

FOR PUBLICATION

LOCAL AUTHORITY MORTGAGE SUPPORT SCHEME (LAMS) INDEMNITY (H000)

MEETING:	1. COUNCIL
DATE:	1. 30 TH JULY 2014
REPORT BY:	HOUSING SERVICE MANAGER – BUSINESS PLANNING AND STRATEGY
WARD:	ALL
COMMUNITY ASSEMBLY:	ALL

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1.0 PURPOSE OF REPORT

- 1.1 To seek an indemnity for the Chief Executive following agreed amendments to the maximum loan size from £114,000 to £142,500 of the Local Authority Mortgage Support Scheme with Lloyds Banking Group.

2.0 RECOMMENDATION

- 2.1 That Full Council agrees to indemnify the Chief Executive against all liabilities occurred by him by providing Lloyds Bank with an opinion and by providing Lloyds Bank with a signed Opinion Letter.

3.0 BACKGROUND

- 3.1 The LAMS Scheme was approved for adoption by Cabinet on 19th February 2013 and approved by Full Council on 28th February 2013. The recommendations approved were as follows:

3.1.1 That Members adopt the cash backed LAMS Scheme with Lloyds Banking Group in accordance with the outline below:

-The maximum limit for the total indemnity to be offered under the scheme is £1,250,000 with £1,000,000 from the Council and £250,000 from Derbyshire County Council.

-The maximum loan size is £114,000. Setting the maximum loan at £114,000 enables First Time Buyers (FTB) using the LAMS Scheme with a 5% deposit of up to £6,000 of their own to consider properties up to the value of £120,000.

-The qualifying postcodes will include all postcodes within Chesterfield Borough and will exclude any that cross the boundary into a neighbouring authority. The qualifying postcodes will be provided to the lender in a schedule to the indemnity deed.

3.1.2 That Cabinet recommends to Full Council that it indemnifies the Monitoring Officer against all liability she incurs by providing Lloyds Bank with an opinion and by providing Lloyds Bank with a signed Opinion Letter.

3.1.3 That the Cabinet recommends to that Full Council that it approves the proposed amendments to the Treasury Management Strategy Statement to allow a non-specified investment of £1.0m for a period of 5 years with Lloyds Banking Group in order to operate a Local Authority Mortgage Scheme.

3.1.4 That a further report is brought to Members after six months of the scheme launching to provide an update on the Scheme.

3.2 On 25th March 2014 Cabinet approved amendments to the maximum loan size from £114,000 to £142,500 in an attempt to increase the take-up of the product. Cabinet resolved :

3.2.1 That Members note the limited progress of the Local Authority Mortgage Support (LAMS) Scheme so far.

3.2.2 That Members approve the raising of the maximum loan size to £142,500 (applicants would be able to consider properties

up to the value of £150,000 with a deposit of 5%) to match that of the Derbyshire County Council wide LAMS Scheme. This would raise the maximum indemnity for an individual property from £24,000 to £30,000.

3.2.3 That a new round of publicity for the scheme is carried out.

3.2.4 A copy of the Cabinet report is at Appendix 1.

4.0 OFFICER INDEMNITY

4.1 The original scheme required an officer indemnity by the Council for the Monitoring Officer's opinion and Opinion Letter. This was agreed by Full Council on 28th February 2013 and an indemnity was provided to Sara Goodwin as Monitoring Officer.

4.2 While the opinion and Opinion Letter given by the Monitoring Officer at that time, and the indemnity given by the Council, still stands, a further opinion and Opinion Letter has been required in relation to the amended elements of the scheme. This was not known at the time of the March 2014 report. Sara Goodwin is no longer with the Council following the Senior Management Restructure.

4.3 After discussions with Sector Treasury Services Limited – the company behind the LAMS scheme – it was confirmed that other statutory Council Officers including the Chief Executive or Chief Finance Officer could sign the Indemnity Deed.

4.4 Accordingly a fresh indemnity resolution is sought from Full Council, this time in the name of the Chief Executive.

5.0 LEGAL IMPLICATIONS

5.1 The Legal Implications for the scheme are unchanged – the changes relate only to the person signing the revised Indemnity Deed and Opinion Letter.

6.0 RISK MANAGEMENT

Description of the Risk	Risk Rating	Likelihood	Impact	Mitigating Action
Financial				
Increased liability for each Mortgage supported above the current £24,000 indemnity	L	L	L	The risks within the scheme are low. Nationally there is currently only one case in arrears from 2,400 completed LAMS mortgages.

7.0 EQUALITIES IMPACT ASSESSMENT (EIA)

7.1 The equalities impacts of all the proposals in this report for were considered and assessed in the first Cabinet Report on LAMS completed in 31st July 2012. This EIA has been reviewed and no further impact on any group with a protected characteristic has been identified. The results from the original EIA are summarised below.

8.0 RECOMMENDATION

8.1 That Full Council agrees to indemnify the Chief Executive against all liabilities occurred by him by providing Lloyds Bank with an opinion and by providing Lloyds Bank with a signed Opinion Letter.

9.0 REASON FOR RECOMMENDATION

9.1 To ensure an indemnity is provided for the officer opinion necessary to enable the Council to participate in the amended scheme.

You can get more information about this report from Alison Craig 345156 or James Crouch 345150