

## Scrutiny Committee & Review Panel Scoping of Scrutiny Exercises

<b>Preliminary Information</b>	
<b>Title of Exercise</b>	Review into the Potential Provision of Local Authority Mortgages
<b>Lead Committee</b>	Community Services Scrutiny Committee
<b>Chair of the Review Panel</b>	
<b>Client Officer Support</b>	David Buckland Kathryn Pearsall

<b>Aims and Objectives</b>	
<p><b>Terms of Reference</b> Purpose of group/strategic objectives</p>	<p>To investigate the potential for the Council to provide Local Authority mortgages in respect of Registered Social Landlord Shared Ownership properties.</p> <p>To consider the appropriate terms and conditions which may apply to any such mortgages.</p> <p>To consider the level to which the Council may recommend supporting any such mortgages.</p> <p>If required to establish the Council's future policy in relation to the provision of Local Authority Mortgages.</p>
<p><b>Rationale</b> Key issues and/or reasons for doing the review.</p>	<p>At the meeting of Council on 25<sup>th</sup> February 2009, the following proposal was approved as part of the budget considerations:</p> <p><u>Housing Act Advances</u> To request Community Services Scrutiny to consider the proposal to provide Local Authority Mortgages in relation to Shared Ownership properties underwritten by RSL's.</p> <p>This proposal came following a joint Liberal/Liberal Democrat budget proposal to the meeting of the Budget Review Panel on 11<sup>th</sup> February 2009. This also follows the reduction in the Standard National Rate, which is applied after 2nd February 2009 to 3.93%.</p>
<p><b>Review Objectives</b> Specify exactly what the review should achieve.</p>	<p>To consider whether the proposal to provide Local Authority Mortgages, could be realistically implemented at Wyre Forest District Council, and if so to agree recommendations on level and policy matters associated with such a proposal In addition if the proposal is supported to recommend to Cabinet the level of funds which should be provided to support this initiative?</p>

<b>Aims and Objectives (Cont.)</b>	
<p><b>Barriers, Dangers and Risks</b> Identify any weaknesses and potential pitfalls.</p>	<p>Local Authorities used to be a main provider for mortgages during the period upto the early 80s'. More recently however, Local Authorities have not exercised this role, this has been left to the private sector to provide. Local Authorities were considered previously as the lender of "last resort".</p> <p>At this time of global economic downturn and with the Council having £9m of investments at risk with Icelandic banks, a thorough review and risk analysis of all potential lending will need to be undertaken.</p> <p>It is possible that if this proposal was implemented again the Council would fulfil the role of the lender of "last resort", for those individuals who are unable to obtain a mortgage from the banks or building societies. Members will therefore need to be fully aware of the potential risks that are associated in the provision of mortgages to such individuals.</p> <p>The proposal also discusses the support from the Registered Social Landlords to underwrite such lending, discussions would be required in order to determine what level of support would be available.</p>
<p><b>Financial Implications</b> How much money is needed and where will the money is likely to come from?</p>	<p>To be determined as part of the review. However, if the proposal was to be implemented there would need to be provision for additional staffing costs, system development as well as the required capital in order to fund such mortgages.</p>

<b>Methodology</b>	
<p><b>Approach</b> What methods will be used to gather evidence and why?</p>	<p>Interviews with RSLs Research with other Local Authorities To determine the relevant terms and conditions to be applied.</p>
<p><b>Co-opted Members and Expert Witnesses</b> Who will be able to inform the process and when?</p>	<p>Legal and Finance services staff as required Representatives from the Registered Social Landlords. Representatives from other Local Authorities who are considering or providing Local Authority Mortgages.</p>
<p><b>Evidence Sources for Documents</b> Could CfPS Review Library help?</p>	<p>No, there are no resources under this facility in relation to Local Authority Mortgages.</p>
<p><b>Specify if any site visits are required?</b> Where and when?</p>	<p>It is not felt that it would be necessary to have any site visits.</p>

<b>Methodology (Cont.)</b>	
<p><b>Specify evidence sources for views of stakeholders</b>            Could the Councils Youth On-line facility be used? Could the County Council's Consultation Facility "Ask Me" be used?</p>	<p>This will be determined by the Review Group.</p>
<p><b>Publicity Requirements</b>            What is needed – fliers, leaflets, radio broadcast, press release etc.</p>	<p>Not required at this stage.</p>
<b>Deadlines</b>	
<b>Anticipated Start Date:</b>	22 April 2009
<b>Number of Meetings</b>	3
<b>Feedback to Scrutiny</b>	July 2009
<b>Projected Completion Date</b>	July 2009