

REPORT TO: Cabinet
Council

DATE: 15th April 2010
13th May 2010

SUBJECT: Delegation of Powers in respect of the Discretion to Grant Equity
Re-location Loans in the Housing Market Renewal Area

WARDS AFFECTED: Linacre, Derby, Netherton & Orrell, Church, Litherland

REPORT OF: Alan Lunt – Neighbourhoods and Investment Programmes
Director 0151 934 4580

CONTACT OFFICER: Alan Lunt – Neighbourhoods and Investment Programmes
Director 0151 934 4580

**EXEMPT/
CONFIDENTIAL:** No

PURPOSE/SUMMARY:

To seek approval from Cabinet and Council to delegate powers and duties related to the provision of loans to facilitate re-housing as part of the Newheartlands Housing Market Renewal Programme

REASON WHY DECISION REQUIRED:

Authority to approve applications for loans to facilitate re-housing is delegated by the Newheartlands Pathfinder to a discretionary panel comprising of representatives of Liverpool City Council, Wirral Council and Sefton Metropolitan Borough Council. At present, there is no provision within the Council's constitution to delegate authority for such decision making to an external panel exercising its discretion to approve loans outside of the agreed policy parameters. Delegating Authority to approve such discretion to the Director responsible for Housing Market Renewal in Sefton will prevent the need to obtain discretionary approval from Cabinet from every decision that involves the use of the Council's Housing Market Renewal or Capital Programme resources in this regard.

RECOMMENDATION(S):

That Cabinet be requested to recommend to the Council that part 3 (Responsibility for Functions) of the constitution be amended by the addition of the following :-

REGENERATION

E : Housing Market Renewal Director

Power to deal with all matters relating to the provision of loans to facilitate re-housing as part of the Newheartlands Housing Market Renewal Programme

Subject to:

- 1) An approved budget for such financial assistance being available, and;

2) Power to amend the criteria used when making awards of financial assistance provided that such decisions and the grounds for them are reported promptly to the Cabinet Member Regeneration.

KEY DECISION: No

FORWARD PLAN: No

IMPLEMENTATION DATE: Immediately following the expiry of the call in period for the minutes of the relevant meetings

ALTERNATIVE OPTIONS:

The council could leave all the decisions in relation to the approval of applications for these loans to the representatives of Liverpool City and Wirral Councils

These decisions could be made by a Cabinet Member being appointed on to the discretionary panel

If delegated authority is not provided, each approval will need to be reported to Cabinet.

IMPLICATIONS:

Budget/Policy Framework: None

Financial: The provision of loans has been approved as part of the Housing Market Renewal Financial Programme 2008-2010 and will form part of the approval for the 2010-2011 programme which will be presented to members at a future meeting of Cabinet. There are therefore, no financial implications involved in this report.

<u>CAPITAL EXPENDITURE</u>	2009 2010 £	2010/ 2011 £	2011/ 2012 £	2012/ 2013 £
Gross Increase in Capital Expenditure				
Funded by:				
Sefton Capital Resources				
Specific Capital Resources				
<u>REVENUE IMPLICATIONS</u>				
Gross Increase in Revenue Expenditure				
Funded by:				
Sefton funded Resources				
Funded from External Resources				
Does the External Funding have an expiry date? Y/N	When?			
How will the service be funded post expiry?				

Legal: Provision of delegated authority requires the amendment of the Council's Constitution as there is no provision for the Council to fully perform its duties on the discretionary panel.

Risk Assessment: No specific risk assessment has been carried out in respect of this matter as general programming issues are covered within the Departmental risk assessment

Asset Management: N/A

CONSULTATION UNDERTAKEN/VIEWS

Legal Director
 Acting Finance Director (Internal Audit) FD 318 - The Acting Finance and Information Services Director has been consulted and has no comments on this report

CORPORATE OBJECTIVE MONITORING:

<u>Corporate Objective</u>		<u>Positive Impact</u>	<u>Neutral Impact</u>	<u>Negative Impact</u>
1	Creating a Learning Community		✓	
2	Creating Safe Communities	✓		
3	Jobs and Prosperity	✓		
4	Improving Health and Well-Being	✓		
5	Environmental Sustainability		✓	
6	Creating Inclusive Communities	✓		
7	Improving the Quality of Council Services and Strengthening local Democracy	✓		
8	Children and Young People		✓	

LIST OF BACKGROUND PAPERS RELIED UPON IN THE PREPARATION OF THIS REPORT

Report - Cabinet Member Regeneration – 7th September 2005 – ‘Amendments to Sefton’s Private Sector Housing Assistance Policy’

1.0 Background

- 1.1 Within the Housing Market Renewal (HMR) programme, a budget has been set aside for the provision of equity loans to re-locating owner occupiers. The equity loans process developed by the Newheartlands HMR Pathfinder sets out clear criteria relating to eligibility and the level of financial assistance to be granted to enable owner occupiers to bridge the gap between the amount that they can raise and the cost of a new property.
- 1.2 The agreed Newheartlands policy allows for discretion in the award of loans in the case of appropriate unusual or special circumstances. As a result, during 2004, Newheartlands established a 'Discretionary Panel' to consider cases where this discretion might apply. This Panel may also make recommendations from time to time to the Monitoring and Steering Group established by NewHeartlands to change the criteria, where there are appropriate reasons to do so. The Panel includes officer representation from Liverpool, Wirral and Sefton Councils.
- 1.3 One of the criterion states that in order to be eligible for a loan, the new property must be located within the boundaries of the Pathfinder Authority awarding the loan. As part of an Internal Audit of the Housing Market Renewal Initiative (HMRI) undertaken in the autumn of 2009, the Auditor identified that two equity loans had been awarded by the Discretionary Panel to enable residents to purchase properties outside the borough. These awards were consequently outside of the approved criteria.
- 1.4 The report approved by Cabinet Member Regeneration on the 7th September 2005 contained the procedures to be followed and included the following statement:

"A Discretionary Panel consisting of a representative from NewHeartlands and the three local authorities has been established to consider cases that arise from owner occupiers that fall outside the criteria. The Panel will review the policies and procedures in the light of such cases and will recommend to the Monitoring and Steering Group changes to the criteria. Any owner occupier who is unhappy with the decision of the Discretionary Panel can appeal to a Appeals Panel whose decision will be final."
- 1.5 Elsewhere in the same report, it states:

"The new property must be located within the boundary of Sefton. There is discretion for the Local Authority to waive this criteria in special circumstances approved by the Cabinet Member/ Director".
- 1.6 In relation to the locations in which it is possible to purchase property with the assistance of such loans, the current (July 2009) Private Sector Housing Assistance Policy states:

Such Loans will normally be approved for the acquisition of a replacement home within the Sefton boundary or within the Newheartlands HMRI area. The Council has the discretion to waive this restriction in the event of special circumstances where the applicant needs to move elsewhere to provide care or live close to a carer.
- 1.7 This does not make clear who has the authority to exercise this discretion, and there is clearly scope for confusion in these statements. Indeed the second does not make clear where the delegation lies or whether there is a joint decision to be made. It is therefore necessary to clarify the matter.

- 1.8 As a practical matter, approval of equity loans following applications are generally required as a matter of urgency to ensure that the owner-occupiers concerned are able to proceed to agree terms for the house purchase they are making without unnecessary delay.
- 1.9 It is also appropriate that, where equity loans are being made in circumstances outside of the normal criteria, these decisions should be subject to an appropriate level of scrutiny. It is therefore recommended that such approvals are reported retrospectively for information to the Cabinet Member Regeneration. In addition any changes to the criteria to be applied generally which are approved by the Monitoring and Steering Group should be similarly reported. In this way, the awarding of equity loans can proceed without unnecessary delay, but with appropriate scrutiny and an opportunity for any concerns to be expressed.
- 1.10 An example of where such discretion may be applied is in the case of an individual who wishes to be re-housed outside of Sefton in order to be nearer to a relative for whom they are the main carer. Where there is clear evidence of such circumstances applying, it would be unreasonable to refuse such a request, in circumstances where the Council is removing their current home by compulsory means, whether or not it was outside of the normal policy provision.
- 1.11 The financial risks to the Authority are low as each equity loan is secured on the property purchased. Funding to provide equity loans is approved annually by Cabinet as part of the Housing Market Renewal programme.

2.0 Conclusion

- 2.1 Delegation of responsibility for approving discretionary equity loans to the Neighbourhoods and Investment Programmes Director will empower the Newheartlands Discretionary Panel to make effective decisions regarding the award of loans whilst ensuring effective governance by requiring loans granted utilising discretion to operate outside of the agreed policy, to be reported on an individual basis to Cabinet Member Regeneration.