

Report of the Portfolio Holder Operations and 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 2013 to 31 March 2014.

RECOMMENDATIONS

Cabinet is recommended to endorse the statutory declaration of interest to remain unchanged 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 has been 4.72%.

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 3 mortgages with a total amount outstanding of £36,095.84.

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 October 2013 will be 4.72% as it is the higher of the standard national rate and the local average rate.

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