



Derby City Council

**COST OF LIVING  
OVERVIEW AND SCRUTINY BOARD  
22 September 2014**

# ITEM 9

Report of the Director of Finance &  
Procurement

## Local Area Mortgage Scheme – LAMS

### SUMMARY

- 1.1 This report aims to inform members of an update of the Local Authority Mortgage Scheme - LAMS - approved at Cabinet in November 2012.
- 1.2 The early forecast estimated that 40 loans would be available. The success of the scheme is that 49 applications were received of which 42 have gone through to the completion stage.

### RECOMMENDATION

- 2.1 To note the update on the Council's LAMS to the Board.

### REASONS FOR RECOMMENDATION

- 3.1 To ensure that Board members are kept updated on LAMS.

### SUPPORTING INFORMATION

- 4.1 As mortgage lending in the UK had been dropping in the UK, in 2012, LAMS was introduced in conjunction with high street banks to kick start the housing market and enable first time buyers to purchase property with only a 5% deposit. A further portion (typically 20%) of the property purchase price is guaranteed by Derby City Council, and a mortgage is taken by the applicant based on a 75% loan-to-value - LTV - ratio.
- 4.2 Derby City Council deposited £1,000,000 with Lloyds Bank to implement the "Derby LAMS Scheme" and set a maximum loan value per applicant at £142,000 with a maximum indemnity (security) per property of £30,000. The early forecast estimated that 40 loans would be available.

- 4.3 Since the launch of the scheme in March 2013, 49 applications were received, for which the average age of the applicant was 31. Of the applications, 42 of these have already gone through to completion. The average property value is £110,331 and the average loan value is £103,273. Lloyds Bank have also confirmed that there is currently no arrears or repossessions on the properties purchased aided by this scheme.

Table 1 below shows information regarding applications and completions by postcode:

**Table 1 – Property by Postcode**

Postcode	Location	Applications	Completed
DE1	City Centre	1	0
DE21	Chaddesden/Derwent/ Spondon	14	11
DE22	Mackworth/Allestree/Darley Abbey	5	4
DE23	Littleover/Normanton/Peartree	10	8
DE24	Allenton/Alvaston/Sinfin	14	14
DE3	Mickleover	3	3
DE73	Chellaston	2	2
<b>TOTAL</b>		<b>49</b>	<b>42</b>

- 4.4 Information by property type of the applications received are shown in Table 2 below:

**Table 2 – Property Types**

Property Type	Applications
Detached house	2
Purpose built flat	1
Semi-detached bungalow	1
Semi-detached house	29
Terraced house	14
Unknown	2
<b>TOTAL</b>	<b>49</b>

- 4.5 The scheme has since closed to new applications in August 2013 because the applications received reached the indemnity amount of £1,000,000. In addition, due to the Government's launch of the Help to Buy Scheme, Lloyds Bank have placed the LAMS scheme on hold pending a further review.

## OTHER OPTIONS CONSIDERED

- 5.1 None.

**This report has been approved by the following officers:**

<b>Legal officer</b> <b>Financial officer</b> <b>Human Resources officer</b> <b>Estates/Property officer</b> <b>Service Director(s)</b> <b>Other(s)</b>	Janie Berry Martyn Marples Nikki Gibbons Steve Sprason N/A Toni Nash – Head of Finance for Adults, Health and Housing and Resources
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<b>For more information contact:</b> <b>Background papers:</b> <b>List of appendices:</b>	Andrea Croud 01332 643361 <a href="mailto:andrea.croud@derby.gov.uk">andrea.croud@derby.gov.uk</a> None Appendix 1 – Implications
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<b>IMPLICATIONS</b>
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**Financial and Value for Money**

1.1 As detailed in the report.

**Legal**

2.1 The Council has a general power of competence to participate in the LAMS scheme under Section 1 of the Localism Act 2011.

**Personnel**

3.1 None directly arising from this report.

**IT**

4.1 None directly arising from this report.

**Equalities Impact**

5.1 None directly arising from this report.

**Health and Safety**

6.1 None directly arising from this report.

**Environmental Sustainability**

7.1 None directly arising from this report.

**Property and Asset Management**

8.1 None directly arising. The properties purchased are owned by the mortgagee.

**Risk Management**

9.1 None directly arising from this report.

**Corporate objectives and priorities for change**

10.1 The LAMS scheme accords with the Corporate objectives and priorities.