

Relatively little attention is given the vast number of people with mortgages, but who do not intend to move. A major cost facing many of these homeowners is the increase in their mortgage payments once their fixed rate terms are at an end. An average two-year fixed mortgage has risen above 7% for the first time in eleven years. This is of course a market decision, but, locally, a further complication has been the demise of Northern Rock as a lender. This Bank was a popular and competitive big player in the mortgage business in this City, incorporating many past lenders such as the North of England and Sunderland and Shields Building Societies. There was a history and tradition here covering numerous homeowners in Sunderland, Houghton, Hetton and Washington.

Whoever the lender this is a problem and experts are saying that higher mortgages costs are forcing more cash-strapped borrowers into voluntary debt management plans, with applications for individual voluntary arrangements rising by 34% since the start of the year.

In a matter of months there has been a changing economic climate and who is to blame we can leave for another letter. What is certain is that very careful thought now has to be given as to what people in the City can pay when their council tax is being assessed. Gone should be any general assumption that because people are owner-occupiers means they are comfortable financially and ready-payers, without much fuss and bother. I have underlined here one massive expense to the household budget, namely mortgage payments, affecting local people and their ability to pay. There are many others.

Council Tax is a tax on property and for it to be paid in full to the benefit of the Council and community, we must avoid any possibility that increases in this tax contribute, amongst other bills, to a growth in the re-possession statistics in our City. This is a realistic scenario as household debts, as mentioned above, deepen appreciably in the very uncertain economic times that lie ahead.

My own Party recently proposed a motion in Council which in its conclusion stated "that Council Tax bills in Sunderland do not rise in 2009/10." Unfortunately this was not accepted by the ruling Labour Party. I have mentioned some points above which convince me they were wrong.

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