10 point/30 year standard

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would not be an economic proposition). However, for the first time it is proposed that the 10 point/30 year standard should also be the maximum level towards which grants can be paid.

8. The standard is set out in full at Appendix B.

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APPENDIX A

PROPOSED TOLERABLE STANDARD FOR HOUSING IN ENGLAND AND WALES

A dwelling shall be held to meet the tolerable standard if, in the opinion of the local authority, it

- a. is structurally stable;
- b. is substantially free from rising or penetrating damp;
- c. is free from serious and dangerous structural disrepair;
- d. has adequate natural lighting and ventilation;
- e. has an adequate piped supply of wholesome water available within the dwelling;
- f. has a sink provided with a satisfactory supply of both hot and cold water within the dwelling;
- g. has a water closet available for the exclusive use of the occupants of the dwelling and suitably located within the dwelling;
- h. has a fixed bath or shower provided with a satisfactory supply of both hot and cold water;
- i. has an effective system for the drainage and disposal of foul, waste and surface water;
- j. has satisfactory facilities for the preparation and cooking of food;
- k. has satisfactory access to all external doors and outbuildings.

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APPENDIX B

THE 10 POINT/30 YEAR STANDARD

A dwelling will reach the 10 point/30 year standard if it

- is likely to have a useful life of at least 30 years;
 - is in reasonable repair;
 - has all the standard amenities; and
- i. is structurally stable;
 - ii. is substantially free from rising and penetrating damp;
 - iii. has adequate natural lighting and ventilation;
 - iv. has adequate and safe provision throughout for artificial lighting and has sufficient electric socket outlets for the safe and proper functioning of domestic appliances;
 - v. has an adequate piped supply of wholesome water available within the dwelling and an effective system for the drainage and disposal of foul, waste and surface water;
 - vi. has a satisfactory internal arrangement and satisfactory access to all external doors and outbuildings;
 - vii. has satisfactory facilities for the preparation and cooking of food;
 - viii. has adequate facilities for heating;
 - ix. has proper provision for the storage of fuel (where necessary) and for the storage of refuse; and
 - x. has adequate thermal insulation in the roof-space.

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ANNEX III

OWNER OCCUPIERS' ELIGIBILITY FOR GRANTS

Introduction

1. Since 1974 the main criteria by which owner-occupiers' eligibility for grant has been judged have been the condition of the property; its age; and its Rateable Value. The Government intends to make some changes to the rules determining the condition of dwellings eligible for financial assistance and to make discretionary help available for property constructed before 1 January 1940. It has also looked carefully at the operation of Rateable Value limits and decided that the system should be changed. This Annex sets out the reasons for that decision, the possible options, and the principal benefits and problems associated with each.

2. Rateable value limits at present are £400 in London and £225 elsewhere. These apply to all owner-occupiers except where the dwelling is in a Housing Action Area or is eligible for a mandatory grant. In all, there are some 2 million owner-occupied dwellings in England in a condition which would make them eligible for home improvement grants. About 1.5 million are within the existing Rateable Value and age limits.

The Decision Rules

3. Assuming that financial help will continue to be available in the form of grants, the Government has had four objectives in mind. In looking at the present Rateable Value system and alternative ways of assessing eligibility for grant.

These are:-

(i) to include in the system those who cannot afford to do necessary work to repair or improve their homes without grant;

(ii) to exclude those who are able to afford necessary works;

(iii) to make the system as cheap and administratively simple to operate as possible while securing value for public money and safeguarding against abuses;

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(iv) to make the system as attractive as possible to deserving would be applicants.

4. Each of the options has been assessed against these objectives. Administrative simplicity and attractiveness to applicants - which usually go together - are fairly easy to assess. Calculating whether those who live in unsatisfactory housing could afford to carry out the work which is needed is more difficult but can be done using information collected in the 1981 English House Condition Survey about the income and savings of owner-occupiers living in unsatisfactory dwellings, and the cost of work needed to their homes. The method involves assessing each household's ability to raise finance and comparing the amount which could be raised with the cost of carrying out necessary improvements and repairs to that household's dwelling. Households are assumed to be deserving of grant where their ability to raise finance is less than the cost of work needed.

The Options

5. Apart from Rateable Value limits, the Government has also looked at the possibility of introducing a simple 'passporting' system, under which those households who met certain criteria (eg headed by an old age pensioner, or in receipt of Supplementary Benefit) would be eligible for grants, and at systems taking account of income; income and savings, and income savings and cost of work needed to the dwelling.

6. The existing system based on Rateable Values is simple for applicants to understand and local authorities to administer. It is, however, bad both at excluding from eligibility those who can afford to pay for the work needed without the help of a grant, and at including those who cannot afford to undertake the work without some financial assistance. At present in England

- over 500,000 households who could afford to pay are included and
- about 150,000 households who could not are excluded.

Nor can these problems be solved by changing the Rateable Value limits. This is because there is little relationship between the Rateable Value of dwellings and the ability of owner-occupiers to finance necessary improvement and repair work.

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Although those living in larger houses do tend to have greater incomes, this is offset by the fact that the cost of renovation work needed also tends to increase with the size of the property (and thus the Rateable Value). The Government has decided that Rateable Value is not an appropriate method of determining eligibility for home improvement grants, and that an alternative must be found.

7. A simple passporting system is very attractive in theory. Unfortunately, the characteristics of those living in unsatisfactory housing who need financial assistance to enable them to carry out essential work are such that many fall outside groups such as Supplementary Benefit recipients or old age pensioners. Such a system would not, therefore, work in practice.

8. The three remaining options, considered in detail below, are

Option A A full means test, involving an assessment of ability to raise finance (based on income and savings) in comparison with the cost of work needed. Any household whose ability to raise finance is less than the cost of improvement and repair work required is eligible for grant; households who are assumed to be able to raise more money than the work would cost would not be eligible.

Option B A test based on household income (though taking some account of savings) with the grant level payable to those eligible tapered according to both level of income and cost of work needed.

Option C A test based solely on household income, with grants tapered taking income alone into account.

9. Tapering grant rates is necessary in order to make the system more equitable and avoid very abrupt transitions from high rates of grant to zero. Option A in effect combines an eligibility test with an in-built taper.

Option A: The Full Means Test

10. This system is based on excluding all those who are assumed to be able to raise the full cost of work needed to improve and repair their homes (by borrowing against the income of head of household and partner, and use of savings down to a level of £4000), and including all those who, without a grant, would be unable to

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raise the finance to carry out essential work. By comparing a household's resources with its 'needs' (in this case the need to spend on renovation work) this option is similar in concept to existing means tests such as that used for Supplementary Benefit.

11. By definition this system provides perfect targeting in terms of exclusion and inclusion of those who can and cannot afford to pay for work. In these respects it is superior to all other systems. About 1.1m households would be eligible for grant.

12. There are, however, major problems with such a system, particularly:

(i) the administrative costs, which would be much larger than for other options. The local authority would need to establish both the applicant's financial circumstances and the cost of the works before it could form a judgement about his ability to pay.

(ii) verification of savings, which would present difficulties.

(iii) the likelihood that such a complicated system would deter many of those the Government is keen to see applying for grants.

Option B: The Income and Savings Test

13. Eligibility is determined by the gross income and savings of the head of the household and partner. Those with incomes of less than £10,000 and savings of less than £4,000 would be eligible for grant. Those on Supplementary Benefit and FIS would be eligible automatically for grants of up to 90%. About 1.3m households would be eligible for grant in principle.

14. Access to grant for those meeting the basic test would then be controlled by a taper as follows. (Only those with savings under £4,000 eligible).

Annual Income	Share of Costs met by applicant	Maximum Amount of grant ¹
Less than £6000	25% of eligible work	75% of eligible work

¹ Authorities may pay lower rates of grant at their discretion except for mandatory grants. Applicants receiving Supplementary Benefit or Family Income Supplement would be eligible for 90% grants.

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Less than £8000	First £1000 of eligible work + 25% of rest	75% of costs about £1000
Less than £10,000	First £2000 of eligible work	75% of costs above £2000

15. The existing rateable value test excludes from grant some 150,000 households who cannot afford any of the cost of works to their dwellings. It is necessary to reduce this figure drastically. This option does so; to about 60,000. Though less efficient than a full means test, which provides perfect targeting, it is simpler to operate. This option also enables some households to pass the basic eligibility test who could afford the work. Of those in this category, many, however, will receive little or no grant as a result of the operation of the taper. It is impossible to be precise about how many households who could afford the cost of works would actually qualify for grant under this option; the number depends on the relationship between resources and cost of works in particular cases; but the number would probably be something under 200,000 households.

16. The quality of targeting achieved by this option cannot be radically improved by using different income and savings figures. Only a full means test does that. Taking a savings figure lower than £4000 has no significant effect; and changing the income figure has some adverse results. While at an income of £10,000 only some 60,000 households who cannot afford any works are excluded, that figure increases to over 100,000 at an income of £8000.

17. The basic test of eligibility for grant used in this option is fairly simple to operate, though the problem of verifying savings recurs. Administrative costs per grant approved should be cheaper than a full means test, but not as cheap as Option C below.

18. For the rest, the tapering arrangements, while going some way towards the qualities of a full means test, do not take account of capacity to borrow. They would provide less support for middle income households carrying out modest amounts of works (on the basis that they should be able to afford these themselves) and favour those with high repair bills. As with a full means test there would be some abortive investigation and inspection work by local authorities in examining the proposals of applicants who turned out not to be eligible once the cost of their work was known.

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Option C: The Income Test

19. This test is based solely on the gross income of head of household and partner. No account is taken of savings or cost of works. Some 1.5m households qualify for grant using an annual income of £10,000 as the cut-off.

20. Again access to grant would be controlled by a taper, but based purely on income.

Annual Income	Maximum Grant Rate ¹
Under £6000	75%
Under £8000	50%
Under £10,000	25%

21. The great virtue of this system is simplicity and ready comprehensibility. Around 55,000 households would be excluded who could not afford any necessary works. Using £10,000 as the cut-off, over twice as many households who could afford works pass the basic eligibility test as compared with Option B though the taper would ensure that many received relatively low rates of grant. If a lower income figure is used, say £8000, the number of those included who could afford works falls to about 300,000, but the numbers who are excluded and who could not afford any works rises to around 90,000.

22. This option differs from Option B in two main areas:

(i) the absence of a savings bar. Although such a bar improves targeting it does so at the expense of importing an extra test which is difficult to verify.

(ii) the use of a taper which disregards the cost of works. Though a taper including cost of works is undeniably fairer and secures a closer approximation to the greater efficiency of a means test, the arguments against it are those of slightly greater complexity and uncertainty which could put off grant applicants.

¹ Authorities may pay lower rates of grant at their discretion except for mandatory grants. Applicants receiving Supplementary Benefit or Family Income Supplement would be eligible for 90% grants.

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Conclusions

23. These options present a choice of systems ranging from the well targeted but administratively complex to the simple but less well targeted. All cope well in terms of including in the system those who cannot afford to pay for work. The trade-off is between administrative complexity (and possible discouragement of take-up) and including in the system more of those who can afford to do the works.

24. Options B and C both let through the basic eligibility test numbers of households who could afford to undertake works and who would be excluded by a full means test, though their subsequent entitlement to grant is subject to the effects of tapering. The key distinctions between options B and C are:

(i) the inclusion of savings in the eligibility test;

(ii) the inclusion of cost of works in the taper.

It would be possible to construct an amalgam of Options B and C which includes savings but tapers only on income.

25. There is much to be said for the inclusion of savings in the scheme: though not readily verifiable, in principle it improves targeting (by about 170,000 households) and undoubtedly improves the system in terms of value for money.

26. As to whether targeting should include cost of works, the choice is between an imperfect introduction of some features of the means test, or going deliberately for the simplest taper practicable. Substituting an income only taper in Option B makes no very significant difference to the total numbers qualifying for grant, but a taper which includes works cost ensures that the amount given in a particular case is better related to what the individual actually needs. The quantum of grant payments and the relative rates of grant payable can be adjusted as desired in either system.

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ANNEX IV

ADAPTATIONS FOR THE DISABLED

1. Since 1974 the home improvement grant system has been used to provide financial aid to disabled people who, as a result of their disability, require structural alternations to their homes (Social Services authorities are responsible for non-structural features such as the provision of aids and equipment.) In England, the last five years (1979-1983) have seen 25,800 grants given for this purpose, with 2,000 such grants in Wales.

2. This system has never been entirely satisfactory. The shortcomings stem from the fact that the home improvement grant system is based on the condition of the property rather than the physical needs of the occupant. Grants for the disabled are frequently made for dwellings which would not normally be eligible for home improvement grants. The Government has therefore been considering ways in which the needs of the disabled can best be taken into account in the future. The possibilities are as follows:
 - a) adaptations for the disabled could be funded as part of the new home improvement grant or loan system. Assistance could, as now, be mandatory for installing basic amenities and discretionary for all other adaptations. It would be for consideration whether help for the disabled should be subject to the suggested test of household income and savings. Some special provision would be needed to take account of the particular requirements of the disabled. For example, the age limit on eligibility for dwellings would need to be waived, as would the requirement for dwellings to be below the 10 point/30 year standard before, and not to be above that standard after, the work has been carried out. Such provisions would avoid the need for a separate system for the disabled but would inevitably complicate the main system. There would still be some circumstances where help for the disabled were not possible: for dwellings under construction, for example, and for improvements which did not involve work to the structure of the dwelling;

 - b) The legislation could provide a separate grant or loan system for funding adaptations. (Disabled people would also have access to the main system to obtain assistance towards the cost of ordinary improvements and repairs unrelated to their disability.) Such arrangements would allow help to be

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given towards the alteration of dwellings under construction. There would be more flexibility in determining the boundary between mandatory and discretionary help: if it were thought desirable, all assistance for those meeting certain requirements relating to their disability could be made mandatory. Such a system would also mean that contributions could be paid towards any kind of work. It would, however, involve establishing and operating a second grant or loan system and giving sufficient publicity to help for the disabled to ensure that those likely to benefit were aware of the existence of the system. There would be some cases in which ordinary repairs or improvements needed to be carried out at the same time as adaptations; in such circumstances the applicant would need to make two separate applications.

A separate system for the disabled could be administered either by housing authorities (the district councils), or by those local authorities which are responsible for social services (county councils, outside London and the metropolitan areas). Social services authorities are already responsible for assessing the need for adaptations under the Chronically Sick and Disabled Persons Act 1970, and it is occupational therapists employed by such authorities who usually advise housing authorities on grants for alterations to disabled people's housing. Social services authorities do not at present have the administrative machinery for operating a home improvement grant system, nor are they staffed by personnel who would be able to assess the condition of the housing stock, over and above the needs of the disabled occupant. Furthermore, were the responsibility to lie with social services authorities, disabled people seeking grants towards adaptations and towards repairs and improvements unrelated to disability would need to apply to two separate authorities. Housing authorities have experience in dealing with grant-aiding major works to private dwellings - home extensions, for example. A grant scheme administered by housing authorities would enable disabled people's housing needs to be dealt with by the same agencies that deal with housing needs in general.

3. The Government would welcome comments on the best way of providing help for adaptations for the disabled in future. Further consultation will take place as necessary on the details of the new system in the light of comments received on the broad approaches set out above and of decisions taken on the arrangements for home improvement grants or loans.