

EXECUTIVE COMMITTEE

18th December 2012

KICKSTART PARTNERSHIP

Relevant Portfolio Holder	Cllr Mark Shurmer , Portfolio Holder for Housing
Portfolio Holder Consulted	Yes
Relevant Head of Service	Sue Hanley, Deputy Chief Executive
Wards Affected	All
Ward Councillor Consulted	N/A
Non-Key Decision	

1. SUMMARY OF PROPOSALS

- 1.1 This report informs members of the closure of the national Kickstart Programme and outlines the implications of the closure of the scheme for both the Council, and local residents who have benefitted from the scheme.
- 1.2 The report proposes the Council takes on management of the existing Kickstart loans made to residents in Redditch.

2. RECOMMENDATIONS

The Executive Committee is requested to RESOLVE that

- 1) **the winding up of the Kickstart scheme be noted and the loans granted to RBC residents (as set out in the Deed of Assignment attached at Appendix 1) be re-assigned to the Council so that it can deal with enquiries from borrowers, and manage those loans in the future; and**
- 2) **authority be delegated to the Head of Legal Services to enter into the Deed of Assignment on behalf of the Council.**

3. KEY ISSUES

Financial Implications

- 3.1 The administrative and legal costs of managing the loan portfolio will need to be met from within existing Council resources

Legal Implications

- 3.2 For the Council to take over the loans it will be required to enter into the Deed of Assignment attached at Appendix 1. This is a legal agreement between the Council and the loan company Street (UK) Limited.

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- 3.3 Under the agreement the Council will stand in the shoes of the Street (UK) Limited and the loans will be re-paid to the Council. The Council will also have to take on the administrative work involved in servicing the loans, such as producing annual statements and dealing with customer's repayments. It would also be the responsibility of the Council to deal with any debt collection that may arise due to non-payment, or alternatively to decide to write off the loan.
- 3.4 With regard to the risk of the loans not being re-paid, this should be relatively low as the loans are secured, i.e. a charge has been placed on the customer's property.
- 3.5 There is an urgent need for Members to make a decision on this matter as officers have been advised by Birmingham City Council that the winding up of Street (UK) Limited is imminent. When the company ceases to operate, it will no longer be possible for the agreement for the assignment of loans to be entered into.

Service / Operational Implications

- 3.6 The National Kickstart Programme was established by the Government in 2004 to provide loans to residents on low incomes unable to access finance for home improvements that would enable them to remain living independently.
- 3.7 In the West Midlands region a Partnership of Local Authorities was established with Birmingham City Council hosting a Programme Management Team. Redditch joined the partnership in 2010. The Programme Team procured a loan management company, called Street (UK) Homes Ltd, to manage the provision of secure and unsecured loans provided to home owners. The funding, originating from a national allocation, was to be recycled through the Programme with funds released from repayment of loans reinvested into new loans.
- 3.8 Since 2010 four households in Redditch have benefited from the scheme. Typical home improvements have included replacement heating systems, roofing works and electrics. A number of equity share and unsecured types of loans were offered. The equity share loans were a maximum of £40k and unsecured were a maximum of £2k. Repayment of unsecured loans is typically over 4 years with full repayment anticipated by 2015, but all of the loans made to Redditch residents are secured ones.
- 3.9 In 2010 the Government took a decision to cease to provide Kickstart loan finance. This has necessitated the wind up of the Partnership. As part of this process it is proposed that the remaining secured and

unsecured loans are to be assigned to the relevant Local Authority. This loan portfolio will then become the responsibility of the Local Authority to administer. It has been confirmed that there will be no claw back of capital to Government and the funds released as loans will not be ring-fenced. It is therefore anticipated that Redditch will take responsibility for four secured loans with a value of £78,692 K at 31 March 2012.

- 3.10 Assignment of loans to Redditch will bring with it a series of tasks:
1. Contacting all those with an outstanding loan to confirm new administrative arrangements and providing an annual statement of their loan
 2. Establishing arrangements for any early repayment of loans and administering payments
 3. Responding to HMLR where secure loans are to be repaid on sale of property
 4. Pursuing payment if homeowners dispute or challenge payment due
 5. Responding to requests from solicitors or homeowners for secure loan charge to be reduced e.g. where a further mortgage or loan is being sought
 6. Ensuring searches accurately reflect the existence of a homeowner loan
- 3.11 In principle, the Council has the necessary expertise available to take on the management of these loans, but further detailed discussions will need to take place between the finance, legal and strategic housing teams to agree how these are best managed going forwards.

Customer / Equalities and Diversity Implications

- 3.12 The provision of loans has enabled four households to make improvements to their homes that they would not otherwise have been able to finance. This has supported individuals to continue to live independently and accommodate changes in their family circumstances, so providing ongoing stability for these households remains important.

4. RISK MANAGEMENT

- 4.1 The financial risks associated with taking over the management of these loans are minimal. The original allocation of funding for the loans was awarded as a part of the single capital pot and there is no requirement to repay funds to DCLG. As such all monies received will represent additional allocation of capital which is not ring-fenced.

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- 4.2 Approval is requested to accept the capital monies (secured loan repayments, and any funds associated with the assignment) as they are received in the future, upon sale of the property concerned. In relation to secured loans requests to reduce the Council's charge risks the Council not receiving full payment of the outstanding loan on sale of the property.

5. APPENDICES

Appendix 1 – Draft Deed of Assignment between Street (UK) Homes Limited

6. BACKGROUND PAPERS

RBC Executive report dated 10th March 2010

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