

REPORT FOR DECISION

Agenda Item	
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DECISION OF:	The Cabinet
DATE:	19 September 2012
SUBJECT:	Amendment to the Repossession Prevention Fund Policy & Procedure
REPORT FROM:	Cllr Gill Campbell, Cabinet Member for Neighbourhoods and Regeneration
CONTACT OFFICER:	Jackie Summerscales, Principal Officer – Housing Strategy & Enablement
TYPE OF DECISION:	CABINET (KEY DECISION)
FREEDOM OF INFORMATION/STATUS:	This report is within the public domain
SUMMARY:	<p>This report seeks approval to amend the Repossession Prevention Fund Policy & Procedure so that interest free loans can be offered to households (at risk of repossession and eviction) who can demonstrate their ability to repay a loan, following a full financial assessment with a money advisor.</p> <p>Communities and Local Government (CLG) recommend the use of loans where practical, in order that funding can be recycled to assist households at risk of repossession and eviction in the future.</p> <p>The current procedure operates on a grant only basis which prevents recycling.</p>
OPTIONS & RECOMMENDED OPTION	<ol style="list-style-type: none"> 1. Adopt the amended policy and procedure to allow for the provision of small loans where feasible, under Section 2 of the Local Government Act 2000. 2. Do nothing. <p>Option 1 is the preferred option as it presents an opportunity for the Council to recycle scarce resources and maximise support.</p> <p>Option 2 negates the ability to recycle and the policy will continue to operate on a grant only basis.</p>

IMPLICATIONS:	<p>The Repossession Prevention Fund (RPF) is a discretionary fund, designed to help local authorities reduce homelessness by tackling repossessions and evictions in their neighbourhoods.</p> <p>This can be achieved by offering small, short term interest free loans or grants to households who are at risk of repossession and eviction. For example, small loans can be used to reduce mortgage arrears, where a household is threatened with imminent repossession.</p> <p>Funding is capped at a maximum of £5,000 per household and is conditional on the household seeking debt advice with the Citizens Advice Bureau (CAB).</p>
Corporate Aims/Policy Framework:	Do the proposals accord with the Policy Framework? Yes
Statement by the S151 Officer: Financial Implications and Risk Considerations:	<p>The Council already offers financial support through the Repossession Prevention Fund on a "grant" basis; changing to a "loan" basis will allow funds to be recycled, potentially allowing more households to be supported.</p> <p>There are practical issues around how financial assessments will be undertaken, and how loan repayments will be collected.</p> <p>Subject to approval of this report, further work will take place with a view to using existing infrastructure to undertake this activity at <u>no additional cost</u>.</p>
Statement by Executive Director of Resources:	
Equality/Diversity implications:	No (see paragraph 4.1 below).
Considered by Monitoring Officer:	Yes. There are no legal issues arising from this report.
Wards Affected:	All Wards.
Scrutiny Interest:	Internal Scrutiny.

TRACKING/PROCESS

DIRECTOR:

Chief Executive/Strategic Team	Executive/Leadership	Executive Member/Chair	Ward Members	Partners
Scrutiny Committee	Committee		Council	

1.0 BACKGROUND

- 1.1 The RPF was introduced by the Government in the 2009 Budget, to support the Mortgage Rescue Scheme (MRS) and enable local authorities to offer assistance to households at risk of homelessness through repossession and eviction. It is managed by the Principal Officer – Housing Strategy & Enablement on behalf of the Executive Director Adult Care Services. On the 30 June 2012 the funding available for this work stood at £126,394.
- 1.2 The existing policy and procedure operates on a grant only basis and there is no indication that further monies will be available once the current fund is exhausted.
- 1.3 The amended policy and procedure will enable the Council to recycle funding, by offering interest free loans to qualifying households who can demonstrate their ability to repay a loan, following a full financial assessment. Stockport Homes, Trafford Council, Salford Council and Tameside Council already have a loan scheme in place. Grant payments will be made in cases where the probability of repayment is unlikely. Grant payments will also be made to facilitate improvement works required under the MRS. All payments will be made directly to creditors - payments will not be made to individual households.

2.0 Consultation

- 2.1 Formal consultation has been undertaken with members of staff from the CAB, who are fully supportive of these proposals.

3.0 ISSUES

- 3.1 The RPF is financed by Government grant.
- 3.2 The amended policy and procedure is considered to accord with advice issued by CLG and adoption is recommended in accordance with Option 1.
- 3.3 Whilst some additional monitoring will be required, implementation of a loan scheme provides the potential to stretch existing resources further. A procedure for the collection of such monies is already in place.
- 3.4 There are currently ongoing discussions with the Assistant Director of Finance and the Head of Customer Support and Collections around loan assessments and methods of collection, together with potential links to a credit union which could result in minor alterations to the delivery of this scheme.

4.0 Equality and Diversity

- 4.1 The result of an Equality Analysis indicates that the amended policy and procedure will have a positive impact on all residents, particularly those facing repossession and eviction who fall into a priority needs category.

5.0 CONCLUSION

- 5.1 The RPF continues to have an important role to play in working towards ending homelessness in Bury. By implementing the changes to this policy, the Council will have an opportunity to recycle funding and help additional households at risk of repossession and eviction in the future.

6.0 RECOMMENDATIONS

- 6.1 Adopt the amended Repossession Prevention Fund Policy & Procedure in the form outlined in Option 1.
- 6.2 Grant delegated authority to the Executive Director Adult Care Services, in consultation with the Executive Director Resources, to make any minor adjustments to the delivery of the Repossession Prevention Fund Policy & Procedure following the discussions referred to in paragraph 3.4 above.
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List of Background Papers:-

CLG Guidance – Preventing Repossession Fund 2011/12.

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