

Bolsover District Council

Executive

5 October 2015

Local Authority Mortgage Scheme (LAMs) Policy

Report of Councillor Syrett

This report is public

Purpose of the Report

- To approve a Local Authority Mortgage Scheme (LAMS) Policy for Bolsover District Council. (draft attached at appendix 1)

1 Report Details

- 1.1 In April 2015 Executive agreed to the development of a Local Authority Mortgage Scheme (LAMs) in the district, to be administered by Capita Asset Services on our behalf.
- 1.2 The adoption of the scheme requires the development of a policy outlining how the scheme will operate in practise, including criteria for participation in the scheme. This is attached at appendix one for approval. The requirement for a policy is outlined in appendix B of the LAMS Legal White paper (attached at appendix 2). Once the Policy is approved it will be placed on the council's website as a public document.
- 1.3 The scheme is aimed at first time buyers, providing help for potential buyers who can afford mortgage payments, but not the initial deposit , to get on to the property ladder.
- 1.4 Key criteria for eligibility as outlined in the Policy:
- The scheme is only open to first time buyers
 - The total indemnity is £500,000
 - The maximum individual indemnity offered to a first time buyer under the scheme is 20%
 - The maximum loan size is £150,000 per property
 - The applicant must have a 5% deposit and meet the lender's criteria
 - The property to be purchased must be within the administrative area of Bolsover District Council
 - The scheme covers both new and second hand properties

2 Conclusions and Reasons for Recommendation

- 2.1 To approve a LAMS Policy for the council as required in the LAMS Legal White paper. (appendix 2)

3 Consultation and Equality Impact

- 3.1 A representative from Capita Asset Services attended cabinet and provided an overview of LAMs. This included an opportunity for members to ask questions relating to the schemes, their benefits to the district, and the level of financial risk that the council would be exposing itself to prior to a final decision being made to adopt the scheme in April 2015.
- 3.2 An EIA has been completed as part of the development of the policy.

4 Alternative Options and Reasons for Rejection

- 4.1 No other options available as this is a requirement as part the LAMS legal White Paper.

5 Implications

5.1 Finance and Risk Implications

- 5.1.1 The risk financially is where there is a default on the mortgage within the first 5 years. To the end of February 2015 Capita have around 3700 LAMs mortgages in place. To date there have been no repossessions, although 2 mortgages are in arrears in excess of three months.

Credit checks by the lender will be robust and mortgages will only be issued where people can afford the repayments.

It is envisaged that the cash bonus pot be retained in the event of any defaults.

5.2 Legal Implications including Data Protection

- 5.2.1 The scheme will be administered by Capita Asset Services on behalf of the council. The required documentation has been made available to the council and has been checked by our Legal Services and the Finance department.

5.3 Human Resources Implications

None

6 Recommendations

- 6.1 That Cabinet approves the Policy attached at appendix 1.

7 Decision Information

Is the decision a Key Decision? (A Key Decision is one which results in income or expenditure to the Council of £50,000 or more or which has a significant impact on two or more District wards)	No
District Wards Affected	All
Links to Corporate Plan priorities or Policy Framework	Growth Strategy Housing and Economic Development Strategy

8 Document Information

Appendix No	Title
Appendix 1 Appendix 2	Bolsover LAMS Policy LAMS white paper appendix B – Legal White Paper
Background Papers (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers)	
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Report Reference –