

Nottingham City Council Delegated Decision



Nottingham
City Council

Reference Number:

3921

Author:

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Department:

Development and Growth

Contact:

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Subject:

Provision of FCA Regulated Loan and Mortgage Portfolio Management by Gemini Consultants Ltd

Total Value:

£85,000 (Type: Revenue)

Decision Being Taken:

To appoint Gemini Consultants Ltd to manage the loans and mortgage portfolio of the Equity Loan Fund, including the administration of new equity loans.

To pay Gemini Consultants Ltd up to £85,000, across 5 years, from the Equity Loan Fund (ringfenced outside of council resources for the delivery of works to address category 1 hazards or similar in the home and revenue costs of operating that scheme).

To approve dispensation from Contract Procedure Rule 4.1.1 in accordance with Financial Regulation 3.29 to award the contract to Gemini Consultants for the reasons set out in this report.

Reasons for the Decision(s)	<p>Nottingham City Council is not Financial Conduct Authority registered and therefore cannot reasonably offer or administer interest bearing loans over £3,000 to the public.</p> <p>The Staying Put Equity Loan Scheme provides vulnerable homeowners whose home is in severe disrepair (category 1 hazards or similar, posing a risk to health) and cannot afford to repair it themselves or access high street finance to do so, with an equity loan. The works are undertaken and the loan is repaid plus a proportion of the uplift in the value of the property the period, when the property changes hands.</p> <p>Usually, these loans are in the region of £15,000 and are administered directly to AGE UK Notts as the established referral gateway and project manager for works, though in some cases the Council may refer the household to the equity loan fund and different contractors/project managers may be used. It is not anticipated that the scheme will extend more than 15 loans per year at this value, so total spend will not exceed the threshold set by the loan administration company, after which an interest would be charged (1% on total loan value over £300,000).</p> <p>The Equity Loan Fund and, therefore fund administrator, will also be used to assist vulnerable households who would otherwise be unable to fund important improvements and works to their home, i.e. those without their own funds or reasonable access to high street finance.</p> <p>The contract will be managed via a service specification including regular performance monitoring.</p> <p>The current contract for new loans, which was based on a set number rather than value of loans, has ended and the current contract for maintenance of existing loans, is due to expire next year (2021), which can also be transferred to Gemini Consultants Ltd, subject to a further DDM. Renewal was considered to be less value for money than appointing a new provider.</p>
Other Options Considered:	<p>To continue with the current provider. This was not considered to be good value for money. This option has been rejected.</p> <p>To not have a provider. This would restrict access to the scheme to those requiring £3,000 or less to make their home safe and suitable. This would disadvantage those who are vulnerable and whose homes require the most work. This option has been rejected.</p>
Background Papers:	None
Published Works:	<p>'East Midlands Pilot Equity Loan Scheme' report to Executive Board on 24 February 2009 (minute 143)</p> <p>Decision 151 'Amendments to the East Midlands Equity Loan Pilot Scheme'</p>
Affected Wards:	Citywide
Colleague / Councillor Interests:	None
Dispensation from Financial Regulations:	Yes

Consultations:	Those not consulted are not directly affected by the decision.
Crime and Disorder Implications:	n/a
Equality:	EIA not required. Reasons: EIA provided for service that the loan administration will feed into.
Decision Type:	Portfolio Holder
Subject to Call In:	Yes
Call In Expiry date:	06/07/2020
Advice Sought:	Legal, Finance, Procurement
Legal Advice:	This report does not raise any significant legal issues as the contract value is below the applicable financial threshold for holding a competitive tender as provided in the Public Contracts Regulations 2015. An agreement should be put in place with Gemini Consultants to ensure they administer the fund in accordance with the City Council's requirements, are responsive to the needs of the vulnerable citizens, have in place appropriate complaints procedures and will provide to the City Council the necessary financial reports. Advice provided by Andrew James (Team Leader Contracts and Commercial) on 21/01/2020.

Finance Advice:

The Equity Loan Scheme provides householders with access to a loan from the council to undertake urgent health and safety works to their home (see report approved by Executive Board on 24 February 2009 and Portfolio Holder Decision 0151 signed 4 April 2012). The loan is made against the equity in the property and ensures loan amount is repaid to the fund when the property is next sold. The council also receive a proportionate share of any uplift in the value of the property to offset the effect of inflation.

The Equity Loan scheme is funded from a grant received from the now defunct Regional Housing Group and there is sufficient balance in the fund to support the continuation of the scheme as outlined in the report (see DD2348 Recycling of Housing Renewal and Repair Repaid Grants). This decision does not impact on the Council's MTFP.

The decision concerns a contract to provide financial advice to citizens who access the Council's Equity Loan Scheme and allows for a contract with a new provider. To extend the loan scheme with the existing provider was expensive so alternatives had been investigated and this option is better value for money.

The total value of the decision is up to £85k in fees to Gemini Consultants, the exact amount will be determined by the actual loans issued to citizens, with the estimated cost allowing for the issuing and maintenance of 20 new loans over 5 years and the management of the existing loan portfolio. The existing portfolio will transfer when the contract with the current provider ends.

Advice provided by Julie Dorrington (Senior Accountant (Housing Revenue Account)) on 03/02/2020.

Procurement Advice:

A decision to approve dispensation from Contract Procedure Rule 4.1.1 in accordance with Financial Regulation 3.29 to award the contract to Gemini Consultants is required for this report to be approved, the Author did seek informal quotations but not via the Procurement Team and want to contract with the lowest cost quotation received.

Advice provided by Paul Ritchie (Lead Procurement Officer) on 14/02/2020.

Signatures

Linda Woodings as Portfolio Holder (PH Housing, Planning and Heritage)
SIGNED and Dated: 29/06/2020
Chris Henning (Corporate Director for Development and Growth)
SIGNED and Dated: 22/06/2020
Laura Pattman (Strategic Director of Finance) - Dispensation from Financial Regulations
SIGNED and Dated: 15/06/2020
Chief Finance Officer's Comments: