

CABINET

21 September 2011

Report of the Portfolio Holder, Corporate Services & Assets

Local Authority Mortgage Rate for Mortgages granted Under Housing Act, 1985

EXEMPT INFORMATION

None

PURPOSE

The purpose of this report is in accordance with section 438 of the Housing Act 1985 to make the statutory declaration of the local authority mortgage interest rate from 1 October 2011.

Executive Summary

In accordance with section 438 of the Housing Act 1985 with effect from 1 October 2011 the Authority interest charged on Council mortgages changes from 7.17% to 6.87%.

RECOMMENDATIONS

The Cabinet is recommended to endorse: -

- **The statutory declaration of interest to be charged at 6.87%**
- **The rate is reviewed again every 6 months.**

For the following reason:

To comply with statutory requirements of the Housing Act 1985

RESOURCE IMPLICATIONS

There are no significant resource implications

LEGAL/RISK IMPLICATIONS BACKGROUND

Adopting the recommendation ensures the Authority complies with legislation. See Appendix A.

SUSTAINABILITY IMPLICATIONS

None

CONCLUSIONS

The statutory declaration of interest is to be charged

BACKGROUND INFORMATION

Authorities are required to charge whichever is the higher of:

1. The standard national rate, which is set by the Secretary of State, or
2. The applicable local average rate based on the Authority's own borrowing costs and a small percentage (0.25%) for administration.

The Council currently has a portfolio of 5 mortgages with a total amount outstanding of £45,664.63.

The standard national rate last declared by the Secretary of State after taking into account rates charged by building societies is 3.13%.

The applicable local average rate for Tamworth Borough Council is the Council's local average rate 6.62% plus 0.25% being 6.87%.

The mortgage interest rate that will be applied from 1 October 2011 will be 6.87% as it is the higher of the standard national rate and the local average rate.

REPORT AUTHOR

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LIST OF BACKGROUND PAPERS

APPENDICES

Risk assessment form