

## **Tamworth Borough Council Repossession Prevention Fund**

### **Policy statement**

#### **Introduction**

The Prevention Fund forms part of the 'toolkit' of options developed to assist the Housing Advice Team in preventing homelessness. This discretionary scheme was originally approved by Cabinet in March 2010 and has been in operations since funded by CLG homelessness prevention grant and awarded to local authorities designated as 'hotspots' for repossession.

The purpose of the fund is to enable local authorities to extend loans not exceeding £5000 to families at risk of repossession or eviction.

The fund may be used in isolation or in conjunction with other preventative measures such as the Mortgage Rescue Scheme (MRS)

The fund is not limited to homeowners but may also be used to assist tenants in the private and social rented sectors who are struggling with payments

The payment is by way of an interest free loan. Any loan should have a repayment term not exceeding 5 years. There is provision within the scheme for the loan to be converted into a grant at the discretion of the Authority. Situations where this may be appropriate are at the discretion of the Deputy Director (Housing & Health) as detailed in the accompanying procedure.

Any payment from the fund should be sufficient to prevent homelessness and be sustainable in the long term.

#### **Eligibility Criteria**

The following eligibility criteria need to be satisfied in order for an application for assistance under the scheme to be considered:

- The applicant must be resident in the Borough or have a qualifying local connection to the borough as defined under homelessness legislation
- Applicants must be in danger of becoming homeless as defined in legislation
- Applicants must be vulnerable although this test is not as rigid as the test applied under homelessness as detailed in the accompanying procedure

- Intentionality is not a barrier to receiving assistance from the fund, however CLG suggests that housing advice teams avoid what is referred to as 'moral hazard' so that those households who could have paid their housing costs and have chosen not to do so do not benefit from the fund.
- Applicants must have received money advice from the Citizens Advice Bureau (CAB) and be willing to act on the advice given in order to resolve their problems
- The housing advice team should assess the sustainability of any planned outcome before the RPF is used. The RPF should not be used to defer homelessness it should be used to address the root causes.

### **Risks and Mitigations**

The scheme is funded from CLG grant allocation and is cash limited. Tamworth Borough Council reserves the right to cease the scheme at any time.

Any payment from the scheme is by way of an interest free loan which will be collected from the applicant via the Councils debt collection systems.

No payment is made to the applicant or any member of the applicant's household; all transactions are via the Councils Efin system and are made to the person or organisation that requires such a payment in order to prevent the household from becoming homeless.

Acceptance onto the scheme is dependent upon the household taking and acting on money advice provided by CAB

In circumstances where a loan from the fund will compound the applicants financial difficulties no payment will be made

In the event that the maximum loan period has expired and there is still money outstanding, the case will be referred to the Deputy Director (Housing & Health) and the Head of Revenues for a decision on whether the loan should be extended with interest charged at the Bank of England rate at the time, or converted to a grant and written off.

**Policy Date:** October 2011

**Review Date:** October 2013

**Approved by:** Cabinet