

Cabinet Members for Prosperity and Performance & Capacity

Agenda

Date: Tuesday, 24th November, 2009
Time: 10.00 am
Venue: Fred Flint Room, Westfields, Middlewich Road, Sandbach
CW11 1HZ

The agenda is divided into 2 parts. Part 1 is taken in the presence of the public and press. Part 2 items will be considered in the absence of the public and press for the reasons indicated on the agenda and at the foot of each report.

PART 1 – MATTERS TO BE CONSIDERED WITH THE PUBLIC AND PRESS PRESENT

1. **Apologies for Absence**

2. **Declarations of Interest**

To provide an opportunity for Members and Officers to declare any personal and/or prejudicial interests in any item on the agenda

3. **Public Speaking Time/Open Session**

In accordance with Procedure Rules Nos.11 and 35 a period of 10 minutes is allocated for members of the public to address the meeting on any matter relevant to the work of the meeting. Individual members of the public may speak for up to 5 minutes but the Chairman will decide how the period of time allocated for public speaking will be apportioned where there are a number of speakers. Members of the public are not required to give notice to use this facility. However, as a matter of courtesy, a period of 24 hours' notice is encouraged.

Members of the public wishing to ask a question at the meeting should provide three clear working days' notice, in writing, in order for an informed answer to be given.

4. **Request for Grant by Crewe and Nantwich Twinning Association (Pages 1 - 2)**

To consider a request by Crewe and Nantwich Twinning Association (CANTA) for grant funding.

Contact: Paul Mountford, Legal and Democratic Services
Tel: 01270 529749
E-Mail: paul.mountford@cheshireeast.gov.uk

5. **Appointment to Outside Organisation – LGA Urban Commission** (Pages 3 - 6)

To appoint Councillor Peter Mason to replace Councillor Jamie Macrae on the LGA Urban Commission.

6. **Assisted Purchase Scheme** (Pages 7 - 14)

To consider the adoption of an Assisted Purchase Scheme for Cheshire East.

(There are no Part 2 items)

CHESHIRE EAST COUNCIL

Cabinet Member for Performance and Capacity

Date of Meeting: 24 November 2009
Report of: Democratic Services Manager
Subject/Title: Request for Grant by Crewe and Nantwich Twinning Association

1.0 Report Summary

- 1.1 This report deals with a request by Crewe and Nantwich Twinning Association (CANTA) for grant funding.

2.0 Recommendation(s)

- 2.1 That the Portfolio Holder give consideration to, and determine, CANTA's request for grant funding.

3.0 Reasons for Recommendation

- 3.1 In order to respond to the request.

4.0 Wards Affected

- 4.1 As CANTA was the twinning association for the former Borough of Crewe and Nantwich, its remit extends to the former Borough's Wards. However, the Council is now undertaking a review of twinning activity for the whole of the Cheshire East Borough, which will have an impact in the future on the activities of CANTA.

5.0 Local Ward Members

- 5.1 All former Crewe and Nantwich Borough Councillors are affected.

6.0 Policy Implications including

- 6.1 The Council's policy on twinning is being reviewed. This may take between 12-18 months. In the meantime, requests for grant funding must be dealt with, hence the need for this report.

7.0 Financial Implications for Transition Costs

- 7.1 There are no such implications.

8.0 Financial Implications 2009/10 and beyond

- 8.1 The determination of this grant application has no such implications.

9.0 Legal Implications

- 9.1 The Portfolio Holder has powers to determine this grant application since Twinning matters form part of his portfolio of responsibility under the Council's Constitution. There appear to be no other legal implications.

10.0 Risk Management

- 10.1 No risks can be identified which are associated with the determination of the grant application.

11.0 Background and Options

- 11.1 Cabinet considered a report on twinning on 14th July and asked the Portfolio Holder to advise it upon how twinning for the new authority should be taken forward.
- 11.2 It was acknowledged that a review of twinning arrangements would take between 12-18 months to complete. In the meantime, the Council can be expected to receive requests for grants etc relating to twinning. These will need to be determined prior to implementation of the Council's review recommendation.
- 11.3 Crewe and Nantwich Borough Council used to provide an annual grant to CANTA in the sum of £5000. CANTA has received no such grant from Cheshire East Borough Council since the beginning of the current municipal year and has made a request for payment.
- 11.4 Whilst the Council only has a net budget of just over £17,000 for the whole of the Borough, this includes specific budget for the £5,000 previously paid to CANTA. The review of twinning arrangements may well result in alternative funding arrangements being considered for the future but, since we are already more than half way through the financial year without any of the budget having been spent, it would be appropriate for the Portfolio Holder to consider making a payment to CANTA in line with that which was paid last year by Crewe and Nantwich Borough Council.

12.0 Access to Information

The background papers relating to this report can be inspected by contacting the report writer:

Name: Brian Reed
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CHESHIRE EAST COUNCIL**Cabinet Member for Prosperity**

Date of Meeting:	24 November 2009
Report of:	Democratic Services Manager
Subject/Title:	Appointment to Outside Organisation – LGA Urban Commission

1.0 Report Summary

- 1.1 The report invites the Cabinet Member for Prosperity to appoint Councillor Peter Mason to replace Councillor Jamie Macrae on the LGA Urban Commission.

2.0 Recommendations

- 2.1 That

(1) Councillor Peter Mason be appointed to the LGA Urban Commission, with immediate effect, to replace Councillor Jamie Macrae; and

(2) the appointment terminate on 5 May 2011 (the date of the local elections).

3.0 Reasons for Recommendations

- 3.1 The decision ensures that representation is the maximum permitted.

4.0 Wards Affected

- 4.1 N/A

5.0 Local Ward Members

- 5.1 N/A

6.0 Policy Implications

- 6.1 None identified.

7.0 Financial Implications for Transition Costs (Authorised by the Borough Treasurer)

- 7.1 None identified.

8.0 Financial Implications 2009/10 and beyond (Authorised by the Borough Treasurer)

8.1 None identified.

9.0 Legal Implications (Authorised by the Borough Solicitor)

9.1 The appointment of representatives to outside organisations can have implications for those members who are appointed, such as in relation to legal liabilities and ethical issues. Whilst the Council has resolved to offer indemnity to its members to the maximum extent allowed by law, and further training and guidance on these issues is being prepared, legal advice should be sought by any member appointed to any outside organisation, should any doubt arise.

10.0 Risk Management

10.1 None identified.

11.0 Background and Options

11.1 At its meeting held on 3rd March 2009, the Cabinet made appointments to all outside organisations on the Category 1 Schedule (ie. high level strategic or statutory organisations).

11.2 Councillors B G Silvester and J Macrae were appointed to the LGA Urban Commission at that time.

11.3 The Urban Commission provides the forum within the Local Government Association (LGA) for member authorities whose areas are wholly or partly urban. It acts in a way which complements the principles of the LGA as a whole.

The purpose of the Commission is to –

- Provide the forum in which urban authorities can discuss matters of common concern and exchange good practice and experience.
- Assist the LGA to take into account the needs, priorities and aspirations of urban authorities in formulating and promoting its policies.
- Help the LGA to promote the role and interests of urban authorities and the ability of those authorities to meet the needs of the communities they serve.

11.4 Councillor Macrae has resigned from this appointment and a replacement is required. Councillor Mason has expressed a willingness to be appointed.

11.5 Procedure for Dealing with Casual Vacancies

When casual vacancies on outside organisations occur, the current procedure is for reports to be submitted to the full Cabinet.

Notwithstanding this, there are existing powers under the Council's Constitution which provide for Cabinet Members to agree appointments to outside organisations which fall within their portfolio.

It is suggested that rather than waiting for these to be agreed by the collective Cabinet, the individual Cabinet Members use their powers for casual vacancies, thereby reducing the burden upon Cabinet.

12.0 Overview of Year One and Term One Issues

12.1 None identified.

13.0 Access to Information

The background papers relating to this report can be inspected by contacting the report writer.

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CHESHIRE EAST COUNCIL

Cabinet Member for Prosperity

Date of the meeting: 24 November 2009

Report of: Director of Places

Subject/Title: Assisted Purchase Scheme

1.0 Purpose of Report

- 1.1 This report explains the amendments made to the Assisted Purchase Scheme which was previously administered by Congleton Borough Council and which is now to be adopted and applied across Cheshire East.

2.0 Recommendation

- 2.1 That the Assisted Purchase Scheme, as amended and set out in the Appendix to the report, be adopted and applied across Cheshire East.

3.0 Reasons for Recommendations

- 3.1 To re-launch the Assisted Purchase Scheme across Cheshire East and enable first time buyers to access the housing market.

4.0 Wards Affected

- 4.1 N/A

5.0 Local Ward Members

- 5.1 N/A

6.0 Policy Implications including - Climate change - None - Health - None

7.0 Financial Implications for Transition Costs (Authorised by the Borough Treasurer)

- 7.1 Cheshire East made a capital provision of £600,000 for the Assisted Purchase Scheme which has been funded through the Regional Housing Pot allocation for 2009/10.

8.0 Financial Implications 2009/10 and beyond (Authorised by the Borough Treasurer)

- 8.1 Whilst there are currently no further capital budgets approved for the scheme, the intention is to put forward a further proposal for consideration as part of the Council's medium-term business planning and budget preparation processes.
- 8.2 Any income received from the sale of the properties has to be ring-fenced back into the scheme.

9.0 Legal Implications (Authorised by the Borough Solicitor)

- 9.1 A legal charge is placed on the property to enable the authority to reclaim its investment on sale of the property. This system is already in operation.

10.0 Risk Management

- 10.1 The amendments to the policy will give a time frame in which the assistance has to be repaid. If this is not included, it will not be possible to forecast when the investment is likely to be recycled back into the scheme.
- 10.2 The spending of the Regional Housing Pot allocation is monitored by the 4NW and has to be used to meet the priorities of the Regional Housing Strategy, which included the delivery of affordable housing. The authority will be highly criticised if the funding is not utilised effectively for housing purposes.
- 10.3 If the property market is buoyant at the time of sale, the authority could expect an increase in its original investment. However, it also takes the risk that if the property market is in decline, the return may be less than the original loan.

11.0 Background and Options

- 11.1 In 2006, Congleton Borough Council launched the Assisted Purchase Scheme to help first time buyers to assess the housing market. The authority offered a 25% interest-free loan on open market properties up to a maximum purchase price of £140,000. The loan was not interest bearing, but was repayable on the sale of the property; the authority would expect to receive 25% of the open market value. If the property market was buoyant at the time of sale, the authority could expect an increase in its original investment. However, it would also take the risk that if the property market was in decline, the return may be less than the original loan.
- 11.2 In 2008/09 Congleton Borough Council helped 14 first time buyers to access the housing market through the scheme with average payments of £32,142. The scheme was very popular, with a waiting list in operation.

- 11.3 In the current economic climate, with lenders insisting on 20-35% deposits, the scheme is a very attractive offer. However, the scheme is not yet about assisting those who do not have a deposit. Applicants have to demonstrate that their income would not allow them to purchase the property at its open market value without assistance from the authority.
- 11.4 A capital request was put before Cheshire East Council to enable the scheme to continue under the new authority. £600,000 was approved which was met by the Regional Housing Pot allocation for 2009/10.
- 11.5 Having considered the original criteria for the scheme, the Officers would propose the following amendments:
- Applicants can apply for a 25% loan on properties up to a maximum value of £180,000, with maximum assistance of £45,000.
 - Applicants would be expected to repay the loan in full within a ten year period from completion. A legal contract would have to be entered into by the applicant and a registered charge would also be placed on the property.
 - If, after a ten year period, the applicant states that they are not in a financial position to repay the loan, a financial assessment will be carried out to verify this. The Strategic Housing Manager, in conjunction with the Borough Treasurer, can then take the decision either to extend the loan period for a further period of time (maximum of ten years) or to apply interest to the loan at the Bank of England base rate if it is felt that no provision has been made to repay the loan.
- 11.6 The full Scheme, incorporating these amendments, is set out in the Appendix.

12.0 Overview of Year One and Term One Issues

- 12.1 In order to utilise the capital budget and meet the needs of first-time buyers, the policy needs to be amended and re-launched across Cheshire East.

13.0 Access to Information

The background papers relating to this report can be inspected by contacting the report writer:

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APPENDIX

CHESHIRE EAST COUNCIL'S ASSISTED PURCHASE SCHEME SCHEME RULES FOR PROFESSIONALS

The aim of the Scheme:

To assist first time buyers to access the housing market.

Who can apply:

Those applicants who are on the Council's Affordable Housing Waiting List and satisfy all of the following criteria:

- They are usually first time buyers, or people without any current interest in property.
- They live, work or have a first line relative living within Cheshire East.
- They are in housing need: Definition of housing need:

A household in unsuitable housing and unable to afford to rent or buy on the open market.

- Existing tenants of Registered Social Landlord's (RSL) can apply on the grounds that their existing rented property can be re-let. The Equity Share Scheme will not assist RSL tenants to purchase their property through the right to buy/acquire schemes.

An applicant must meet the above criteria then they must satisfy the authority that they can:

- Only afford to purchase 75% of the property, this figure not exceeding £135,000 with the Local Authority making up the remaining 25% to a maximum purchase price of £180,000.

The applicant must complete an application form in which financial information and evidence will be sought to determine the value of properties they can purchase. We calculate this by taking the main earners gross wage and multiplying it by 3.75, if purchasing with a partner/spouse then we would use 3.5 x the joint income plus any savings, as shown below:

Applicant	Wage	17000	X3.5	94500	Single Applicant	19000 x3.75	71250
Ptnr	Wage	10000					
Savings		5000		5000	Savings	10000	10000
				99500			81250

In the example of the couple:

75% of purchase price being maximum of £99,500

25% interest free loan from Local Authority, maximum of £33,166

Maximum purchase price = £132,666

In the example of a single applicant:

75% of purchase price being maximum of £81,250

25% interest free loan from Local Authority £27,083

Maximum purchase price = £108,333

An applicant must be able to obtain a mortgage to cover their contribution and have savings to cover the costs of purchasing the property for example legal charges and search costs.

- Applicants must have no outstanding arrears on any previously rented properties.

How does the Assisted Purchase Scheme work?

The scheme enables those applicants who meet the qualifying criteria to purchase 100% of a property on the open market up to a limit of £180,000. (These figures will be reviewed on an annual basis by the Housing Department using Land Registry Data). This must be funded through a mortgage from an approved lender (a building society, bank, friendly society or an insurance company) and personal savings. The mortgage must not exceed 75% of the purchase price.

Cheshire East will provide an interest free loan to cover the 25% of the purchase price for a ten-year period. The applicant will be expected to make provision to enable the loan to be repaid in full within this time period. If the loan is not repaid within the specified time, either by the sale of the property or buy out of the loan, then the applicants will be financially re-assessed and the Strategic Housing Manager in conjunction with the Borough Treasurer will take the decision based on an individual basis, to either extend the loan for a further period of time (maximum ten years) or to apply interest to the loan at the levels in line with the Bank of England base rate, which may be variable during the time period.

If the authority agree to extend the period of time and do not apply interest at this stage and after the agreed period of time the applicant has still made no provision to repay then the authority will apply interest and work out a repayment plan with the applicant.

The loan is secured as a second charge upon the property.

The properties purchased **must be the permanent primary and sole residence** of applicants.

What type of Property can an applicant buy?

Properties which are:

- Houses and flats within the Borough of Cheshire East. (To meet the needs of the applicant: single/couple maximum 2 bed)
- Acceptable for mortgage purposes.
- A residential property which is being sold with vacant possession.
- The property is fit to live in and is supported by a Homebuyers survey. Properties in poor condition which the mortgage lender would hold a retention exceeding £3,500 will not be considered
- Freehold property (In some cases a leasehold will be accepted as long as the lease has a remaining term of at least 55 years)
- The purchase price does not exceed £180,000.

We will not accept properties which are:

- On sale at auction.
- Properties which are offered under another affordable housing scheme for example shared ownership.
- Self build properties.

How does an applicant apply?

The applicant will need to complete an application form which can be obtained from the Housing Department.

When this has been completed and the application form returned a letter of approval "in principle" will be sent out within 14 days enabling them to proceed further. This **DOES NOT** represent a commitment on behalf of the local authority at this stage. It allows applicants to search for a suitable property. Once they have identified a property they **MUST** then come back to the Local Authority to confirm that funding is available before proceeding with a sale. If the local authority refuses the application a letter will be sent stating the reasons why.

The letter of approval will give permission to look for a property up to a certain price limit. When they have found a suitable property they **MUST** then confirm that Local Authority Funding is still available, and then negotiate a price that will not exceed the Assisted Purchase price limit set.

Once the property has been surveyed (Home Buyers Report) a copy is sent to the local authority for approval. Once approval has been given by the Local Authority a further letter will be produced outlining the terms of the offer, only then will the

applicant be able to enter into a legal agreement. The local authority will provide a letter detailing the scheme for the applicant's solicitor.

After the property has been purchased.

When the property is purchased it will be owned outright by the applicant who will therefore be responsible for all repairs and maintenance as well as meeting the mortgage repayments. The applicant must also ensure that the property is insured in case of fire etc.

The applicant must inform the local authority in writing of any alterations or improvements which they intend to carry out to the property and await approval before commencing. If an applicant wishes to consider taking out any further loans that will be secured against the property they must consult the local authority before proceeding. Loans should not exceed 75% of the property valuation.

The Local Authority reserves the right to revalue the property at regular intervals.

Fees

The local authority will charge a fee of £250 plus VAT to cover administrative and legal costs.

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