

Custom and Self Build Scheme (CSB) Overview Report for Local Authorities Considering the Scheme

Why is there a need for a new Custom and Self Build Scheme?

There are many drivers which include the need to:

- Increase the supply of new homes
- Increase availability of affordable and social housing
- Provide access to land
- Respond to the innovation and choice agenda outlined in the National Housing Strategy
- Respond to the Government's Right to Build agenda
- Respond to the new Statute which, when introduced, will place a duty on all local authorities
- Improve the availability of mortgage lending

What is the Custom and Self Build Scheme?

The Custom and Self Build Scheme is an initiative which provides an integrated solution to increasing the supply of housing through custom and self build projects and increasing access to mortgage finance. **CSB provides a 95% loan to value Local Authority Mortgage Scheme (LAMS) mortgage to the self builder and as such fully incorporates the LAMS.**

CSB is based on a national model but with the opportunity for local authorities to respond to local need and enables a participating local authority to provide custom and self build opportunities within the boundary area. It involves a series of actions in implementing the Scheme and enables a local authority to provide either self build or custom build, or a combination of both, on one or more sites which they may or may not own, through a single scheme. CSB allows the local authority to retain overall control throughout the build process. It is a partnership with residential mortgage lenders, with the remit of minimising the financial impact on the local authority, and at the same time taking advantage of the expertise already available from mortgage lenders and other specialists in the field.

What are the benefits?

The main benefit to the local authority is that it enables the key drivers outlined above to be met, for land to be provided, but with the assurance that the local authority retains overall control until the build is complete. The main benefit to the aspiring self builder is access to up to 95% Loan to Value (LTV) mortgage lending. And finally, the main benefit to the lender is that it makes custom and self build mortgages as straightforward as traditional new build mortgages by removing the stage payments.

Are there a range of implementation options?

The Scheme can be implemented via four main implementation methods all of which are explained in detail in the Scheme Document Pack. For all of the options, the local authority will give financial assistance to buyers by indemnifying the lender for up to 20% of the mortgage to pre-approved borrowers. This therefore facilitates the lenders making available up to 95% Loan to Value (LTV) mortgage funding.

What are the key steps to implementation?

There are five main steps to implementing CSB as shown below and each step is detailed in the Scheme Document Pack:



Treasury solutions

40 Dukes Place, London, EC3A 7NH
Tel 0871 664 6800 Fax 0871 664 6830 www.capitaassetservices.com

Capita Asset Services is a trading name of Capita Treasury Solutions Limited which is authorised and regulated by the Financial Conduct Authority only for conducting advisory and arranging activities in the UK as part of its Treasury Management Service. Registered office: 71 Victoria Street, Westminster, London, SW1H 0XA. Registered in England No. 2652033

Are there any further variations to the standard model?

The Scheme can also be provided as a bespoke Scheme for areas such as outlined below:

- Long Term Empty Property / Regeneration Areas
- Affordable and Social Housing
- Community Self Build
- Other models to meet the specific needs of a local authority

What about specialist tax advice?

Specialist advice has been sought in relation to the following areas and comprehensive information is contained within the Scheme Documentation Pack:

- VAT
- Stamp Duty Land Tax (SDLT)
- Construction Industry Scheme (CIS)
- Community Infrastructure Levy (CIL)
- Additional bespoke advice can also be provided in relation to related areas, for example, the local authority setting up a Trading Company

What is included in the Scheme Document Pack?

CSB is based on a national model with all documentation, external legal opinions, accounting papers, standard templates and guidance provided including access to a range of mortgage lenders, lawyers and other specialist partners. The national nature of CSB allows the sharing of solutions and best practice. The following key documents are provided to all local authorities signed up to the Scheme:

- **Report Template:** Can be adapted to meet local requirements and presented for approval in line with local governance arrangements
- **Appendix A – Process Flow Chart**
- **Appendix B – Checklist:** Includes a number of issues that extend beyond the remit of CSB but which are worth considering when progressing with a custom and self build project
- **Appendix C – Template Freehold Contract:** The standard template for the sale of the land which can be adapted to meet local requirements
- **Appendix Di – Accounting Paper 1: Suggested Accounting Treatment**
- **Appendix Dii – Accounting Paper 2: Accounting Treatment for a Non Cash Backed Scheme**
- **Appendix E – Legal Paper**
- **Appendix F – Risk Assessment**
- **Appendix G – Tax Paper**
- **Template Indemnity Deed:** The contract with the participating lenders

What is the cost to the Local Authority?

The sign-up fee is £5,000, and is discounted for local authorities already signed up to the Local Authority Mortgage Scheme (LAMS). The sign-up fee includes:

- The Scheme Document Pack as outlined above
- Support regarding all aspects of the implementation process
- Support for the length of time that the Scheme remains in place
- Management Information Schedules to enable every local authority to monitor Scheme progress
- An annual audit to ensure compliance with the Scheme
- Access to qualitative data including Annual Reports



40 Dukes Place, London, EC3A 7NH

Tel 0871 664 6800 Fax 0871 664 6830 www.capitaassetservices.com

For further information contact:

Cecilie Booth: 07970 325557 or Cecilie.Booth@Capita.co.uk

Hayley Sullivan: 07867 370069 or Hayley.Sullivan@Capita.co.uk

Capita Asset Services is a trading name of Capita Treasury Solutions Limited which is authorised and regulated by the Financial Conduct Authority only for conducting advisory and arranging activities in the UK as part of its Treasury Management Service. Registered office: 71 Victoria Street, Westminster, London, SW1H 0XA. Registered in England No. 2652033