

ITEM 4

Time started – 6.00pm
Time finished – 7.40pm

COMMUNITY COMMISSION 2 DECEMBER 2009

Present: Councillor Grimadell (Chair)
Councillors Bayliss, Chera, Leeming, Lowe, Redfern and
Richards

In Attendance: Councillor Troup

60/09 Apologies for Absence

Apologies for absence were received from Councillor R Khan

61/09 Late Items introduced by the Chair

There were no late items but the Chair agreed to the circulation of additional documentation in relation to Minute 66/09

62/09 Declarations of Interest

Councillors Bayliss and Redfern declared personal interests as Council-appointed members of the Board of Derby Homes and Councillor further Bayliss declared a personal interest in minute 68/09 as he is a shareholder at Midland Community Finance.

63/09 Minutes

Resolved that the minutes of the meeting held on 26 October 2009 be confirmed as a correct record and be signed by the Chair.

64/09 Call-in

There were no call-ins to report to the Commission.

65/09 Councillor Call for Action

There were no Councillor Calls for Action to report to the Commission.

Responses of the Council Cabinet to any reports of the Commission

66/09 Community Legal Advice Centre

The Commission received Minute 95/095 setting out the response of Council Cabinet to the Commission's report on this matter. A full report on demand for CLAC services had been commissioned by the Cabinet.

Resolved a) to note the response and b) look forward to a favourable conclusion on the funding of the CLAC following Cabinet's receipt of the report it had commissioned.

67/09 Exeter House

The Commission received Minute 98/09 recording the response of Council Cabinet to the Commission's views on this matter. The Cabinet had reaffirmed the decision made at the individual Cabinet Member meeting to increase the finance for this scheme.

Resolved a) to note the response and b) record disappointment at the waste of public money to be caused by proceeding with rather than abandoning the scheme.

Items for Discussion

68/09 Financial Inclusion in Derby: the contribution of Midlands Community Finance

The Commission received a presentation by representatives of Midlands Community Finance. Alec Shelton, Chair of the Board of the Directors, informed Members that this organisation was formed out of the first topic review by Derby City Council. This company has been able to make a real contribution to the community and has been able to provide loans to individuals who are unable to access affordable credit from mainstream banks.

Chief Executive at Midlands Community Finance, Melanie Andrew, stated that from 2004 – 2006 the company received funding from Derby Homes and Derby City Council. Originally named Derby Loans, Midlands Community Finance (MCF) has now expanded across the Midlands and has delivered £2million in loans since it was established. Currently MCF is working with Derby City Council's housing options team to provide a homeless prevention fund and the money used can then be recycled back within the system. They would also like to expand and provide loans to other deprived communities including housing association tenants.

Loans from MCF have been on the increase, which is normal in the Christmas period. The areas in Derby that have the most loans are: Mackworth, Normanton, Chaddesden, Alvaston and Boulton wards.

The Chair asked what percentage interest a customer could expect to pay on a loan. The MCF Chief Executive stated that a personal loan customer would pay 25 percent APR, though this is under review, and a business would pay

14 percent APR. Although this may seem high the only other alternative is to use a provider such as Provident who now charge 272% percent interest. Loans are on average between £400 and £500. Mainstream banks will not offer these small loans because of the administrative costs involved and the higher risk of lending to low income households often with a poor credit history.

The new homeless prevention fund is intended to be interest free. The MCF is trying to expand its service into Nottinghamshire. However, further growth of the business is dependent on the amount of funding the company can gain access to.

Councillor Bayliss informed the Commission that this scheme is the only regeneration initiative that has been able to self-finance its activities. He said that the Council should support its work. Financial inclusion should also be included in the Community Strategy. He suggested that one way to increase the company's income would be to raise the interest on the business loans. Alec Shelton, Chair of the Board of the Directors, stated that the board had debated the prospect of increasing the interest on business loans.

Councillor Leeming asked who MCF is accountable to. The Chief Executive of MCF stated the company is accountable to the shareholders, customers and the board. If there is ever a gap in the MCF's funding then additional finances would need to be found. Funding is normally sourced through the interest gained on the loans the company provides. Councillor Leeming asked if MCF has ever not recovered any monies loaned to individuals. The MCF Chief Executive informed the Commission that up to 2008 14 percent of loans had been lost and that had risen to 18 percent in the last 12 months. The industry average is 41 percent losses.

Councillor Redfern asked if MCF is linked to the Financial Services Authority. The MCF Chief Executive is registered with the FSA and audited by the DWP quarterly.

Councillor Richards asked MCF to provide a breakdown of their clients' ethnicity.

Councillor Leeming asked for the proposals on the homeless prevention to come back before the Commission.

Resolved to:

A. Note the report;

B. Congratulate Midlands Community Finance for their work to date;

C. To recommend that financial inclusion be incorporated into the new Community Strategy;

- D. To request that the proposals on the homeless prevention scheme be brought before the Commission; and**
- E. For a breakdown of the ethnicity of MCF's clients be provided to Councillor Richards.**

69/09 Creation of a Tenancy Sustainment Team

It was reported that this report would no longer be considered at Cabinet on 15 December 2009. After having the proposals described, the Cabinet Member for Housing and Public Protection informed the Commission that Cabinet was concerned about the impact this scheme would have on tenants who are ineligible for housing benefit. The Chair asked when the likely implementation date will now be. The Assistant Director Housing and Advice said the scheme would now be rolled back until it has gained Cabinet approval, expected to be in early 2010. After discussion, including the observations of Councillor Bayliss who was aware of the details through his membership of the Derby Homes Board, the Commission stated that they would have supported the proposal in its current form.

Resolved to note and endorse the report in its present form.

70/09 Rent levels and Housing Benefit subsidy

The Commission received a report by the Corporate Director of Resources on a housing project in Derby. The Assistant Director Housing and Advice informed the Commission that the Housing project provides accommodation and intensive management support for vulnerable people. The rent and service charge at these addresses are considered high. The Housing Benefit legislation includes rules which require authorities to restrict the rent or service charge where it is high and certain conditions are met. He informed Members that all the residents at this project claim Housing Benefit and the full rent and service charge are met through Housing Benefit. In most cases the Government reimburses the local authority in full for the Housing and Council Tax Benefit payments they meet. But in some cases, for example where the rent is high, the subsidy paid is less than the amount the authority originally paid. In this case Derby City Council are losing subsidy because of the high rents being charged.

Sarah Hernandez and Jackie Carpenter, representing Derbyshire Housing Aid, the scheme operator also addressed the Commission and answered Members' questions.

Councillor Bayliss stated that the Council needs to take steps to protect itself if this is costing huge amounts of money. However, if the problem is moved away from here it will only move elsewhere. He stated that a base rate of rent level should be established. He asked where the units are based. The Assistant Director Housing and Advice said that the units are all over the city and are rented from private landlords.

Resolved to recommend that Council Cabinet:

- A.**
 - a) endorse the following steps: that Derbyshire Housing Aid seek**
 - i) to obtain the status of Registered Social Landlord or, if unsuccessful,**
 - ii) an exemption from the Department for Communities and Local Government so that full subsidy can continue to be recovered on the current level of housing benefit**
 - b) should neither route be successful and the proposed eligible service charge limits then be implemented on new claims, consideration be given by DHA to reducing the number of units to approximately 100, linked to the matching increase in supply of move-on units commissioned through Supporting People so that total capacity be protected**
- B.**
 - accept the Commission's finding that reductions in the volume and range of supported accommodation are likely to be manifested in other ways such as increased street homelessness, begging and other anti-social behaviour and cost Council Tax payers more to address than the savings generated by proceeding with the proposed Key Decision.**

71/09 Review of Homelessness

The Commission considered appointing Members to a Sub Group with delegated authority to finalise the review of homelessness.

Resolved to appoint Councillors Bayliss, Grimadell and Lowe to form a Sub Group with delegated authority to finalise the review of homelessness.

72/09 Retrospective Scrutiny

There were no items of retrospective scrutiny.

73/09 Council Cabinet Forward Plan

Members considered the current forward plan and the items which fall into the Commission's remit.

Resolved to:

- A. Recommend that Cabinet take a decision on the Future of Private Sector Housing Renewal Programme subject to the Commission passing comment; and**
- B. Review the Annual Arts Grants Report 2010/11 (ref 48/09).**

74/09 Matters referred to the Commission by Council
Cabinet

There were no items referred to the Commission by Council Cabinet.

MINUTES END