

CABINET**MINUTES OF MEETING HELD ON 30 SEPTEMBER 2015****I N D E X**

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CABINET

MINUTES OF MEETING HELD ON 30 SEPTEMBER 2015

Present:

Councillor G Baxter MBE Leader (in the Chair)

Councillor J Austen

“ Mrs E A Hill

Councillor P R Kerry

“ Mrs L Robinson

331 Apologies for Absence

Apologies for absence had been received from Councillors N Barker, M Gordon and Ms T Williams.

332 Declarations of Interests

Members were requested to declare the existence and nature of any disclosable pecuniary interests and/or other interests, not already on their register of interests, in any item on the agenda and withdraw from the meeting at the appropriate time.

There were no interests declared at this meeting.

333 Minutes of Last Meeting

RESOLVED – That the minutes of the meeting of the Cabinet held on 2 September 2015 be approved as a correct record and signed by the Leader.

334 Voluntary Community Groups Presentation – Rural Action Derbyshire

Cabinet considered a presentation from Rural Action Derbyshire as part of its suite of presentations from voluntary sector organisations funded by the Council in 2014/15. Sylvia Green, Chief Executive of Rural Action Derbyshire, attended the meeting to give the presentation.

Rural Action Derbyshire's purpose was to improve the quality of life for Derbyshire residents by empowering people in rural communities to take action, address disadvantage, become more sustainable and increase local control.

Rural Action Derbyshire provided a number of services including financial advice, community led planning, an oil buying scheme, suicide awareness training and agricultural chaplaincy. Case studies into some of those particular activities were presented to Cabinet.

The work undertaken by Rural Action Derbyshire has led to many thousands of people in rural areas being trained and, in the case of the oil buying scheme, savings being made. On average, Rural Action Derbyshire achieved 17 positive outcomes per day.

Future funding and devolution challenges for the partnership were also presented to the meeting.

Members considered the presentation and a number of issues were raised. There was a general discussion around lack of knowledge of the implications of Universal Credit and a desire from members to explore that in further detail through training.

RESOLVED – That the presentation from Rural Action Derbyshire be received.

Reason for Decision

To ensure that the Council maximises efficiencies and outcomes through commissioning voluntary sector organisations to help the Council achieve its corporate priorities.

Other Options Considered and Rejected

None.

335 Ambition SCR Update

This item was withdrawn from the agenda.

336 NEDDC Local Authority Mortgage Scheme (LAMS) Policy

Cabinet considered Report No EAH/05/15-16/RS of Councillor Mrs E A Hill, Portfolio Holder with Responsibility for Housing Strategy and Social Inclusion (supported by Councillor Mrs J Austen) which sought approval of a Local Authority Mortgage Scheme (LAMS) Policy for North East Derbyshire District Council.

Cabinet had agreed a LAMS in the District in July 2014, to be administered by Capita Asset Services. The adoption of the Scheme required the development of a policy outlining how the Scheme would operate in practice, including criteria for participation. A copy of the draft Policy was attached to the report as an appendix. A further appendix set out the need for such a policy.

Earlier in the year, Council had agreed an indemnity level for the Scheme which was aimed at first time buyers, providing help for potential buyers who could afford mortgage payments, but not the initial deposit, to get on the property ladder.

Key eligibility as outlined in the Policy was as follows:-

- The scheme was only open to first time buyers;
- The total indemnity has £500,000;
- The maximum individual indemnity offered to a first time buyer under the scheme was 20%;
- The maximum loan size was £175,000 per property;

- The applicant must have a 5% deposit and meet the lender's criteria;
- The property to be purchased must be within the administrative area of North East Derbyshire District Council;
- The scheme covers both new and second hand properties.

RESOLVED – That the LAMS Policy attached as **Appendix A** to these minutes be approved.

Reason for Decision

To comply with the LAMS Legal White Paper.

Other Options Considered and Rejected

None.

(Housing Strategy Manager)

337 Authorised Absence

RESOLVED – That further to Section 85 (2A), of the Local Government Act 1972, Councillor Ms T Williams' absence from meetings of Cabinet for a period of six months be authorised, with effect from this meeting.

338 Urgent Business (Public Session)

There was no urgent business to be considered in the public session at this meeting of Cabinet.

339 Exclusion of Public

RESOLVED - That the public be excluded from the meeting during the discussion of the following items of business to avoid the disclosure to them of exempt information as defined in Paragraphs 1, 3 and 4, Part 1 of Schedule 12A to the Local Government Act 1972 (as amended by the Local Government (Access to Information)(Variation) Order 2006). [The category of exempt information is stated after each Minute].

340 Planning – Development Management Resourcing and Performance

Cabinet considered Report No MG/06/15-16/JA of Councillor M Gordon, Portfolio Holder with Responsibility for Environment, which advised members of the current position of the Development Management Team following restructuring and ongoing service transformation, updated members on the performance, fee income and capacity of the Development Management team and sought agreement to fund the temporary staffing arrangements necessary to meet agreed performance targets by way of the utilisation of the Planning Reserve established for this purpose.

RESOLVED - That:-

- (1) Cabinet notes the current position of the Development Management Team following restructuring and ongoing service transformation.
- (2) Cabinet approves the use of £85,000 from the Planning Reserve in order to fund the costs of ensuring that the Council was in a position to effectively determine an increased level of planning applications at a time when recruitments of planning officers was problematic due to national trends.
- (3) Cabinet asks the Development Management Team to investigate all methods of recruitment, including apprenticeships, market supplements and secondments from neighbouring authorities, in order to create a sustainable workforce and to report back by 31 March 2016.

Reason for Decision

To ensure the Development Management (Planning) team is sufficiently resourced.

Other Options Considered and Rejected

There was the option of not funding the additional temporary resourcing as set out within the report. This had been rejected due to the risk of not meeting the Council's performance targets and risk of special measures.

(Assistant Director – Environmental Health and Planning)

341 Management of Corporate Debt – Write Off of Outstanding Amounts

Cabinet considered Report No PRK/11/15-16/BM of Councillor P R Kerry, Portfolio Holder with Responsibility for Economy, Finance and Regeneration which sought agreement to the proposed write off of debts in respect of former Housing Revenue Account tenants.

The report proposed write offs above the £2,500 limit that could be written off by officers following consultation with the Portfolio Member. As part of the process of addressing outstanding debt and ongoing routine debtor management, it was necessary to consider at regular intervals writing off those individual debts where the prospects of recovering the amounts concerned was not considered to be realistic.

Writing off of outstanding amounts was a key part of effective management of debt in that it allowed officers to review arrangements for collecting income promptly, to learn from mistakes, whilst enabling officers to focus on those amounts which were collectable, thus maximising overall levels of collection. Finally, it helped to ensure that the Council's Accounting Statements were not misleading.

Details of the debts proposed to be written off were attached as an appendix to the report.

RESOLVED – That Cabinet agrees to write off the amounts in respect of Housing Revenue Account former tenants totalling £55,117.18 as detailed in an appendix to the report.

Reason for Decision

There was no realistic prospect of recovery of the debts written off.

Other Options Considered and Rejected

As outlined in the report.

(Executive Director – Operations)

342 Urgent Business (Private Session)

There was no urgent business to be considered in the private session at this meeting of Cabinet.

Local Authority Mortgage Scheme (LAMS) Policy

September 2015

CONTROL SHEET FOR LOCAL AUTHORITY MORTGAGE SCHEME

Policy Details	Comments / Confirmation (To be updated as the document progresses)
Policy title	Local Authority Mortgage Scheme (LAMS)
Current status - i.e. first draft, version 2 or final version	Final Draft
Policy author	Rebecca Slack
Location of policy - i.e. L-drive, shared drive	Z- drive
Member route for approval	Cabinet
Cabinet Member (if applicable)	Councillor Hill and Councillor Austen
Equality Impact Assessment approval date	
Partnership involvement (if applicable)	N/A
Final policy approval route i.e. Executive/ Council /Planning Committee	Cabinet
Date policy approved	
Date policy due for review (maximum three years)	September 2018
Date policy forwarded to Strategy and Performance (to include on Intranet and Internet if applicable to the public)	

LOCAL AUTHORITY MORTGAGE SCHEME (LAMS)

1. Introduction

1.1

The recent recession has had an adverse effect on the economy and the housing market. One of the effects was a reduction in the number of first time buyers, partly as a result of the tightening of mortgage lending criteria. At the time, most mortgage lenders were only prepared to lend a maximum of 75-80% loan to value, which meant that the buyer required a deposit of 20-25%. This was a major barrier for many first time buyers, although they could afford the mortgage repayments. Whilst the situation has improved, many first time buyers remain unable to secure the necessary deposits without support schemes such as LAMS. First time buyers are integral to movement in the housing market and therefore the local economy.

1.2

North East Derbyshire District Council has agreed to join a national scheme known as the Local Authority Mortgage Scheme (LAMS) to assist first time buyers to access the housing market.

1.3

The requirement for a policy relating to LAMS and how the council will operate the scheme outlined in appendix B of the LAMS legal white paper.

2. Scope

The scheme covers properties which are within the administrative area of North East Derbyshire District Council. These cover all property types, including bungalows, houses and flats and may be either new or second hand properties.

3. Principles

3.1

The Council's Corporate Plan 2011-15 includes a priority to increase housing choice and the Housing and Economic Development Strategy 2015 lists an action to support the development of schemes to enable first time buyers to purchase their own homes.

3.2

The aim of the scheme is to assist first time buyers to purchase a property by providing an indemnity to the lender, which will result in a smaller deposit being required. If willing first time buyers are able to access the market, rented and affordable housing could be freed up for other people, the local housing market will be stimulated and the local economy will benefit.

4. Statement

4.1

The Local Authority Mortgage Scheme is a national scheme to help first-time buyers who, whilst they can afford mortgage payments, do not have access to a 20-25% deposit as is required by most mortgage lenders.

4.2

The council will provide a financial indemnity in the form of a guarantee for the partner mortgage lender, Leek United Building Society. This means that if a potential buyer meets the strict credit criteria applied by the lender, and also meets the criteria set out by the Local Authority to qualify for the scheme, they only have to find a 5% deposit and the council will indemnify up to 20%. The indemnity provided by the council allows the buyer to obtain a 95% mortgage on similar terms to a 75% mortgage as the risk to the lender is reduced.

4.3

The indemnity will run for 5 years on each property (this can be extended by a further 2 years if a mortgage were in arrears in the last 6 months of the initial 5 year period) , after which time the lender will continue with the mortgage on the same terms.

4.4

LAMS is supported by a non-cash backed guarantee which is only called upon if repossession is to take place under the scheme. Any loss in excess of the indemnity is attributable to the lender. In the case that the indemnity has to be paid, the council undertakes to make payment within 30 days.

4.5

LAMS will be audited by Capita Asset Services.

4.6

No additional resource or training is required at council level as once the scheme is operational, the lender will simply apply standard mortgage application and approval processes.

4.7

Criteria

- The scheme is only open to first time buyers
- The total indemnity is £500,000
- The maximum individual indemnity offered to a first time buyer under the scheme is 20%
- The maximum loan size is £175,000 per property
- The applicant must have a 5% deposit and meet the lender's criteria

- The property to be purchased must be within the administrative area of North East Derbyshire District Council
- The scheme covers both new and second hand properties

4.8

Individuals will apply for assistance by applying for a mortgage with the partner mortgage lender. There is no selection process or nomination process at council level. The scheme will be advertised to raise awareness, but the council will not be involved in any promotion of the scheme as this is a FCA regulated activity and will be managed by the lender. All financial advice will be provided by the lender.

4.9

Should an individual have a complaint in respect of the scheme it will be handled in accordance with the Complaints Procedure, or if it relates to the lending process will be forwarded to the lender for response under their Code of Conduct for Mortgage Lending and usual complaints procedure.

5. Responsibility for Implementation

The Local Authority Mortgage Scheme will be implemented by the Joint Housing and Growth Manager in partnership with Leek United Building Society.

6. Glossary of terms

First time Buyer

Someone who has never had a mortgage or owned a property

Indemnity

Protection against possible damage or loss, especially a promise of payment, or the money paid if there is such damage or loss.

Loan to Value

Relates to how much mortgage you have in relation to how much your property is worth; for example if the property is valued at £200,000 and you have 75% loan to value you will have a loan of £150,000.