

**P0260 Equity Loans Market Consultation**

**Birmingham City Council**

**Economy Directorate**

**Corporate Procurement Services**

**PO Box 10680**

**Birmingham**

**B4 7WB**

[**www.birmingham.gov.uk/procurement**](http://www.birmingham.gov.uk/procurement)**P0260 Equity Loans Market Consultation**

1. **Background**
   1. The West Midlands Kick Start Partnership was set up by the West Midlands Conurbation Authorities in 2003 and funded by private sector renewal funding. The role of the Partnership included the commissioning and performance management of services to both provide loan finance to vulnerable owner occupiers to improve their homes and to manage the resulting loan portfolio on behalf of Local Authorities. Birmingham City Council was the body accountable for the Partnership. Initially Membership of the Partnership was confined to the Conurbation authorities and Stoke on Trent. However, from 2008 until the demise of the Kick Start Partnership, 27 other West Midlands authorities had joined.
   2. Services provided by Kick Start enabled homeowners living in poor housing conditions and/or fuel poverty to retrofit their homes to reduce CO2 emissions and lower heating costs to remove low income households from fuel poverty and to provide additional space to reduce overcrowding where this existed.
   3. In October 2010 the Coalition government announced the findings of its comprehensive spending review. As a result, direct budget allocation for private sector housing renewal was removed at a Regional level and as a consequence funding allocation to the Partnership ceased from the end of the financial year 2010/11. As a consequence of the removal of direct funding, the Council began the process of winding up the Partnership at the commencement of the financial year 2011/12. Any new referrals for Kick Start assistance ceased from 1st April 2011.
   4. The Council’s participation within the West Midlands Kick Start Programme meant that whilst new loans have ceased the Council continues to hold a healthy residual loan portfolio of around 570 loans with a total value of approximately £9.4m which has continued to provide an income stream from the repayments and redemption.
   5. The basis of the loan was referenced to the market value of the property at that time. The loans fall into two separate categories, with loan redemptions falling onto one of two possible categories.. For the first category, homeowners can repay the loan over a limited period at no interest (total value approximately £0.1m, split between some 22 borrowers). For the remainder of the portfolio, homeowners can pay the full loan off either at the sale of the property or the death or bankruptcy of the owners (or earlier if they wish to). If the value of the property, at sale, has increased from the valuation at the time of the loan then the redemption value is the value of the loan plus the % increase of the value of the property. If the value of the property has fallen from original valuation then just the value of the loan is redeemed.
2. **Data of the Portfolio**

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1. **Council Objectives**
   1. Currently the portfolio is managed by an external company carrying out the following activities

* Provide loan account details and information to homeowners including:
* Deal with any queries from homeowners or their representatives on the loan accounts.
* Collect loans repayments and redemptions due to the Council based on the loan data supplied by the Council
* Provide all necessary information requested by homeowners to allow them to redeem their loan
* Complete all necessary documentation to allow homeowners to pay off their loan account as requested
* Complete all official documentation and forms on behalf of the Council to allow homeowners with secured loans to remove the charge on their property following full settlement of the loan account
* Liaise with HM Land Registry on behalf of the Council to resolve issues on individual loan account
* Issue annual statement of account to provide information to homeowners on behalf of the Council  
  1. This arrangement is due for retender but the Council wishes to consider the option to sell the entire portfolio to a third party and for them to operate/collect redemptions on the same loan conditions.
  2. If you are interested in this option please complete the attached consultation document and return by 13th April 2015. The Council will then consider the responses and may then go out to formal tender to sell this asset.

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| **1.1 Organisation Details** | |
| Official name of Organisation |  |
| Trading name of Organisation |  |
| Registered office address (Inc. postcode) |  |
| Company or charity registration number (if applicable) |  |
| FSA registration number (if applicable) |  |
| Name of immediate parent company |  |
| Name of ultimate parent company |  |
| Legal status of Organisation e.g. PLC, limited company, LLP, other partnership, sole trader, other (please specify) |  |

|  |  |
| --- | --- |
| **1.2 Contact Details (**For enquiries about this Market Consultation) | |
| Name |  |
| Position |  |
| Telephone No. |  |
| Mobile No. |  |
| e-mail address |  |

**2.1 Does this portfolio of loans interest you if so what additional information or other issues would you require to make a firm bid ?**

**2.2 If this portfolio was offered for sale what would the region of your offer be – include any caveats to that figure. (It is understood by the Council this is purely indicative and is not an offer)**

**Please return this form to Robert Cummins, Category Manager- Commissioning, Birmingham City Council via email**

[**Robert.cummins@birmingham.gov.uk**](mailto:Robert.cummins@birmingham.gov.uk)

If you have a specific question either send an email or phone 0121 303 6519/07785 450759