


**NORTH LINCOLNSHIRE COUNCIL
OFFICER DECISION NOTICE AND RECORD
(PUBLISHED)**

1. DECISION TAKEN			
To approve joining the Breathing Space Loan Scheme administered by Wakefield Metropolitan District Council.			
EXECUTIVE	✓	NON-EXECUTIVE	
			(Please tick either)
IS THIS A 'KEY DECISION' ? (see definition overleaf)			Yes No ✓
DOES THIS DECISION RELATE TO EXEMPT INFORMATION?			Yes No ✓
EXEMPT PARAGRAPH REFERENCE (NOT TO BE PUBLISHED)			

2. OFFICER DECISION TAKER	<p>NAME BECKY MCINTYRE</p> <p>POSITION/POST DIRECTOR OF GOVERNANCE AND PARTNERSHIPS</p> <p style="text-align: center;"></p> <p>SIGNATURE</p> <p>DATE 19 March 2019</p>
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3. REASONS FOR THE DECISION (Please ref to any report/minute/background documents attached)	<p>Allows North Lincolnshire Council to create a homeless prevention option for homeowners without the financial liability. It would also give customers an improved offer of assistance, and access to specialist advice and support.</p> <p>It directly contributes to Council priorities, outcomes and the Council plan.</p>
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4. ALTERNATIVE OPTIONS CONSIDERED AND REJECTED (BY DECISION TAKER(S))	<p>Considered the option of doing nothing which would not address the issues affecting home owners and provides no further prevention tools in aiding the Housing Advice Team in keeping people safe in their own homes.</p>
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TO BE COMPLETED BELOW - ONLY WHEN A DELEGATED OFFICER DECISION REQUIRES PRIOR CONSULTATION WITH A MEMBER (LEADER OF THE COUNCIL, CABINET MEMBER/CHAIRMAN OF A COMMITTEE) IN ACCORDANCE WITH THE 'SCHEME OF DELEGATIONS TO OFFICERS' OR DECISION/MINUTE OF COUNCIL/COMMITTEE OR DECISION/MINUTE OF CABINET/CABINET MEMBER.

5. DECISION REQUIRED TO BE TAKEN IN CONSULTATION WITH RELEVANT MEMBER	<p>COUNCILLOR</p> <p>POSITION</p> <p>SIGNATURE</p> <p>DATE</p>
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6. ANY CONFLICT OF INTEREST DECLARED BY ANY EXECUTIVE (CABINET) MEMBER (S) CONSULTED,	
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<p>WHICH RELATES TO THE DECISION, OR (NON-EXECUTIVE) – ANY MEMBER OF THE COMMITTEE THAT DELEGATED THE DECISION TAKEN</p>	
<p>7. WITH REFERENCE TO 6. ABOVE - HAS ANY DISPENSATION BEEN GRANTED TO THE EXECUTIVE (CABINET) MEMBER? (ONLY APPLIES TO EXECUTIVE)</p>	

PLEASE REMEMBER TO ATTACH ANY ACCOMPANYING REPORT.

WHEN COMPLETE, PLEASE SEND TO HEAD OF DEMOCRATIC SERVICES, CIVIC CENTRE, SCUNTHORPE FOR PUBLISHING.

(The definitions of a key decision are when an executive decision is likely -

(i) to result in the Council incurring expenditure or the making of savings (including the receipt or loss of income) over £350,000 in any one financial year; or

(ii) to be significant in terms of its effect on communities living or working in an area comprising two or more wards or electoral divisions in the area of the local authority).

NORTH LINCOLNSHIRE COUNCIL

DIRECTOR OF GOVERNANCE AND
PARTNERSHIPS

BREATHING SPACE SCHEME

1. OBJECT AND KEY POINTS IN THIS REPORT

- 1.1 To seek approval to join the Breathing Space Loan scheme, a homeless prevention tool for home owners.

2. BACKGROUND INFORMATION

- 2.1 The Breathing Space Scheme was established to directly prevent homelessness to homeowners facing repossession action from their lenders. It operates across Yorkshire and the Humber, since being set up in 2009 using Regional Housing Board funding and whilst the majority of Local Authorities in the region are members, including North East Lincolnshire, we currently are not a member.
- 2.2 The Breathing Space scheme is operated by Wakefield Metropolitan District Council ('WMDC'). They process and administer the loans for all of the participating Local Authorities from the initial receipt of the client's referral to payment of the loan and ultimately settlement of the debt.
- 2.3 The primary purpose of the scheme is to help owner occupiers, who find themselves in financial difficulties, to stay in their own home (short term at least) and thus prevent homelessness. There is an expectation that the applicant will be able to meet their mortgage and any secured loan repayments after the period of assistance provided by the loan, or will sell the property.
- 2.4 Every intervention is bespoke to the needs of the client and all funds are paid direct to the lender. To date they have helped prevent homelessness directly in over 400 households and given wider help and advice to almost 3,000 home owners.
- 2.5 The scheme works by offers an interest free loan of between £2000 and £15,000, secured as a legal charge against the applicant's property, in the

name of WMDC. There are no monthly repayments required and the loan is repayable in full at the end of three years. If the loan is not repaid when due, interest will become payable at the Bank of England base rate plus 3%.

- 2.6 The maximum value for all secured borrowing, including the Breathing Space loan must not exceed 90% of the property value.
- 2.7 Prospective applicants receive independent financial advice as part of the loan process, along with debt counselling and money advice. They must also agree to review meetings every three months to monitor their financial situation.
- 2.8 We need to formally delegate to WMDC the function of the payment of loans, on our behalf, under its Breathing Space Scheme.
- 2.9 There is no financial risk to the Council and we are not expected to contribute any funds towards the scheme. In essence, the Regional Housing Board fund carries all the risk and the loan contract is solely between WMDC and the homeowner.
- 2.10 This scheme, by helping prevent re-possession and thus homelessness, contributes to the council priorities of keeping safe and well and enabling communities to flourish as well as directly linking to the outcomes of safe and well.

3. **OPTIONS FOR CONSIDERATION**

3.1 **Option one** – Do nothing.

3.2 **Option two** (the preferred option) -

- Join the Breath Space Loan Scheme and entering into an agreement with Wakefield Metropolitan District Council, who will administer the scheme on our behalf, including the function of the payment of loans under the Breathing Space Scheme; and

4. **ANALYSIS OF OPTIONS**

4.1 **Option one - Do nothing**

4.1.1 This option does not address the issues affecting home owners and provides no further prevention tools in aiding the Housing Advice Team to keep people safe in their own homes.

4.2 **Option two - Join the Breathing Space Loan scheme**

4.2.1 We currently have no loan scheme to assist homeowners. The Housing Advice Team have a number of prevention tools, but most assist tenants not owner occupiers.

4.2.2 In cases where a homeowner is facing repossession, the Housing Advice Team would currently look at trying to source alternative accommodation and refer to Shelter to see if they were able to assist in negotiating with their lender. Our current options are very limited.

4.2.3 Breathing Space allows the Council to create a homeless prevention option for homeowners without the financial liability. It would also give customers an improved offer of assistance, and access to specialist advice and support and it minimises the risk to the public purse by eliminating the need to use emergency accommodation or rehousing.

4.2.4 North Lincolnshire Council would not be required to underwrite the risk of unpaid loans or take responsibility for debt recovery.

5. FINANCIAL AND OTHER RESOURCE IMPLICATIONS (e.g. LEGAL, HR, PROPERTY, IT, COMMUNICATIONS etc.)

5.1 There are no financial implications for the Council that arise from this report.

5.2 Funding for the Mortgage Breathing Space scheme is held by WMDC, on behalf of the Yorkshire and Humber region.

6. OTHER RELEVANT IMPLICATIONS (e.g. CRIME AND DISORDER, EQUALITIES, COUNCIL PLAN, ENVIRONMENTAL, RISK etc.)

6.1 This arrangement carries very little risk to the Council, given that the operators of the scheme, WMDC, are at arm's length and the Regional Housing Board fund carries all the risk.

6.2 The scheme fits with our current loan principles:

- It supports the Council Strategy and directly helps deliver council outcomes of safe and well and council priorities.
- Is authorised under statutory powers
- Is planned not reactive
- Is on a Commercial basis: base rate + 3% after initial period
- Minimises the risk to the public purse - sale of the property is proposed if the borrower is not able to repay after three years
- Demonstrates that the Council is lender of last resort.

7. OUTCOMES OF INTEGRATED IMPACT ASSESSMENT (IF APPLICABLE)

7.1 N/A

8. OUTCOMES OF CONSULTATION AND CONFLICTS OF INTERESTS DECLARED

8.1 We have discussed the proposal and scheme with the Head of Financial Services and he fully supports us joining the Breathing Space Scheme.

9. **RECOMMENDATIONS**

9.1 That the Director for Governance and Partnerships accepts that this is an operational decision and approves Option 2.

Head of Service Waste and Public Protection

Civic Centre/
Church Square House
SCUNTHORPE
North Lincolnshire
Author: James Jellinek
Date: 7th March 2019

Background Papers used in the preparation of this report – Breathing Space Handbook



MORTGAGE BREATHING SPACE

A HELPING HAND FOR HOMEOWNERS





HELP

Are you worried about not having enough money to pay your mortgage or secured loans?

If you're a homeowner and struggling to make ends meet, there is help available through the Yorkshire and Humber Mortgage Breathing Space Scheme.



LOANS

We may be able to help you with an interest free secured loan to pay your mortgage arrears and up to 12 months mortgage payments

You may have got into difficulties because of a drop in your income due to losing your job, ill health or some other change in your circumstances.

We can offer loans between £2,000 and £15,000 to meet your individual needs.

Our loans are interest free for 3 years.

There are no fees or charges.



WHAT NEXT

We'll work out your household budget with you and complete an application together.

You'll receive independent financial advice from an advisor of your choice and we'll talk to your mortgage company for you.

We'll do a valuation of your home and a credit search.

The loan is secured as a legal charge on your home and is repayable in full at the end of the 3 year term.

Your total secured borrowing including this loan must not be more than 90% of the value of your home.



IMPORTANT INFORMATION

The Mortgage Breathing Space loan will be paid direct to your mortgage lender and no interest or fees will be charged.

If the loan is not repaid on the repayment due date and a balance remains outstanding, interest will be charged at BOE plus 3%.

You must agree to meet with us every 3 months throughout the life of the loan.

All owners of the property must agree and sign the application.

You must live in your home and not rent it out.

Valid building insurance must be kept in place throughout the loan period.

There are more terms and conditions. A copy of these will be given to you when we complete your application.

YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP PAYMENTS ON A MORTGAGE OR ANY OTHER DEBT SECURED ON IT.

THINK CAREFULLY BEFORE SECURING OTHER DEBTS AGAINST YOUR HOME.



WHAT TO DO IF YOU HAVE A COMPLAINT

If you want to make a complaint about the
Mortgage Breathing Space Scheme, please contact:

Wakefield Council
Customer Relations
Wakefield One
Burton Street
Wakefield
WF1 2EB

Telephone: 0345 8 506 506

Email: customerrelations@wakefield.gov.uk

If we cannot settle your complaint, you may be entitled to refer it to
the Local Government Ombudsman.

The Yorkshire and Humber Mortgage Breathing Space partnership covers:

Barnsley
Bradford
Calderdale
East Riding of Yorkshire
Hambleton
Harrogate
Hull
Kirklees
Leeds
North East Lincs
North Lincs
Richmondshire
Rotherham
Ryedale
Scarborough
Selby
Sheffield
Wakefield
York

FOR MORE INFORMATION PLEASE CONTACT

01924 305892
mortgagehelp@wakefield.gov.uk

Free debt advice is available at:

Step Change

Telephone: 0800 138 1111 (freephone)
Website: www.stepchange.org.uk

National Debtline

Telephone: 0808 808 4000 (freephone)
Website: www.nationaldebtline.co.uk

Shelter Helpline

Telephone: 0808 800 4444
Website: www.shelterline.org.uk

The loan amount you are offered will be decided by the Council.
The scheme is administered by Wakefield Council, on behalf of local authority partners in Yorkshire and Humberside.