

30 May 2012

**Report of the Portfolio Holder, Core 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 June 2012 to 30 September 2012.

**RECOMMENDATION**

**Cabinet is recommended to endorse the statutory declaration of interest to be charged at 4.72%.**

**EXECUTIVE SUMMARY**

In accordance with Section 438 of the Housing Act 1985 with effect from 1 June 2012 the Authority interest charged on Council mortgages changes from 6.87% to 4.72%. This reflects the reduction in the Council's average debt rate due to the additional debt taken at low interest rates during March 2012 relating to the self financing of the Housing Revenue Account.

**RESOURCE IMPLICATIONS**

There are no significant resource implications.

**LEGAL/RISK IMPLICATIONS BACKGROUND**

None

**SUSTAINABILITY IMPLICATIONS**

None

## **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 4 mortgages with a total amount outstanding of £38,451.56.

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 4.47% plus 0.25% being 4.72%.

The mortgage interest rate that will be applied from 1 June 2012 will be 4.72% as it is the higher of the standard national rate and the local average rate.

### **REPORT AUTHOR**

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