

## Portfolio Holder for Resources

Item

4 March 2021

Report of	Assistant Director of Customer	Author	Ruth Northcott Payments and Debt Recovery Manager 508827
Title	Local Authority Mortgage Rates		
Wards	All		

### 1. Executive Summary

- 1.1 The rates charged for council mortgages are determined by statute. These rates are reviewed and reported on every 6 months.

### 2. Recommended Decision

- 2.1 To set the locally determined interest rate applicable to council mortgages effective from 1 April 2021 at 3.33%.

### 3. Reasons for Recommended Decision

- 3.1 The Housing Act 1985 specifies how local authorities must set interest rates on mortgages arranged since 3 October 1980. Authorities must charge the higher of:
- the Standard National Rate (SNR), set by the Secretary of State, based on interest rates currently charged by various lenders; **or**
  - the Locally Determined Rate (LDR), which is the applicable local average rate, based on the authority's own borrowing costs.

**3.2** The Secretary of State last reduced the SNR of interest from 3.93% to 3.13% with effect from 1 April 2009, after taking into account trends in mortgage lending rates. No further notification about the SNR has been received.

- 3.3 The LDR has been determined as 3.33% which is inclusive of the 0.25% administrative charge.

- 3.4 As the LDR rate is higher than the SNR's rate, the LDR can be charged.

### 4. Alternative Options

- 4.1 There are no alternative options. The rate payable is determined through statute.

### 5. Background Information

- 5.1 The LDR rate is set every six months and is affected by the interest rates paid on loans taken by the Council. The Council has recently paid off a loan which carried a high interest rate, therefore the LDR has now reduced from 4.53%, to 3.33%.

- 5.2 The Council currently has 7 outstanding accounts. 3 mortgages and 4 shared ownership.

### 6. Equality, Diversity and Human Rights implications

- 6.1 There are no impacts on the promotion of equality and overcome discrimination in relation to gender, gender reassignment, disability, sexual orientation, religion or belief, age and race/ethnicity.

## **7. Standard References and other implications**

- 7.1 There are no particular references to the Strategic Plan. There are no consultation, publicity, financial, community safety, health and safety, risk management or equality and diversity implications. There are no background papers.