

## Summary Sheet

### Council Report

Cabinet Member for Housing

### Title

Administration of "Breathing Space" (a regional mortgage rescue scheme)

### Is this a Key Decision and has it been included on the Forward Plan?

No

### Strategic Director Approving Submission of the Report

Graeme Betts, Interim Director of Adult Care and Housing

### Report Author(s)

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Directorate: Adults Care and Housing

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### Ward(s) Affected

All

### Executive Summary

The purpose of this report is to obtain approval for the Council's participation in the Regional Mortgage Assistance Loans Scheme, known as "Breathing Space".

The Regional Mortgage Assistance Loan Scheme is operated by Wakefield Metropolitan District Council on behalf of local authorities across the Yorkshire and Humber region, to enable them to offer loans to help home owners experiencing difficulties with their mortgage and/or secured loan payments.

There are no capital funding implications for the Rotherham MBC, however there are some resource implications, however these can be met within existing staffing arrangements.

### Recommendations

It is recommended that Rotherham MBC participates in "Breathing Space," the Regional Mortgage Assistance Loan Scheme, operated by Wakefield Metropolitan District Council

## **List of Appendices included**

- Appendix 1: Breathing Space Handbook
- Appendix 2: Loan Offer Letter
- Appendix 3: Agreement Letter for all Local Authorities
- Appendix 4: Covering letter for all Local Authorities

## **Background Papers**

None

## **Consideration by any other Council Committee, Scrutiny or Advisory Panel**

No

## **Council Approval Required**

No

## **Exempt from the Press and Public**

NO

## **1. Recommendations**

- 1.1 That Cabinet approves participation in “Breathing Space”, the Regional Mortgage Assistance Loan Scheme, operated by Wakefield Metropolitan District Council.

## **2. Background**

- 2.1. The Housing Solutions Team carries out the Council’s statutory homeless duties and its aim is to work with customers on the prevention of homelessness, being pro-active in its approach rather than reactive to situations. The team carries out specific tasks such as home visiting, family mediation, offering housing options and assisting in finding alternative accommodation. Its primary objective, however, is to help customers remain in their own home as opposed to becoming homeless.
- 2.2. In January 2009, the Government launched a national Mortgage Rescue Scheme (MRS) to assist customers who were in mortgage difficulties. Rotherham MBC quickly adopted MRS and started utilising the scheme at the beginning of March 09. During this period the Council experienced a high volume of applications for mortgage rescue. Unfortunately, the National Mortgage Rescue scheme has now ended. Low interest rates have helped to reduce the number of repossessions and the Housing Solutions Team are now only receiving low numbers of notifications, circa 9 per month from solicitors detailing repossession proceedings. However, although the numbers are low, participation in ‘Breathing Space’ would

provide another tool to enable the Council to assist customers to stay in their existing homes and in turn assist in preventing homelessness.

- 2.3. The Regional Mortgage Assistance Loan Scheme; “Breathing Space” is operated by Wakefield Metropolitan District Council on behalf of local authorities across the Yorkshire and Humber region, to enable them to offer loans to help home owners experiencing difficulties with their mortgage and/or secured loan payments.
- 2.5. The Regional Housing Board has allocated two million pounds for a regional mortgage assistance scheme. After considering the other options available, the Housing Board agreed that the existing Wakefield Council loan scheme should be rolled out throughout the Yorkshire and Humber region. It is left for individual authorities to decide whether they join the scheme.
- 2.6. As the Housing Board has provided the funding for the loans there are no capital funding implications for the Council. Participating local authorities are expected to undertake the initial stages of loan applications and forward the applications to Wakefield Council to process pay and secure a charge on the property in question. Local authorities may be required to assist Wakefield Council in recovery of the loan. There are therefore some staffing resource implications but far less than when the scheme was set up in 2009.

### **3. Key Issues**

- 3.1. The scheme offers customers an interest free loan and payment free secured loan. The loan must be paid in full at the end of 3 years. Loan amounts are between £2,000 and £15,000 and can be used to pay off arrears or mortgage payments for up to 12 months instalments. If the customer can sustain their mortgage and has capacity to repay the loan in 3 years they will remain in their home. If the customer cannot sustain ownership in the longer term a loan will be made on a support for sale. The customer in all cases must agree to a 3 monthly review meeting to build financial capability and skills issues.
- 3.2. The scheme supports the Council’s Homelessness Prevention Strategy which aims to reduce homelessness by providing direct support to Rotherham residents in need. Breathing Space also supports the Gold Standard Programme which was developed as a result of the “Making every contact count” report published on 16th August 2012 by the Ministerial Working Group on Homelessness. This report introduced the 10 Local Challenges aimed at supporting local authorities to improve their frontline housing services and increase opportunities for early intervention and prevention of homelessness. Challenge 7 is to actively engage in preventing mortgage repossessions through a Mortgage Rescue Scheme.
- 3.3. Earlier last year Rotherham started the first step in achieving the Gold Standard. In order to make an application for each of the challenges, local authorities are required to demonstrate they are delivering a good baseline service which is measured by a Diagnostic Peer Review where 3 or more local authorities form a cluster group to peer review one another’s services

using the national diagnostic framework which ensures a consistent and transparent approach across the country. Rotherham scored 60% which enabled us to apply for the 10 local challenges. If the Council agrees to participate in “Breathing Space”, Rotherham can apply to achieve Challenge 7, “Preventing Repossessions”

- 3.4. Participation in Breathing Space was considered by Officers in November 2009. Approval was not given due to concerns about the capacity of the homeless team at the time. The Breathing Space Scheme in 2009 meant that individual participating local authorities were responsible for a large proportion of the administration, e.g. dealing with initial applications and recovery action and in Rotherham the team were already undertaking effective mortgage rescue applications through the use of the National Mortgage Rescue Scheme.
- 3.5. In 2009, both Finance and Legal Services were consulted on the proposals and at that time they were concerned that there was one-way indemnity in Wakefield’s favour contained in the terms of delegation. However, the scheme has now changed and these concerns no longer apply.
- 3.6. Locally, Barnsley has been a Partner of the Scheme since the beginning and Sheffield joined 3 years ago. Doncaster is also currently considering the option of joining. It costs nothing to join and funds are not allocated per authority, each loan is issued on needs and first come first served basis.

#### **4. Options considered and recommended proposal**

- 4.1. **Option 1** - To approve the policy to provide the Mortgage Breathing Space scheme and to allow Wakefield Council to discharge these functions.

Providing the Mortgage Breathing Space scheme will help people at risk of losing their home in their own locality.

Providing the regional scheme as a shared service will create efficiencies at the regional level. Wakefield Council already has the experience and procedures and processes in place to assess applications and make loan payments. Taking on this function on behalf of the other local authorities in the region will enable the speedy implementation of the regional scheme.

- 4.2. **Option 2** - Not to approve the policy to provide Mortgage Rescue Breathing Space loans and allow Wakefield to discharge these functions. The implications of this are that the funding provided by the Regional Housing Board will not be utilised to assist residents within the Rotherham area.

#### **5. Consultation**

- 5.1. This process provides additional support for home owners therefore no consultation has been required.

## **6. Timetable and Accountability for Implementing this Decision**

6.1 The report is to be considered by Cabinet on 11 April 2016. Subject to the call in period the policy will be adopted thereafter.

## **7. Financial and Procurement Implications**

7.1 The Regional Housing Board has provided the funding for the scheme for the region and therefore there will be no capital funding implications for the Council. Unrecovered loans are not recharged to the partner authorities so the Council would not have any financial risk. The Housing Solutions Team are currently able to undertake this work within existing staffing resources and funding is already in place for these posts, so no further finance is required. Funding is also in place within existing budgets to manage the printing and postage costs.

7.2 By not joining the scheme Rotherham residents would not be able to access assistance. There is also potential that by not joining the scheme Rotherham MBC could incur additional costs of rehousing owner occupiers if their property is repossessed.

## **8. Legal Implications**

8.1. The Council's Legal & Democratic Services and Finance Department have been consulted. As no money will be lent by Rotherham MBC and the scheme will be administered by Wakefield MDC, it appears that the risk to Rotherham MBC would be small. The agreement letter for local authorities wishing to join makes clear that Rotherham MBC have to take care to ensure that the information passed on to Wakefield is accurate. This seems reasonable. The Housing Solutions section has quality performance management systems in place which will ensure that Rotherham MBC is capable of meeting that requirement.

8.2. To enable Wakefield Council to act as the Accountable Body for the scheme, formal approval is required to allow Wakefield to discharge these functions on behalf of Rotherham Council under the provisions of the Local Government Act 2000 and Local Authorities (Arrangement for the Discharge of Functions) (England) Regulations 2000, in accordance with the Council's wellbeing powers under Section 2 of the Local Government Act 2000.

## **9. Human Resources Implications**

9.1. N/A

## **10. Implications for Children and Young People and Vulnerable Adults**

10.1. The provision of homeless prevention tools and securing a sustainable home is paramount to that of families and vulnerable adults. It also helps reduce the risk of financial hardship and improves the quality of life.

## **11 Equalities and Human Rights Implications**

11.1. The scheme operates without prejudice and is open to all service users.

## **12. Implications for Partners and Other Directorates**

12.1. The scheme may bring indirect benefits for other directorates and partners, particularly in reducing homelessness for families with children and local targets on homelessness prevention and financial inclusion/capability.

## **13. Risks and Mitigation**

13.1. There are no risks in approving the recommendation.

The key risk in not approving the recommendation is shown below.

Risk	Risk Implication
Funding from the Regional Housing Board is not available in Rotherham	Some home owners in Rotherham at risk of losing their home  Opportunity to further develop the range of Homelessness Services is lost.

## **14. Accountable Officer(s)**

**Dave Richmond, Assistant Director Adult Care and Housing**

Approvals Obtained from:-

Strategic Director of Finance and Corporate Services: - Kath Oakes, Principal Finance Officer - 30<sup>th</sup> December 2015

Director of Legal Services: - Adrian Phillips, Team Manager – Litigation, 31<sup>st</sup> December 2015.