

WYRE FOREST DISTRICT COUNCIL

LIBERAL/LIBERAL DEMOCRAT PROPOSAL FOR BUDGET YEAR 2009/2010

COMMUNITY STRATEGY THEME:	
CORPORATE PLAN THEME:	A Better Quality of Life
CORPORATE PLAN KEY PRORITY:	More Affordable Housing
CABINET MEMBER:	Cllr Anne Hingley
HEAD OF SERVICE:	David Buckland, Head of Financial Services
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AN OPEN ITEM	

1. PURPOSE OF RECOMMENDATION/PROPOSAL

To consider the re-introduction of up to £6m of Local Authority Mortgages for individuals who are unable to secure mortgages in relation to Shared Ownership Properties. The scheme suggests lending £3m in 2009/10 and £3m in 2010/11, the interest receipts would be used to support the Council's investment income, as opposed to receiving returns through the Money Market.

2. BRIEF DESCRIPTION OF RECOMMENDATION/PROPOSAL

The proposal seeks to use existing powers to assist individuals in providing mortgages for Shared Ownership properties. Presently, the rate that the Council would be obliged to charge is 3.93%, whereas investment returns for 2009/10 are forecast to be 1.5%. It is proposed that this issue should be subject to the Council's scrutiny arrangements to determine the overall viability of the scheme but would need to consider issues such as:

- Degree to which RSLs would underwrite such a scheme;
- Financial checking arrangements and maximum Loan to Value considerations, maximum duration of loans etc
- Interest from other Local Authorities for a potential "Shared Service".

Assumptions have been made at present that the Standard National Rate as determined by "Communities and Local Government", would remain constant over the next three years, this is a prudent approach as it is likely that this rate will increase if Base Rates are increased. The net Revenue costs are in addition to the assumptions made in relation to investments as detailed within the Financial Strategy paragraph 4.5.

3. FINANCIAL IMPLICATIONS

	2009/2010	2010/2011	2011/2012	After 31/03/12
	£	£	£	£
Capital Cost	3,000,000	3,000,000	0	0
Net Revenue Cost	(7,450)	(17,390)	24,930	25,410
Manpower Implications (FTE)	1	1	1	1

4. APPRAISAL

Statutory/Discretionary Service	Contributes to Corporate Plan Priorities	Valued by Public	RANK
Discretionary	Yes	Medium	5