



Llywodraeth Cymru
Welsh Government



monmouthshire
sir fynwy

Residential Property Owner: Home Improvement Loan Scheme 2020

Scheme Explanation & Guidance

1. Aims and Purpose of the Loan Scheme:

This is an 'interest free' secured loan scheme. It is available to owner-occupiers and owners to assist them improve their properties to make them warm, safe and secure (see appendix 1).

2. Applicant Eligibility:

Residential property owners whether individuals, businesses or trusts can apply for a loan. In certain circumstances, long leaseholders with a minimum of 60 years remaining on the lease can apply so long as the leaseholder has sought the permission of the freeholder.

3. Amount of loan funding available

Loans available from £5,000 up to £25,000 per property.

You can borrow up to 80% of the current value of your property (this takes into account the value of all outstanding borrowing charges (mortgages) against the property including the proposed HIL).

4. Security:

A legal charge registered at the Land Registry applies to all loans. This charge must be either a first or a second charge. Third and subsequent charges are not acceptable.

Where the property is already subject to a first charge you will be required to provide written confirmation from the lender that they are willing to accept a second charge in favour of Monmouthshire County Council. You will need to establish this prior to submitting your application.

In most cases, the property that is undergoing the improvement work will be the subject of the charge. If insufficient value exists in the property, it may be possible, in certain circumstances, to secure the loan against another property.

5. Loan Repayment Terms:

The Loan will have the following repayment periods (This is reviewed on the 1st January each year):

- Property owners who do not intend to live in the property it is up to 5 years
- Property owners who intend to live in the property it is up to 9 years

Successful applicants will be required to repay the loans on a regular basis and by direct debit. The definition of 'regular' is monthly, unless otherwise defined within the loan agreement.

6. Interest; Annual Percentage Rate (APR) & Administration Fee:

Although the loans are interest free, there is an administrative fee of £500 inclusive of VAT, payable on all accepted applications for work undertaken by third parties. The fee is required as a contribution towards the costs of processing your application.

The administrative fee will include costs such as:

- application processing;
- affordability checks;
- credit checks;
- valuation, where required;
- legal fees;
- Land Registry;
- Companies House checks (if applicable);
- Property Assessment and Site Visits;
- Bankruptcy / insolvency checks.

7. Warm; Safe and Secure:

Loan Officers will be responsible for determining what work constitutes making a property safe, warm and secure, the points below are examples of compromising issues under each heading (See Appendix 1):

- **Safe:** The safety aspects of the property, that is, the HHSRS hazards particularly category 1;
- **Warm:** The energy efficiency / thermal qualities of the property, such as renewing / replacing windows boilers, retro fitting internal / external wall insulation, roof insulation, etc;
- **Secure:** The security of the property such as replacing external doors and window frames.

See Appendix 1 for a summary of the works

For any unforeseen work that arises, you may be able to apply for an increase in the loan amount to cover it; this will be subject to available equity and maximum loan criteria.

8. Creditworthiness and Fraud Prevention:

An assessment to ensure the creditworthiness and affordability of an applicant will be undertaken. The extent of information required to satisfy these assessments differs subject to the status of the applicant.

To consider your application we will require evidence of your identity and permission to verify the information you have provided.

We will use Credit Reference Agencies (CRA's) and the Fraud Protection Agency (FPA) to determine

your creditworthiness, to verify your identity, to recover debts to may owe and to detect fraudulent / criminal activity. Please note that anyone to whom you linked financially will affect your ability to obtain finance.

If you give us false or inaccurate information, we may pass your details on to FPA and other organisations involved in crime and fraud prevention

Please note that any searches we conduct about you through the Credit Reference Agencies (CRA's), the CRA will record details of the search, whether or not your application proceeds. Please be aware that formal credit checks may have an adverse effect on your credit status. This is because a credit check leaves a 'footprint' on your file that other lenders can see also.

If your credit history includes any of those listed below, you might have your application refused:

- County Court Judgements (CCJs);
- Independent Voluntary Arrangements;
- Bankrupt (within last 6 years);
- Debt Relief Order (DRO);
- Company Insolvency/Liquidation;
- Owe any outstanding debt to the Local Authority at the time of making the application;
- Credit Reference Agencies.

In addition, we may refuse your application if:

You have been irresponsible with your money management;

- You are subject to a bankruptcy order and cannot provide formal evidence of discharge;
- Your property is subject to a 'live' or 'deferred' order for possession;
- You are subject to a Creditors Voluntary Arrangement;
- Loan Officers having assessed your application believe that you have enough disposable income to support a commercial loan payment. If a lending institution refuses your loan application and you can provide written evidence, we may reconsider your PAL application.

We may also use your data for other purposes for which you have given your specific permission. In very limited circumstances, for example, when required by law or where permitted under the terms of the Data Protection Act 1998 we may have to disclose your information to other agencies.

We will ensure that we offer a service that is both prudent and responsible in it lending decisions. However, we reserve the right to determine lending decisions based on the information gained on a particular Applicant.

9. Summary of Main Terms and Conditions:

Please Note: This list is not exhaustive. If successful, a full list of conditions will be contained in the loan agreement.

Security: A legal charge registered at the Land Registry applies to all loans. This charge must be either a first or a second charge. Third and subsequent charges are not acceptable.

Where the property is already subject to a first charge you will be required to provide written confirmation from the lender that they are willing to accept a second charge in favour of Monmouthshire County Council. You will need to establish this prior to submitting your application.

In most cases, the property that is undergoing the improvement work will be the subject of the charge. If insufficient value exists in the property, it may be possible, in certain circumstances, to secure the loan against another property.

Default: Where there is a breach any of the conditions contained in your loan agreement, the loan becomes immediately repayable and in such instances we will apply an interest at a rate of 6% above the prevailing Bank of England base lending rate. The interest charge will continue until receipt of repayment in full of the outstanding loan amount.

Timescales for completion: You must complete the work within 12 months of the Loan approval date or such longer period as has been agreed in advance by the Council, in writing. We may cancel loans that remain incomplete or unclaimed by the date specified in the agreement.

Standards: You must complete all work in accordance with the agreed specification and to the standard of workmanship required by the Council. If staged payments are agreed final payment will not be made until all the work has been properly completed to the Council's satisfaction.

State Aid: State aid consideration only applies to commercial undertakings. Where this applies projects assisted must comply with State Aid requirements.

This loan scheme is operated under the "de minimus" rule whereby the amount of state aid which an individual or and individual business can receive over a period of 3 years is €200,000. To ensure the "de minimus" rule is not breached the scheme will require the applicant to declare any aid received in the past 3 years. The three-year period begins from the last receipt of aid under a "de minimus" scheme).

10. Evidence of Value:

All applications must evidence that the cost of capital works applied for represents 'value for money'. To satisfy this requirement the applicant must obtain a minimum of **two itemised quotes** for the work to be undertaken and submit copies with your application

11. Affordability:

Your application will need to satisfy us of your ability to afford and repay the loan.

A detailed statement outlining all income and expenditure associated with your personal circumstances is undertaken to assess your 'disposable income' available for repayment. Evidence of all significant income and expenditure items will be required.

12. Assessment Process:

On receipt, we will review your application to confirm whether it fulfils the following essential criteria:

Eligible Applicant (Ownership): The applicant owns or leases the building (min 60 years with freeholder permission), to which the application refers.

Eligible Applicant (Identity): Identity evidenced in accordance with Statutory and Land Registry requirements.

Safe Recipient of Funds (Creditworthiness): The applicant has no adverse credit history, ie, County Court Judgements, bankruptcy (within last 6 years), Company insolvency/liquidation etc. Also no outstanding debt with MCC or Welsh Government, eg, Council Tax.

Safe Recipient of Funds (Affordability): The applicant has evidenced ability to repay the loan in full.

Security: The application has evidenced that the applicant owns the property offered as security and that there is sufficient Loan to Value (LTV) of 80%.

Relevant Permissions in Place: Evidence of the granting of all relevant permissions, eg planning permission, listed building consent, building regulations approval etc. In addition, evidence of the freeholders' permission, if it is a leaseholder application.

Compliant Procurement Process: Evidence of two quotations from bona-fide contractors

State Aid Compliance: Evidence that preferential value of loan assistance does not breach 'state aid' requirements.

13. Independent Advice:

You may wish to consider taking independent financial and legal advice to help you decide which course of action will be best for you as loans offered through the Home Improvement Loan Scheme is one option to finance your refurbishment costs, there may be other options more suitable to your needs.

The Council does not recommend individual financial advisers. You are advised to use independent financial advisers who are regulated by the Financial Conduct Authority (FCA), such advisers can make individual recommendations about specific financial products although there is likely to be a charge for this advice.

Further information about obtaining financial advice is also available from the Money Advice Service website: <http://www.moneyadvicetrust.org>

14. Compliments and Complaints:

Monmouthshire County Council staff are committed to providing quality services to our Customers. We welcome any comments as this helps us to understand what aspects of our service people like.

If you are unhappy about the service you have received and want to make a complaint, Please contact Monmouthshire County Council, you can do so by:

- Completing our on-line [customer feedback form](#)
- By email: feedback@monmouthshire.gov.uk
- By completing and sending the [customer feedback form](#) via the address below
- By telephone: 01633 644644
- By writing to us: Customer Relations Team Monmouthshire County Council PO Box 106, Caldicot, NP26 9AN.

If you have a complaint, we will try to deal with it straight away. If the complaint is unable to be dealt with straight away we will:

- Send you an acknowledgement within 5 working days of receiving your complaint;
- Tell you who is looking at your complaint;
- Tell you when we will reply to your complaint

Please view the following documents for further details

- "Whole Authority Complaints and Compliments Policy",
- "Whole Authority Complaints and Compliments Procedure"

- “Whole Authority Unacceptable Actions by Complainants Policy”.

15. Data Protection:

The information you give us is confidential it will be used only for the purposes of evaluating your application for a Home Improvement Loan.

We will treat such information in the strictest confidence, in accordance with the Data Protection Act 2018 (as amended) and Monmouthshire County Council’s General Data Protection Regulation Policy (GDPR). We will only use it for the purposes it is given.

If we hold information about you, we assure you that we are processing it fairly and lawfully.

However, applicants are advised that the Council is subject to the requirements of the Freedom of Information Act 2000 (FOIA) and the Environmental Information Regulations (EIR) and may be obliged under FOIA or the EIR to disclose information relating to the applicant’s loan offer with, or without, the applicant’s consent.

16. Safeguarding:

The Council is committed to ensuring that people living in the County are safe and protected and that statutory duties to safeguard and protect children, young people and adults at risk are discharged.

The Council’s workforce shares a responsibility, both collectively and individually, to ensure that children and adults at risk are protected from harm and are expected to understand their responsibility and where necessary take action to safeguard and promote the welfare of vulnerable people.

Please go to <https://www.monmouthshire.gov.uk/safeguarding/> for further information and advice

PLEASE NOTE THAT ALL LOANS ARE SECURED BY MEAN OF A LEGAL CHARGE ON YOUR PROPERTY.

BEFORE COMMITTING YOURSELF TO THE LOAN YOU ARE STRONGLY ADVISED TO CONSULT YOUR OWN SOLICITOR AND FINANCIAL ADVISOR TO DISCUSS THE IMPLICATIONS.

PLEASE BE AWARE THAT YOUR PROPERTY MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON A SECURED LOAN.

If you have any questions about this scheme and the guidance provided please contact:

Stephen Griffiths, Strategy & Policy Officer (Housing),
Monmouthshire County Council,
Housing and Communities Services,
County Hall,
The Rhadyr,
Usk,
NP15 1GA

Telephone: 01633 644455

Email: stephengriffiths@monmouthshire.gov.uk

HOUSING CONDITION STANDARD

Criterion A: It meets the current statutory minimum standard for housing

A dwelling should be free of category 1 hazards as assessed through the Housing Health and Safety Rating System.

Criterion B: It is in a reasonable state of repair

A dwelling satisfies this criterion unless:

- one or more key building components are old and, because of their condition need replacing or major repair; or
- two or more other building components are old and, because of their condition need replacing or major repair.

A building component can only fail to satisfy this criterion by being old and requiring replacing or repair. A component cannot fail this criterion based on age alone.

Building components

Building components are the structural parts of a dwelling (e.g. wall structure, roof structure), other external elements (e.g. roof covering, chimneys) and internal services and amenities (e.g. kitchens, heating systems).

Key building components are those which, if in poor condition, could have an immediate impact on the integrity of the building and cause further deterioration in other components.

They are the external components plus internal components that have potential safety implications and include:

- external walls;
- roof structure and covering;
- windows/doors;
- chimneys;
- central heating boilers;
- gas fires;
- storage heaters;
- plumbing; and
- electrics.

If any of these components are old and need replacing, or require immediate major repair, then the dwelling is not in a reasonable state of repair.

Other building components are those that have a less immediate impact on the integrity of the dwelling. Their combined effect must therefore be considered, with a dwelling not being in a reasonable state of repair if two or more are old and need replacing or require

immediate major repair.

Old and in poor condition

A component is defined as 'old' if it is older than its standard lifetime. Components are in poor condition if they need major work, either full replacement or major repair.

One or more key components, or two or more other components, must be both old and in poor condition to render the dwelling non-decent on grounds of disrepair. Components that are old but in good condition or in poor condition but not old would not, in themselves, cause the dwelling to fail the standard.

A building component, which requires replacing before it reaches its expected lifetime has failed early. Under the terms of the definition, this early failure does not render the dwelling non-decent.

Criterion C: It provides a reasonable degree of thermal comfort

The definition requires a dwelling to have both efficient heating; and effective insulation.

Efficient heating is defined as any gas or oil programmable central heating; or electric storage heaters; or warm air systems; or under floor systems; or programmable LPG/solid fuel central heating; or similarly efficient heating systems which are developed in the future.

The primary heating system must have a distribution system sufficient to provide heat to two or more rooms of the home. There may be storage heaters in two or more rooms, or other heaters that use the same fuel in two or more rooms. Even if the central heating system covers most of the house making a dwelling decent, under the HHSRS the home should be warm enough for the occupant.

Heating sources, which provide less energy efficient options fail the Houses to Homes standard.

Programmable heating is where the timing and the temperature of the heating can be controlled by the occupants.

Because of the differences in efficiency between gas/oil heating systems and the other heating systems listed, the level of insulation that is appropriate also differs:

For dwellings with gas/oil programmable heating, cavity wall insulation (if there are cavity walls that can be insulated effectively) and at least 50mm loft insulation (if there is loft space) is an effective package of insulation.

For dwellings heated by electric storage heaters/LPG/programmable solid fuel central heating a higher specification of insulation is required: at least 200mm of loft insulation (if there is a loft) and cavity wall insulation (if there are cavity walls that can be insulated effectively).

A SAP rating of less than 35 (using the 2001 SAP methodology) has been established as a proxy for the likely presence of a Category 1 hazard from excess cold.