

Report to: **Executive**
Date: **22 July 2008**
Report of: **Executive Member for Resources**
Subject: **Local Average Rate of Interest - Housing Act 1985, Section 438 and Schedule 16, Local Government Act and Housing Act 1989 Schedule 11**
Ward: **All**

1 Purpose of Report

1.1 To agree the Local Average Rate of Interest to be applied to Local Authority mortgages.

2 Consultation

2.1 In preparing the report I have consulted with the Head of Financial Management and Principal Accountant.

3 Background

3.1 It is necessary to re-determine six-monthly the local rate of interest to be applied to(a) advances and transfers and (b) sums left outstanding on disposal of Council owned dwellings. The Council's local average rate was set at 7.24% from the 1st April, 2008.

3.2 The local average rate means that rate declared under paragraphs 3(a) and (b) of Schedule 16 to the Housing Act 1985 and the local average rate is the average annual rate of interest calculated in accordance with proper practices, payable on the date of the declaration on the amount outstanding, by way of money borrowed by the Authority other than short term borrowing, plus 0.25%

4 Key Decision

4.1 This report constitutes a key decision contained in the Councils Forward Plan.

5 Implications

5.1 Financial
The financial implications are neutral as the rate calculated as being paid to the lenders is the rate chargeable to the mortgagors.

5.2 Legal
The rate is calculated in accordance with the Housing Act 1985.

5.3 Policy
There are no policy implications.

5.4 Risk
A risk assessment has been carried out and there are no matters impending.

Item no.

- 5.5 Communications
Upon approval by members the rate will be notified to mortgagors by the Financial Management Unit.
- 5.6 Corporate
- 5.6.1 Corporate Plan and Priorities
The report accords with the Councils objectives and agreed priorities. In particular assists in the following:-
- SFE 3 To ensure the Corporate health of the council through sound and prudent financial management.
- 5.6.2 Equality and Diversity
This report has no direct equality and diversity issues.
- 5.6.3 E-Government
This report has no e government issues.
- 5.6.4 Procurement
There are no direct procurement issues.

6 Recommendation

- 6.1 The Council's annual rate of interest calculated as above is 6.91% and I would therefore recommend that the local average rate of interest be set at 7.16% from 1st October, 2008 for a further six months.

Background Papers/Documents referred to in preparing the report.

Mortgage Interest file and spreadsheet for calculations.