National Audit Office

REPORT BY THE
COMPTROLLER AND
AUDITOR GENERAL

HC 1030
SESSION 2010–2012

25 MAY 2011

Department for Communities and Local Government

The Mortgage Rescue Scheme

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Department for Communities and Local Government

The Mortgage Rescue Scheme

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Amyas Morse
Comptroller and
Auditor General

National Audit Office

20 May 2011

This report considers the Department's design, appraisal, implementation and management of the Mortgage Rescue Scheme. It does not evaluate the wider effort to prevent repossessions more generally.

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Summary

1 The number of repossessions in the UK (properties taken into possession by lenders following mortgage default) increased 54 per cent from 25,900 in 2007, to 40,000 in 2008. In response to concerns over further increases in repossessions and the declining economic situation, the Department for Communities and Local Government (the Department) devised, during 2008, a Mortgage Rescue Scheme (the Scheme) aimed at protecting the most vulnerable households from the negative impacts of repossession and homelessness. The Scheme is part of wider set of repossession-prevention initiatives, coordinated by the Department, and introduced across government since 2008. This report considers the Department's design, appraisal, implementation and management of the Scheme. It does not evaluate the wider effort to prevent repossessions more generally.

2 The Scheme is targeted at households that, in the event of repossession, would be accepted as homeless and whose local authority would therefore have a duty to secure accommodation for them. Households in priority need include families with dependent children and people who are vulnerable because of old age, or another reason such as illness. Participation in the Scheme depends on the household being able to demonstrate that they have exhausted all other options and are at imminent risk of repossession.

3 Under the Scheme, a local authority assesses the household and refers them for independent money advice. Then, if the household is eligible and makes a successful application, a housing association (an independent, not-for-profit body providing housing to those in need) either:

- makes an equity loan to the household (the **'shared equity'** option); or
- purchases the home at near-market rate, with the former owner remaining in the house on an initial three-year shorthold tenancy at up to 80 per cent of market rent (the **'mortgage-to-rent'** option).

4 The shared equity option requires that households have between 25 and 40 per cent equity in their home. No such requirements exist for mortgage-to-rent. Following completion, the Department reimburses housing associations for part of the cost of the rescue through a grant.

5 The Department launched the two-year Scheme in January 2009 with a budget of £205 million from the National Affordable Homes Programme, administered by the Homes and Communities Agency (the Agency). In April 2009 it added a further £80 million. In October 2010 the Department was allocated a further £221 million to continue the Scheme until spring 2013.

Key findings

On Scheme costs and impact

6 **The Scheme delivered 2,600 completed rescues between January 2009 and March 2011, less than half of those expected when the Scheme was launched.** At its launch in January 2009, the Department expected the Scheme to help up to 6,000 households over two years. After six months, only 18 households had accepted a formal Scheme offer, but numbers subsequently picked up.

7 **The Department has spent on average £93,000 for each rescue completed – it expected to spend £34,000.** The main reason for the higher-than-expected average cost is that most completed rescues have been the more expensive mortgage-to-rent type, with only a minority being shared equity. The Department had expected the opposite (**Figure 1**). The cost of the mortgage-to-rent rescues themselves is closer to plan, but rose from September 2009, when the Department sought to increase the availability of the Scheme by increasing the subsidy it provided to housing associations. On average this type of rescue has cost £93,000 (19 per cent more than the £78,000 expected). Since this change was reversed in July 2010, the cost to the Department of each mortgage-to-rent rescue has averaged £81,000 (4 per cent more than expected).

Figure 1

Summary of planned and actual Scheme costs and performance

		Planning Assumption	Actual
Number of rescues		6,000	2,600
Percentage of rescues of each type	Shared equity	60%	1.5%
	Shared ownership[1]	25%	–
	Mortgage-to-rent	15%	98.5%
Average cost to the Department per rescue[2]	Shared equity	£12,000	£57,000
	Shared ownership	£46,000	–
	Mortgage-to-rent	£78,000	£93,000
	Overall	£34,000	£93,000

NOTES

1 ‘Shared ownership’ was dropped from the Scheme in November 2008 because delivery partners thought it would be too complicated. The Department’s working assumption was that these households would take the shared equity route instead.

2 Cost information is taken from Homes and Communities Agency data. The £34,000 overall average is the budget of £205 million divided by the planned 6,000 completed rescues. The weighted average (taking account of the assumed balance of rescue types and corresponding planned unit costs) is £30,400, indicating that the Department allowed around 10 per cent headroom in budgeting.

Source: National Audit Office analysis of data from Department for Communities and Local Government and the Homes and Communities Agency

8 **The Scheme has had less direct impact on maintaining owner occupation than the Department expected.** Because of the low number of shared equity cases, almost all the households 'rescued' by the Scheme have remained in their homes as tenants of the housing associations purchasing their property, rather than as owners.

9 **The Scheme is likely to have helped prevent further repossessions and homelessness by referring households to sources of advice and support, but the Department cannot quantify this impact.** The number of households accepted as homeless, following mortgage arrears, fell from 2,340 in 2008, to 1,380 in 2009 and 1,050 in 2010 – an overall fall of 55 per cent. The Department believes that, in the absence of the Scheme, more households would have been made homeless in this way. It is reasonable to conclude that the Scheme has had an impact, but the Department does not have sufficient information to quantify the Scheme's overall contribution.

- **Based on Scheme monitoring data, some 15,600 households have approached their local authority and been assessed as eligible since its launch.** These households should have received advice from the local authority, or been referred to their lender or money advice agencies, even if they did not go on to apply to the Scheme or complete the rescue process. Some of these households are likely to have avoided repossession as a result. The Department did not, however, take account of this type of wider impact in its initial estimates of Scheme costs and benefits, nor did it set quantified objectives for this impact, or collect detailed data on outcomes for households that only received advice.
- **Local authorities reported that they helped 3,600 households stay in their homes through interventions to address mortgage arrears in the 2009-10 financial year.** However, this number reflects not only the impact of the Scheme but also wider local authority homelessness prevention activity.

On the Department's management of the Scheme

10 **The Department misjudged demand for the Scheme.** The Department assumed that most households would take the shared equity option based on: experience from earlier schemes in the 1990s; analysis of data on repossession risks; and stakeholder views. In reality, however, there have been hardly any shared equity cases (Figure 1). There may be several reasons for this. Greater lender forbearance, partly a result of government interventions introduced alongside the Scheme in late 2008 and 2009, may mean that households with more equity have been able to make alternative arrangements without recourse to the Scheme. Also, the eligibility criteria for shared equity are narrow, which limits the number of households that can qualify. The Department's own evaluation suggested that, even when eligible, some households had turned down the shared equity option because they no longer wanted the responsibility of homeownership. The Department could, however, have estimated demand more accurately if it had made better use of information at the outset:

- The Department did not have detailed, up-to-date information on its target group to inform its assumptions, particularly around whether they would have sufficient equity in their homes to make shared equity a realistic proposition. It instead used a somewhat broader dataset covering the general characteristics of households at risk of repossession.

- The Department did not draw sufficiently on data from a similar scheme in Scotland, which has been operational since 2003. Evaluation of this scheme, ongoing in early 2008 and published in early 2009, showed that, in reality, only a minority of households would have had sufficient equity to use the shared equity option had it been offered.

11 The Department's appraisal of the Scheme's business case was weak. The Department:

- Did not quantify the financial implications of different patterns of demand for the mortgage-to-rent and shared equity options, in either its internal business case or its Impact Assessment. The Impact Assessment identified the possibility that the actual mix of cases could differ considerably from the assumptions made, but contained very little sensitivity or scenario analysis. For example, under a scenario in which nearly all rescues were mortgage-to-rent, the Department would have only been able to plan for 2,600 cases within the initial £205 million budget, based on its assumed cost of £78,000 per mortgage-to-rent rescue.

- Overstated the Scheme's potential benefits, relative to its costs. The Department's Impact Assessment estimated costs to the taxpayer, but included benefits to both the taxpayer and housing associations. To ensure a like-for-like comparison it would have been appropriate to also include the costs to housing associations (for example, the cost of borrowing to fund their contribution to the Scheme).

- Made fixed assumptions in its cost-benefit model that were not subjected to sufficient sensitivity or scenario analysis, including assumptions about housing benefit savings and whether housing associations would dispose of properties in the future (and accrue benefits or costs from changes in property values). Scope for this sort of analysis was reduced by the way the Department's model was put together, which did not make all the workings or assumptions clear.

- Did not use its consultation with housing associations prior to launch to validate its assumptions around future sales of houses acquired through the scheme.

- Did not submit its business case for external assessment using, for example, the Office of Government Commerce's model of project review, which could have challenged the Department's key assumptions more rigorously.

12 The Department decided, after launch, to increase the Scheme budget by 40 per cent. In May 2009, the Department increased the Scheme budget from £205 to £285 million. This reflected higher demand for mortgage-to-rent than was anticipated in its business case. At the same time, the Department extended Scheme eligibility to include households in negative equity. Borrowing up to 120 per cent of property value was allowed, though the Department's contribution remained linked to 97 per cent of value. Forty-five per cent of rescues have involved negative equity. Later, in September 2009, the Department increased the grant paid to housing associations from 55 per cent to 65 per cent of the purchase price to encourage more housing associations to take part in the Scheme.

13 The Department and the Agency invested considerable effort to ensure national coverage and increased take-up. Take-up of the Scheme was slow at first. The Department, in conjunction with the Prime Minister's Delivery Unit, considered the implementation of the Scheme in April 2009, before beginning work with local authorities to widen Scheme coverage. To increase the number of housing associations offering the Scheme, the Agency sponsored the publication of a toolkit and promoted 'syndication' arrangements with lead housing associations. The Department established a fast-track team to process referrals directly from lenders, but withdrew this service in September 2010.

14 The Department did not take action to improve value for money early enough. The Department recognised in May 2009 that because of the higher than expected take-up of mortgage-to-rent, average costs were much higher than anticipated. The Department did not, however, take action to control or reduce the costs of mortgage-to-rent cases until June 2010. By this time the Department estimated that, potentially, cases in the pipeline could use up the full £285 million available. The Department faced the possibility of having to close the Scheme early or risk overspending the budget. Following a review by the incoming Government, the Department chose to keep the Scheme open and reduce costs by:

- reducing its grant contribution to housing associations from 65 to 55 per cent of the purchase cost;
- capping the value of repair costs to which it would contribute at £20,000; and
- imposing stricter enforcement of regional limits on the value of homes which could be supported.

15 Evaluation findings suggested the long term costs of each rescue outweigh the measurable benefits. The Department followed good practice in commissioning an external evaluation, which attempted to model the longer term costs and benefits accruing to the Government and housing associations. The evaluation showed that an assessment of the Scheme's long-term value depends substantially on how costs and benefits are measured. Using a cash-based financial appraisal of costs and benefits to the public sector and housing associations, the evaluators estimated that each rescue carried a net present cost (i.e. a cost after accounting for measurable benefits) of £45,000 over 30 years. The evaluators also presented an alternative 'economic' assessment of costs and benefits which indicated a net present cost of £5,500 per case.

The evaluators identified wider personal and social impacts from avoiding repossession and from money advice received through the Scheme. However, they were unable to quantify the extent of these impacts because of the lack of data on wider outcomes, and on outcomes for households that approach their local authority for advice but do not go on to complete the full rescue process. The evaluators also acknowledge significant uncertainty around the long-term sustainability of outcomes given the interim nature of their work.

16 The Department is now focused on reducing costs further, and managing demand for the Scheme downwards. The Department reduced the amount paid for cases referred to housing associations after 1 March 2011 from 97 to 90 per cent of market value, thereby requiring a greater contribution from households (or, where households have little or no equity, the lender). This partly recognises the potential financial advantage that lenders may receive through participation in the Scheme, compared with the alternative of forced sale following repossession. The Department has also reduced its contribution to housing associations' purchase and repair costs to 47 per cent. Had these new rates been in place from the start, the Scheme would have cost £72 million less in the period to the end of March 2011. The Department considers, however, that it would not have been possible to secure housing association or other stakeholder engagement with the Scheme at this grant level from the outset.

17 The Department acknowledges the risk that its proposed changes to manage costs could reverse its earlier efforts to secure national coverage. A reduction in the grant rate increases the risk of patchy delivery if housing associations or lenders elect not to participate in the Scheme. This is a risk the Department accepts.

18 The Department is now relying on housing associations to work with local authorities to prioritise cases locally. The Department has moved away from a single, fixed grant regime, under which the financial returns to housing associations inevitably vary case-by-case. It has instead invited proposals from housing associations, up to the maximum grant rate, for the period to 2013-14. Despite the imperative to maximise the return from taxpayer funds invested through the Scheme, the Department has not yet developed checks to establish that the estimated rates of return within these proposals are reasonable.

Conclusion on value for money

19 The Mortgage Rescue Scheme has directly helped 2,600 households avoid repossession and immediate homelessness. These rescues cost in excess of £240 million, compared with plans to deliver 6,000 rescues for £205 million. The Scheme is likely to have delivered some wider social benefits, and the Department believes that it may have had some preventative effect in avoiding repossessions through financial advice and support offered to householders – but it has not measured these impacts.

20 In the way it implemented and managed the Scheme, the Department has not delivered value for money. The Department did not adequately test the assumptions underpinning the Scheme's business case; misjudged the demand for different types of mortgage rescue; and did not take action early enough to improve the value obtained from public investment in the Scheme after realising its initial assumptions were wide of the mark. Recent changes to the Scheme should reduce the up-front cost to the taxpayer, but also risk reversing earlier efforts to secure national coverage. Overall, therefore, the Scheme could, and should, have been significantly better implemented and managed.

Recommendations

21 When departments are under pressure to develop new policy interventions quickly there are often gaps in the evidence base. The Mortgage Rescue Scheme is a case in point. We make the following recommendations to the Department to reduce the risks to value for money under these circumstances – and increase compliance with the accepted principle that investment decisions should be based on solid evidence. These recommendations will also apply to other departments and public bodies.

a **The Department did not have a robust evidence base on which to base its estimates of Scheme costs and benefits, and did not adequately test the assumptions underpinning the Scheme's business case.** The Department should:

- draw more thoroughly on existing evidence and data (including similar schemes operating elsewhere);
- wherever possible, pilot schemes fully prior to implementation, and assess the results objectively prior to rolling out;
- if a pilot is not possible because of time constraints, as in the case of the Scheme, then:
  - identify the gaps in knowledge that the absence of a pilot leaves; and
  - engage directly with, and conduct original research on, specific target groups (such as householders) if necessary to test key assumptions;
- routinely and consistently subject its business cases, projects and programmes to independent external scrutiny; and
- present sufficient sensitivity or scenario analyses in key business case submissions and Impact Assessments to provide a full and transparent account of how costs and benefits could differ under alternative sets of assumptions.

b **The Department undertook analysis in support of individual changes to the Scheme, but did not take action early enough to improve value for money overall.** In the event of any material changes or proposed change to a policy instrument (such as changes to funding arrangements or eligibility criteria), whether before launch or in operation, the Department should:

- conduct a thorough analysis of the impact on unit costs and compare this cost to the expected unit benefit to assess whether the value for money case still holds;
- amend the analysis underpinning its initial appraisal documentation and resubmit its proposals for fresh scrutiny by its Investment Sub-Committee;
- where changes are sufficient to render the transparency function of the original published Impact Assessment obsolete (for example because initial cost or budgetary estimates have changed significantly), assess the case for carrying out and publishing a new Impact Assessment; and
- build formal review points into its Schemes so that, even where there is no explicit driver (such as a Spending Review), the value for money case is regularly and thoroughly scrutinised. It would be sensible to have these reviews after six months' operation, and then annually:
  - where there is compelling evidence that value for money is at risk, the Department should bring forward the next scheduled review;
  - the resultant decisions should be scrutinised and challenged by the Investment Sub-Committee; and
  - interim and full evaluations should be timed to inform these reviews.

c **The Department is continuing the Scheme based partly on an assumption that it prevents repossessions through providing access to money advice.** The Department should identify cost-effective ways to collect sufficient data to validate and quantify this impact, doing so from the outset in future schemes.

d **The Department is now relying on housing associations and local authorities to prioritise mortgage rescue cases locally and submit proposals for funds to progress these cases.** To assess the value for money of its share of the investment, the Department should commission the Agency to:

- develop, in consultation with housing associations, a standard financial model to benchmark housing association proposals for funding based on a set of standard assumptions; and
- use this information, as appropriate, to challenge any proposals if the returns do not appear reasonable.

Part One

The Mortgage Rescue Scheme

Background

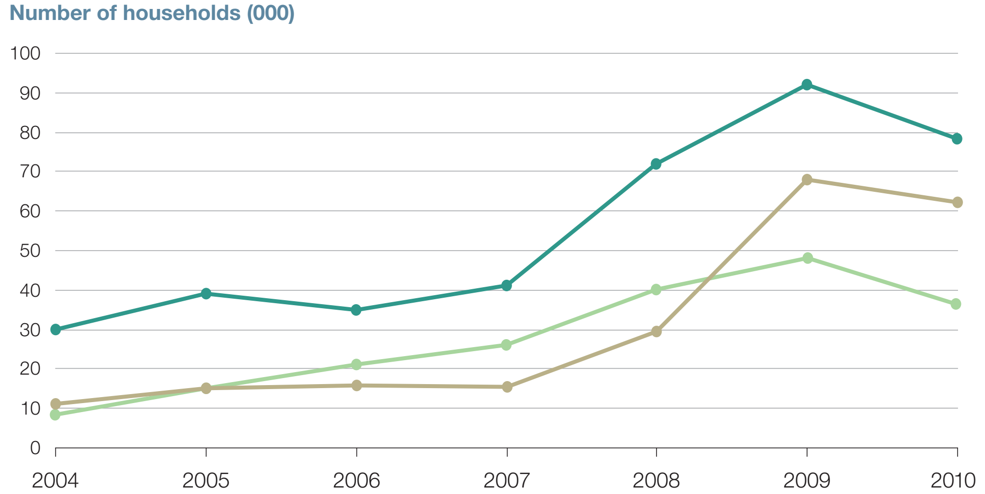
1.1 In the first half of 2008, economic output began to contract in the UK. Later that year, it became evident that the economy was suffering from reduced confidence in financial markets and the availability of credit contracted. Against this backdrop, the number of repossessions in the UK (properties taken into possession by lenders following mortgage default) increased 54 per cent from 25,900 in 2007 to 40,000 in 2008, as shown in **Figure 2**. In November 2008, the Council of Mortgage Lenders forecast that repossessions could reach 75,000 in 2009, although it later downgraded this forecast. As Figure 2 shows, actual repossession numbers were 47,900 in 2009, and then 36,300 in 2010.

1.2 In response, Government and lenders introduced a range of measures to prevent repossessions (**Figure 3**). The Department for Communities and Local Government (the Department) led the development of governance arrangements to coordinate these measures. A key part of the Department's own response was a Mortgage Rescue Scheme (the Scheme), which was launched in January 2009 with a budget of £205 million (increased to £285 million in May 2009). The Scheme was:

- designed to operate for two years;
- targeted at vulnerable homeowners at immediate risk of possession; and
- intended to avert negative social impacts and the physical displacement associated with repossession by allowing householders to stay in the same home.

This report focuses on the Scheme in England. Separate schemes are operated in Scotland and Wales by the relevant devolved administrations.

Figure 2
Numbers of mortgages in arrears and properties taken into possession in the UK since 2004



	2004	2005	2006	2007	2008	2009	2010
Mortgages 6-12 months in arrears at end of period	29,900	38,600	34,900	40,500	72,000	91,800	77,900
Mortgages 12 months or more in arrears at end of period	11,000	15,000	15,700	15,300	29,500	67,900	62,300
Properties taken into possession during period	8,200	14,500	21,000	25,900	40,000	47,900	36,300

NOTES

1 Data are based on first-charge lending data supplied by members of the Council of Mortgage Lenders (CML). 2009 figures are grossed to represent all first-charge lending. Prior to 2009 figures represented CML membership only (about 98 per cent of all first-charge lending in 2008) and are therefore not directly comparable.

2 Properties taken into possession include properties surrendered voluntarily.

Source: National Audit Office analysis of Department for Communities and Local Government and Council of Mortgage Lenders data

Figure 3
The cross-government repossession 'safety net'

	Intervention	Lead Department	Introduced	Description
More targeted initiatives	Mortgage Rescue Scheme	Department for Communities and Local Government	January 2009	Aimed at preventing repossession of only the most vulnerable households that would be accepted as statutory homeless.
	Repossession Prevention Fund		April 2009	A £20 million fund for local authorities to implement discretionary measures to protect vulnerable households from the immediate threat of repossession at a maximum of £5,000 per household.
	Homeowner Mortgage Support Scheme		April 2009	Available to households experiencing an 'income shock' but not eligible for other sources of help. Designed to facilitate a temporary reduction in mortgage payments for a maximum of two years until income is restored with the balance payable on deferred terms. Intended to help up to 42,000 households, but take-up was limited. The scheme closed as planned in April 2011.
	Enhanced court desk service		April 2008	Ensured availability of free legal advice and representation across the country for people facing possession action in the courts.
	Enhanced Support for Mortgage Interest	Department for Work and Pensions	January 2009	A part of the overall benefit entitlement for around 223,000 claimants in receipt of certain benefits. Enhancements temporarily froze the payment rate at 6.08 per cent, reduced the waiting period to 13 weeks and raised the mortgage cap to £200,000. The payment rate was changed in October 2010 to 3.63 per cent based on the Bank of England published average mortgage rate. The enhancements to the waiting period and the mortgage cap are funded to January 2013.
	Mortgage Pre-Action Protocol	Ministry of Justice	November 2008	Sets out guidance from the judiciary on the steps that lenders are expected to take before bringing a possession claim in the courts with the aim of ensuring that repossessions are a last resort.
Less targeted, market-wide initiatives	Regulation of Sale and Rent Back market	Financial Services Authority	June 2010	Following a report by the Office of Fair Trading in October 2008, the Financial Services Authority has consulted on and introduced regulations that firms offering sale and rent back have to adhere to.

Source: National Audit Office

1.3 This report considers how well the Department designed the Scheme and subsequently implemented and adapted it in operation. From this it draws wider implications for departments planning and implementing new policy interventions in response to changing circumstances.

Background to the Scheme

1.4 The Department's objectives for the Scheme were to:

- prevent homelessness where possible;
- protect the most vulnerable households from the poor outcomes that can follow repossession, for example, poor health and worklessness; and
- support people to remain in home ownership where this is sustainable given their financial situation.

1.5 The Scheme acknowledges that repossessions incur costs for:

- **households** (for example, reduced educational achievement linked to disruption for children, and negative impacts on the health and well-being of household members);
- **neighbourhoods** (increasing the number of empty homes and blight); and
- **taxpayers** (for example, costs of housing benefit and providing temporary accommodation linked to homelessness obligations).

1.6 Eligibility for the Scheme is highly targeted. It is a last resort for households where all alternatives, including lender forbearance and trading down the property ladder, have been explored. The focus is on households that, if presenting to their local authority housing department, would be accepted as in priority need and statutory homeless[1] (for example, because there are dependent children within the household). This group is targeted because the costs of supporting such households under homelessness legislation can be substantial. Department-sponsored evaluation of the Scheme[2] estimated that local authorities incur £4,000 administration costs upfront and £5,300 in temporary accommodation costs per case per year. The evaluation also notes that homelessness acceptances cost the taxpayer if social housing is provided, and housing benefit paid. Other parts of the repossession 'safety net', meanwhile, apply to a much wider population (Figure 3).

1 'Statutory homeless' refers to households accepted by local authorities as owed a main homelessness duty under the 1985 Housing Act.

2 Department for Communities and Local Government, *Evaluation of the Mortgage Rescue Scheme and Homeowners Mortgage Support: Interim report*, July 2010.

The operation of the Scheme

1.7 The Scheme offers two options:

- **Mortgage-to-rent:** a homeowner sells their house to a housing association, originally at 97 per cent of market value, now 90 per cent (the difference is effectively the household's contribution to the deal). On completion, a household enters a shorthold tenancy agreement with the housing association of at least three years, paying up to 80 per cent of market rent. This option is open to households with borrowing up to 120 per cent of the property's value.[3]

- **Shared equity:** a housing association offers the household a loan to reduce the outstanding mortgage, securing that loan as a second charge on the property. Households pay a modest monthly interest fee to the housing association alongside their reduced mortgage payment. This option is only available to households with between 25 and 40 per cent equity.

1.8 In every mortgage rescue case, money advice is offered at the outset, regardless of whether Scheme engagement leads to a full rescue. The end-to-end process for a mortgage-to-rent rescue – the most common type – is summarised in Appendix Two.

1.9 The Department subsidises rescues through a grant to housing associations, administered by the Homes and Communities Agency (the Agency), funded through the National Affordable Housing Programme. The Agency is responsible for managing this budget on the Department's behalf. Housing associations are independent not-for-profit providers of affordable homes. The grants they receive from government to build or purchase affordable homes must be retained for this purpose if those homes are subsequently sold.

1.10 For the mortgage-to-rent option, the grant was originally 55 per cent of the combined cost to the housing association of purchasing the property and making any necessary repairs. The Department increased the grant to 65 per cent in September 2009, in an attempt to increase coverage by encouraging more housing associations to participate, before reducing it back to 55 per cent in June 2010 and further to 47 per cent in March 2011. For shared equity rescues, the Department grants 73 per cent of the cost of the loan. Lead provider housing associations also receive a fee of £4,500 to cover administrative costs of processing successful applications.

1.11 Regional caps, linked to lowest quartile property prices, operate to restrict Scheme access to those households who are unable to trade down. In practice, regional caps have not always been strictly enforced and the Department and Agency have shown flexibility in their application (see Figure 5).

3 The Department's contribution is based on the same rate (i.e. 97 or later 90 per cent of market value). In negative equity cases the lender may choose to write off some or all of the outstanding balance, or agree a payment plan with the householder.

Part Two

Outputs and outcomes from the Mortgage Rescue Scheme

2.1 This part of the report reviews evidence on Scheme outputs, outcomes and cost-effectiveness.

How many repossessions have been prevented by the Scheme?

2.2 The Department aimed to complete up to 6,000 mortgage rescue deals over two years, budgeting on that basis. As **Figure 4** shows, by the end of March 2011, the Department had completed just over 2,600 rescues and a further 1,594 cases were still being processed by local authorities or housing associations. Meanwhile, nearly all rescued households have taken the mortgage-to-rent option and 45 per cent were in negative equity.

2.3 The Scheme has therefore not had the direct impact on maintaining owner-occupation originally anticipated, but has, nevertheless, averted homelessness for a substantial proportion of participants. The number of households accepted as homeless due to mortgage arrears fell from 2,340 in 2008 to 1,380 in 2009 and 1,050 in 2010[4] (an overall reduction of 55 per cent since 2008). By comparison, overall homeless acceptances fell by 26 per cent over this same period (from 57,510 in 2008 to 42,390 in 2010).

2.4 Scheme monitoring data show that local authorities assessed 15,574 households as eligible for the Scheme up to the end of March 2011. Most of these did not go on to complete the rescue process, but it is likely that some will have avoided repossession because of the advice they received or because they were referred to their lenders or formal money advice. The Department does not have data to assess how many households this might apply to because it did not establish mechanisms to track outcomes for these households. It is also unclear how many of these households would otherwise have sought or received similar advice at some point, especially in the context of other Government interventions (see Figure 3).

2.5 Broader data do not provide a conclusive picture on this issue. Local authorities reported that they helped 3,600 households stay in their homes through interventions to address mortgage arrears, including the Scheme, in the 2009-10 financial year. However, this number also reflects other local authority homelessness prevention activity. Based on these statistics, it is not clear what scope there is for there to have been a substantial wider impact.

4 Data for 2009 and 2010 are provisional.

Figure 4
Take-up of the Scheme to March 2011

Stage

1 Initial approach to local authority		**Outcomes of initial approaches**[1]	
Total approaches	38,769	Referred to lender and/or to specialist money advice[2]	14,375
		Information pack and/or advice provided by local authority	10,098
		Local authority housing options offered[3]	9,073
		Other outcome	2,105
2 Assessment by local authority			
Total households assessed as eligible for the Scheme[4]	15,574		
3 Application to the Scheme		**Outcomes of applications**	
Total applications	8,427	Applications not progressed[5]	4,212
		Completed rescues	2,621
		Applications in progress	1,594

NOTES

1 Does not include 3,118 approaches from Quarter 1 2009 (relevant data from local authorities was not collected in that period).

2 Lenders can agree to reduced payments in the short term or add arrears to borrowings. Money advisers work with homeowners to prioritise debts, maximise income and, where possible, avoid repossession.

3 Includes interviews to: complete Scheme applications if appropriate; advise and assist to prevent homelessness where Scheme criteria are not met; and provide homelessness assistance where there is a threat of homelessness within 28 days.

4 Households assessed as at risk of repossession and in a priority need category.

5 Total applications less completed rescues and live applications.

Source: National Audit Office analysis of Department for Communities and Local Government data

What types of households have been helped?

2.6 The majority of households rescued live in three-bedroom properties. As **Figure 5** shows, the average value of their properties is around £134,000. The average cost of repairs required to each property is around £11,500.

Figure 5
Characteristics of the properties purchased under the Scheme, to March 2011

Region	Number of rescues	Average property value purchased under the Scheme (£)[1]	Maximum values of properties allowable under the Scheme (£)	Number of properties purchased in excess of cap[1]
East Midlands	241	113,000	155,000	19
East of England	238	154,000	200,000	29
London	163	224,000	305,000	9
North East	136	92,000	125,000	15
North West	458	100,000	135,000	36
South East	542	175,000	235,000	46
South West	142	155,000	205,000	11
West Midlands	392	117,000	155,000	38
Yorkshire and the Humber	309	100,000	140,000	28
England	**2,621**	**134,000**	–	**231**

NOTE
1 Property values taken from Homes and Communities Agency management information.

Source: National Audit Office analysis of Department for Communities and Local Government Official Statistics and Homes and Communities Agency data

2.7 Some 231 households assisted had properties with a value in excess of the regional cap imposed by the Department. In reality, the Department encouraged housing associations to apply discretion around the cap in individual cases. From July 2010, the Department instructed housing associations to apply the cap more rigidly.

2.8 Completions in the London region have tended to be in Outer London, with less activity in Inner London. This may be a result of the operation of the London-wide price cap, which does not take account of the very wide variations in house prices within the Greater London area.

2.9 **Figure 6** summarises the characteristics of rescued households. Most qualified because they have dependent children.

2.10 At the outset, the Department estimated that a mortgage rescue would take 15 weeks to complete. Data on the time taken from point of household engagement with the local authority through to completion with the housing association are not available. The time taken to process a case from point of referral to a housing association through to completion is, however, recorded. Around one in nine cases is completed within 13 weeks, and around one in two cases completed within 26 weeks. This indicates that original estimates underestimated the complexity of household circumstances and the complexity of negotiations required to complete a rescue case.

Figure 6
Proportion of households in each priority need group to March 2011

Priority Need Category	Percentage of rescued households (%)
Dependent children	70
Disability	15
Old age	6
Other reasons[1]	8
Total[2]	100

NOTES

1 Includes households local authorities deem vulnerable for other or special reasons, including pregnancy, or illness.

2 Total does not cast due to rounding.

Source: National Audit Office analysis of Homes and Communities Agency data

How much did it cost to help each household?

2.11 To the end of March 2011, the Department had spent £249 million (87 per cent of the £285 million budget) on the Scheme with the potential to spend a further £76 million completing cases in the pipeline.[5] Each mortgage-to-rent rescue has cost on average around £93,000, including a £4,500 administration fee. This cost has declined following reductions in the grant payable to housing associations and, since July 2010, has been £81,000. Taking account of the limited number of shared equity cases, the overall average cost of each rescue is also around £93,000 (see Figure 1).

What are the benefits of the Scheme in the longer term?

2.12 An interim Scheme evaluation published in July 2010 and carried out by academics from the University of York and Heriot Watt University[6] showed that an assessment of the Scheme's long-term contribution depends on how costs and benefits are valued. The evaluators used two approaches:

- Under an approach which appraised the cash flows to the public sector and housing associations, the evaluators estimated that each rescue carried an average net present cost (i.e. a cost net of measurable benefits) of £45,000.
- Under an alternative approach which considered the costs and benefits in broader 'resource' or 'economic' terms, the evaluators estimated that each rescue carried an average net present cost of £5,500.

2.13 These estimates of costs and benefits are subject to significant uncertainty.

- Assumptions have to be made about what would have happened to households in the absence of the Scheme (the counterfactual).
- Evidence on longer-term outcomes for rescued households is not yet available (for example, whether tenancy arrangements are sustainable).
- Despite recognising their likely existence, the evaluators were unable to quantify the extent of wider benefits from the Scheme linked to personal and social impacts (for example, improved educational outcomes for children).
- Despite acknowledging the important role of money advice, the Department has not sought to systematically capture and quantify the additional impact of money advice offered through the Scheme.

5 £249 million is the total actual spend to the end of March 2011 reported by the Agency, based on housing association grant claims. It includes a small number of cases not recorded in the official statistics, because not all authorities supply a data return every quarter (the response rate is typically over 90 per cent). The estimated potential value of outstanding cases is based on a subset of the total cases outstanding at the end of March 2011, because only cases referred to housing associations before 1 March 2011 will be entitled to Department support under the original Scheme terms.

6 For further detail see: Department for Communities and Local Government, *Evaluation of the Mortgage Rescue Scheme and Homeowners Mortgage Support: Interim report*, July 2010.

Part Three

The Department's management of the Mortgage Rescue Scheme

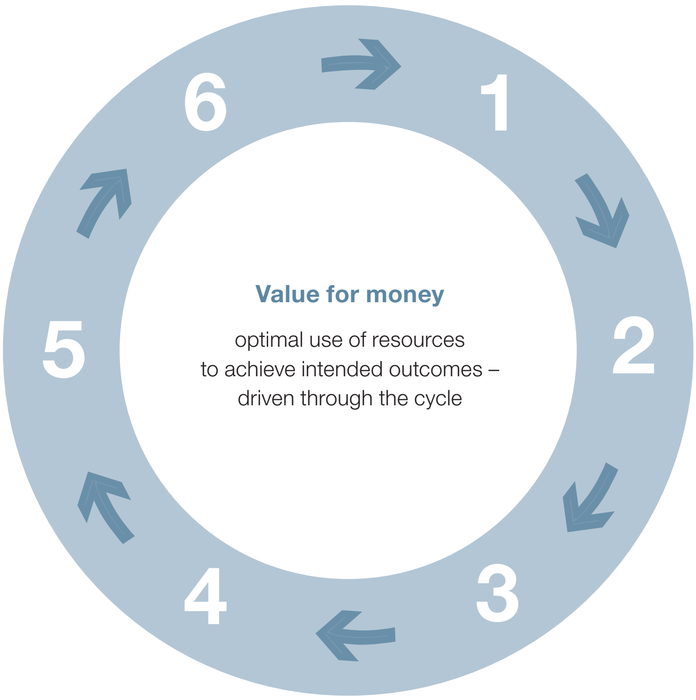
3.1 We assessed the Department's performance in designing, appraising and delivering the Scheme against the core management cycle[7] through which the National Audit Office expects to see value for money driven in public expenditure programmes (**Figure 7**).

Figure 7
The core management cycle

6 Feedback
amends priorities and informs future strategy and planning

5 Evaluation
of implementation against strategic goals

4 Measurement
of quality, delivery, costs and user experience against benchmarks and targets



1 Strategy
based on evidence with clear policy goals

2 Planning
with agreed priorities, resources, management information and programme management in place

3 Implementation
with good financial management, risk management, governance and controls in place

Source: National Audit Office report: A Short Guide to Structured Cost Reduction

7 National Audit Office report: A Short Guide to Structured Cost Reduction.

Strategy and planning

3.2 In February 2008, the Department sponsored a high-level report setting out an outline Scheme design, drawing on experience of a similar arrangement proposed in the early 1990s.

3.3 The Department then established a team to develop the Scheme during the first half of 2008. The Department engaged with other government departments and with external bodies including Shelter, local authorities, the Council of Mortgage Lenders, the National Housing Federation, the Chartered Institute of Housing and some housing associations.

3.4 The Department lacked its own independent forecast of repossessions and relied on forecasts from the Council of Mortgage Lenders. The Department has since improved its knowledge by working with academics to produce an independent forecasting model for repossessions, which is now being deployed within the Department and elsewhere in government.

Goals, priorities and objectives

3.5 The Department developed objectives for the Scheme (set out in paragraph 1.4) at the outset. A 'blueprint' submitted to Ministers in August 2008 stated that:

- eligibility would be limited to households with a minimum of 5 per cent equity[8] – negative equity cases were excluded from the Scheme on the grounds of 'moral hazard';[9] and
- three options (shared equity, shared ownership and mortgage-to-rent) would be offered, with the majority of cases expected to be shared equity (Figure 1).

3.6 The Department's key quantified objective for the Scheme was to deliver up to 6,000 rescues over two years based on:

- the Council of Mortgage Lenders' forecast that there would be 45,000 repossessions in both 2008 and 2009;
- an assumption that ten per cent of these 90,000 households would be potentially eligible, based on the number of repossessions and statutory homelessness acceptances. Data from 2007 (the most recent available at the time) indicated that the number of households accepted as homeless by local authorities following mortgage arrears (2,380) was roughly ten per cent of the number of households repossessed (25,900) in that year; and
- an assumption that a third of the resulting 4,500 potential cases per year would not participate, giving a total expected take-up of 3,000 cases per year (6,000 over two years).

8 At Scheme launch, eligibility for the shared equity option was refined, limiting access to those households with between 25 and 40 per cent equity.

9 'Moral hazard' refers to the risk that government interventions might promote irresponsible behaviour among borrowers and lenders.

3.7 The Department identified a further measure of success: the number of homeless acceptances due to mortgage arrears. The Department did not develop quantified objectives for the wider and indirect benefits of the Scheme. In particular, it did not set out how many households it would expect to receive money advice through the Scheme, nor quantify the expected benefits from repossessions prevented as a result.

Appraising costs and benefits

3.8 The Department misjudged demand for Scheme options in its planning. In practice, demand has focused on the more expensive mortgage-to-rent option. This may have happened for a number of reasons. It is not possible to say which of these factors was most influential, but the Department could have done more to understand the nature and extent of demand:

- **The Department did not have robust information on which to base its initial estimates.** The Department's early analysis was based on broad data on households facing repossession and limited evaluations of earlier schemes and stakeholder views. The Department did not have specific information on the households that were eligible for its Scheme, and did not gather additional data. The Department did not analyse data from a similar scheme in Scotland, which has been operational since 2003. Evaluation of that scheme, research work for which was conducted between March and August 2008 (with the final report published in January 2009) analysed mortgage-to-rent cases and found that only a minority would have been eligible for shared equity had it been available. This was mainly because households generally did not have the minimum equity required.[10]
- **The eligibility criteria for shared equity were rigid and the practicalities complex.** The Department's evaluation concluded that the lack of shared equity cases was mainly due to the narrow range of eligible equity (25 to 40 per cent). In some cases, borrowers declined shared equity despite being eligible, as they no longer wanted the responsibility of homeownership. The Department's initial analysis had indicated that the complexity of shared equity arrangements was not attractive to lenders, who wanted a simple Scheme based on mortgage-to-rent.
- **Scheme eligibility rules shifted over time, partly in response to changing economic circumstances.** The Department specifically excluded households with no or negative equity from its initial design. Removing this restriction in May 2009 inevitably increased the proportion of households accessing the Scheme that were only eligible for mortgage-to-rent.
- **The Department also believes that improved lender forbearance** has served to reduce demand for the less intensive support offered through the shared equity option.

10 The Scottish Government, *Evaluation of the National Mortgage-to-Rent Scheme*, January 2009.

3.9 Drawing on assumptions about the product mix, the Department's September 2008 Impact Assessment estimated the costs and budget required to provide the anticipated 6,000 mortgage rescues, and the possible benefits accruing to the Government and housing associations. Based on 6,000 rescues, the Department predicted that the Scheme would need a budget of £205 million to deliver £390 million in benefits, comprising savings to the Exchequer and net income for housing associations – an average unit benefit of £65,000.

3.10 The Department assumed that households would move on from their properties after five or eight years, and that housing associations would dispose of the properties and benefit from any appreciation in value. However, our investigation indicates that housing associations do not universally assume disposal of housing assets over the short to medium term when making a Scheme investment decision. The Department acknowledges that, in reality, different housing associations will take different approaches. Under these circumstances it would have been appropriate to undertake analysis using a broader range of assumptions.

3.11 The Department acknowledged in its Impact Assessment that baseline assumptions were subject to significant uncertainty. It did not, however, present any detailed sensitivity analysis around the potential impacts on costs. Had the Department considered the scenario in which nearly all rescues were mortgage-to-rent, it would only have been able to fund around 2,600 cases within the £205 million budget, based on its assumed cost of £78,000 per mortgage-to-rent rescue.

3.12 Our review of the Department's investment appraisal modelling revealed further limitations.

- The Department did not consider the impact of deflation in house prices, which would reduce the scale of benefits from future sales of rescued houses.
- Assumptions and workings on housing benefit savings were not set out clearly, reducing the scope for sensitivity or scenario analysis.
- The Department's model included a mistake which meant that the benefits from the mortgage-to-rent option were not summed correctly, indicating that processes for checking workings within investment appraisal models were inadequate on this occasion.

3.13 The presentation of Scheme costs and benefits in the Impact Assessment was also weakened by:

- a lack of analysis of alternative options, implying that the only alternative to the Scheme was 'do nothing'; and
- presentation of the costs and benefits from different perspectives. The costs to government were presented, while the benefits also included benefits accruing to housing associations, meaning that the comparison was not made on a like-for-like basis.

Scrutiny of the business case

3.14 In early December 2008, the Department presented a business case to its Investment Sub-Committee for scrutiny – the committee is responsible for approving new financial investment totalling £20 million or more. The business case presented excluded the 'shared ownership' option, which had by then been dropped, but did not formally revisit take-up assumptions set out in the Impact Assessment. The Investment Sub-Committee's ability to challenge the business case was also limited by the lack of any detailed sensitivity or scenario analyses around costs and benefits.

3.15 The Department did not put the Scheme forward for independent scrutiny by experienced practitioners using, for example, the Office of Government Commerce's Gateway™ Review process, to test the robustness of business plan assumptions. Given the exploratory nature of the Scheme, its profile, and its challenging delivery timetable, it is an omission that the Department did not draw on this approach.

Devising a governance framework and data collection arrangements

Governance

3.16 In 2008 the Department established, as part of its wider programme of work on repossessions, a comprehensive governance framework. This included a group bringing together bodies involved in delivering the Scheme, and a broader programme board that oversaw the Scheme alongside other repossession prevention initiatives. These boards were overseen by the Department's housing board. This framework has developed over time and now extends to include cross-government forums and regular stakeholder consultation. The Agency, meanwhile, reported on the Scheme through its National Affordable Housing Programme board.

Data Collection

3.17 The Department monitors Scheme progress through two sources of management information.

- Data on cases in progress from housing associations, which are collected by the Agency.
- Aggregate data submitted to the Department by local authorities. The Department typically receives information from over 90 per cent of local authorities. These data are routinely reconciled against information reported by housing associations.

3.18 Our review did not highlight fundamental weaknesses in the Department's data collection processes, but we did find scope for significant improvement in the data collected.

- There are no central data on the time taken from a household's first approach to a local authority through to completion.
- The absence of outcome-tracking on even a sample basis for households that receive advice (but do not go on to complete a rescue) is a weakness, given the Department considers this to be important to justifying the Scheme's overall impact.
- The Agency does not estimate returns (cash flows) to housing associations. This information would help the Department and the Agency assess the cost-effectiveness of its contribution to each case.

Implementation and measurement

3.19 The Scheme was launched in January 2009. Scheme completions were slow at first. After six months, only 18 households had accepted a mortgage rescue offer, although 713 more applications were being processed by local authorities and housing associations. The Department was concerned about the rate of progress and made changes to the Scheme's administration and rules.

Changes to Scheme administration

3.20 The Department and the Prime Minister's Delivery Unit reviewed the Scheme in April 2009. Between May and August 2009 the Department conducted 188 telephone interviews with local authorities to gather information on Scheme activity. These identified that not all authorities were engaging with the Scheme. The Department then provided training and agreed action plans with individual authorities to increase engagement. The Department and Agency also developed guidance for local authorities and housing associations. To increase the number of housing associations offering the Scheme, the Agency also promoted 'syndication' arrangements with 'lead' housing associations acting as broker and administrator on behalf of other housing associations.

3.21 The Department established an in-house 'fast-track' team to respond to lender concerns about the burden of engaging separately with individual housing associations. The fast-track team comprised a mixture of officials and secondees from local authorities and lenders, and began operating in September 2009. The Department reports that the fast-track team processed cases to housing association referral in an average of 73 days. It is not possible to say, however, whether it achieved faster completion times than the local authority route, because there are no comparative data on local authorities' performance. Our review suggests stakeholders were nevertheless supportive of a single point of engagement and administration and were therefore concerned about the withdrawal of this facility from September 2010.

Changes to Scheme rules

3.22 The Department made two major changes to the Scheme in its first year of operation.

- From May 2009, the Department allowed households with borrowing to 120 per cent of their property value to participate.
- From September 2009, the Department increased the rate at which it reimbursed housing associations from 55 per cent to 65 per cent of combined purchase and repair costs, in response to housing associations' concerns about the commercial viability of the Scheme given housing market uncertainty.

Financial management

3.23 The Department undertook financial analysis to support each of its individual changes, but did not use this information to adequately establish its exposure to financial risk.

- In May 2009, the Department increased the Scheme budget by 42 per cent from £205 million to £285 million to take account of both widened eligibility (allowing negative equity cases) and data suggesting that shared equity cases would comprise only 30 per cent of cases, with the remaining 70 per cent being mortgage-to-rent. The Department estimated that average unit costs would rise from £34,000 to £51,500.
- Following the increase in grant rate to housing associations in September 2009, the Department revised its estimate to £69,000 per case, more than double the original estimate of £34,000. This reflected both the grant increase and a revised assumption that 90 per cent of cases would be mortgage-to-rent. On this basis, the Department could expect to fund around 4,130 rescues.

3.24 Therefore, by September 2009, the unit costs of the Scheme were likely to exceed the predicted unit benefits of £65,000. At this point the Department's value for money case became more dependent on unquantified benefits. It would have been appropriate for the Department to more fully and formally reassess the Scheme business case at that point, or to make provision to gather more data on the unquantified benefits. The Department undertook some analysis of the value it was obtaining from the Scheme in support of the proposed increased grant, but neither: subjected the Scheme to fresh scrutiny by its Investment Sub-Committee; nor produced a new Impact Assessment reassessing the Scheme's costs and benefits.

3.25 Although it considered the trajectories of completed cases, the Department's programme board did not discuss the combined implications for the Scheme budget of an increasing cost profile and increasing numbers of household applications at any stage between September 2009 and March 2010. Financial commitments were sometimes discussed at the Agency's National Affordable Housing Programme board meetings, in the context of routine financial management reports and alongside other housing programmes.

3.26 By June 2010, the Department recognised that, without urgent action to control costs, it might have to close the Scheme early or risk overspending because prospective cases could have used the full £285 million available. The Department elected to keep the Scheme open and focus on reducing costs. In July 2010 it reduced its contribution to housing associations' costs from 65 per cent back to the original 55 per cent and capped the cost of repairs to which it would contribute at £20,000. It also announced that the Agency would have to approve each breach of the regional price cap, effectively removing the discretion that housing associations were previously allowed.

3.27 The Department has since announced further changes to the Scheme in the light of the Treasury's agreement to provide an additional £221 million from April 2011 to continue the Scheme until spring 2013. It has:

- reduced the overall amount paid for rescued homes from 97 to 90 per cent of market value. This implies a greater contribution from households, or, where the household has little or no equity, from the lender. This recognises in part the potential financial advantage to lenders from the Scheme, when compared to the costs incurred in forced sale situations;
- reduced its grant contribution to housing association costs from 55 per cent to 47 per cent; and
- invited local authorities and housing associations to submit proposals for funding within capped local budgets.

3.28 Our analysis indicates that the combined reductions would reduce the costs to the Department to around £66,000 per case, based on cases completed up to the end of March 2011. This is equivalent to spending around £72 million less on the mortgage-to-rent cases completed to this date. The Department does not consider, however, that it would have been possible to secure housing association engagement with the Scheme if the reduced grant level had been offered from the outset.

3.29 Given that the Department initially found it necessary to increase its contribution to secure engagement from housing associations, there is a possibility that, at a lower grant rate, some housing associations or lenders may not take on mortgage rescue cases because they consider that there is too much financial risk. Reductions to the grant rate could therefore undermine the Department's earlier work to establish national coverage.

3.30 Optimising the grant rate is challenging. The Department has subsidised most mortgage rescues through a fixed grant to housing associations. Under this model, financial returns to housing associations inevitably vary case-by-case; there is no guarantee that funding is allocated efficiently between all cases. Factors such as rental yields will impact on the expected level of financial return to the housing association from its investment. The Department's new model, under which it invites proposals from housing associations up to the maximum, is designed partly to address this issue. The Department has not, however, exploited the opportunity to assess value for money by benchmarking proposals. It could develop a financial model to estimate the expected returns to housing associations based on a standard set of assumptions. The Scottish Government uses a similar approach to fund mortgage-to-rent cases, based on providing a fixed return to housing associations rather than a single, fixed level of grant.

Evaluation and feedback

3.31 The Department demonstrated good practice in commissioning an early external evaluation, and has since used the findings and the models developed to analyse modifications to the Scheme grant rate and to strengthen its analysis of costs and benefits.

3.32 Our investigation indicated that the evaluation model provides a reasonable basis for estimating costs and benefits for the Government and housing associations, and is more robust than the Department's appraisal model. The evaluation model, by definition, benefits from being able to draw on actual cost data but also assumes that housing associations will retain their housing asset over the long term (in contrast to the Department's appraisal model). As described above (paragraph 2.13), the evaluation identified uncertainty in relation to long-term outcomes from the Scheme. At the time of this report, the Department did not have plans to conduct further evaluation, or to collect data on outcomes (for Scheme participants and those that only received money advice) to provide a more comprehensive and convincing account of the Scheme's overall impact.

Appendix One

Methodology

Method	Purpose
Department questionnaire. The Department provided a written account of Scheme development and implementation mapped against a framework of audit issues.	Provided an overview of key issues and links to supporting evidence.
Interviews. With Department and Agency officials responsible for the Scheme.	Mapping Scheme development and implementation, and to clarify issues arising from other strands of the audit.
File review. Reviewing Department and external documents including business cases, risk registers, minutes of key committees, and evaluations.	Provided a documentary account of Scheme design, implementation and impact, in particular to understand the basis and strength of underpinning evidence around key decisions points (such as the initial investment decision).
Stakeholder interviews. With: the Council of Mortgage Lenders, Shelter, Local Government Association, the National Housing Federation, the Scottish Government, and the Department's evaluators.	Gauged wider perceptions of the Scheme, stakeholder involvement in Scheme design, management and evaluation.
Case studies. 'Walk-through' case studies at three housing associations and linked local authorities, reviewing a small sample of Scheme cases, supplemented with telephone validation of findings with two other housing associations.	Mapping Scheme delivery chain and delivery issues, performance and financial data flows, Scheme investment decision-making and links to provider core business.
Validation of Department's appraisal and evaluation models. Economic analysis of models developed by the Department and its evaluators, assessing and testing: fitness for purpose, key assumptions, and technical strength.	Assessing the robustness of key quantitative assessments of costs and benefits underpinning the Scheme's initial business case and evaluation.
Analysis of management and statistical information. Including Department and Agency Scheme data, and data on repossessions and homelessness.	Deriving statistics on Scheme take-up, costs and characteristics of rescued households.

Appendix Two

The mortgage-to-rent process

Responsible Body	Stage	Activities
Local authority	Initial enquiry	Initial advice/assistance to household Provide advice pack
	Establish lender position	Ensure lender exhausted all hardship options and confirm stage of repossession proceedings reached
	Involve money advice	Refer household to local money adviser
	Assessment	Ensure eligibility
	Halt repossession proceedings	Request to lender to freeze repossession proceedings
	Refer to housing association	Track progress
Housing association	Receive referral	Check documentation from local authority
	Valuation	Instruct independent property valuation
	Lender negotiation	Make formal offer to lenders Instruct asset management survey
	Conveyancing	Instruct solicitor Eight-day cooling-off period Initiate conveyancing
	Completion	Exchange contracts Conduct necessary repairs

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