

**OFFICER DECISIONS**

Below is a list of decisions taken by Officers which they have classed as significant:-

**REF: OD.13/02      MORTGAGE INTEREST RATES**

**Decision of**            City Treasurer

**Portfolio**             Finance and Resources

**Subject Matter**

In accordance with the provisions of Section 438 of the Housing Act 1985 to declare the local mortgage interest rate for the period 1 October 2002 to 31 March 2003.

**Summary of Options Rejected**

None

**DECISION**

1. That in accordance with Schedule 2, paragraph 5.2.23 of the Council's Scheme of Delegation a local interest rate for the period 1 October 2002 to 31 March 2003 be declared at 8.61%.
2. That as the National Rate is lower than the present Local Rate, in order to comply with the Housing Act 1985, new and existing borrowers be charged the local rate of 8.61% from 1 October 2002.

**Reason for Decision**

Under the provisions of Section 438 of the Housing Act, 1985, the City Council is obliged to charge on its mortgages the higher of its local interest rate or the National rate as prescribed by Secretary of State for Transport, Local Government and the Regions. It is also obliged to declare twice a year its local interest rate.

The local interest rate is fixed for a period of six months. The previous rate of 8.32% expired on 30 September 2002 and a new rate is required for the period 1 October 2002 - 31 March 2003.

The local interest rate is calculated as the cost of a local authority's borrowing plus 1/4%. The average cost of the City Council's external borrowings in the period October 2002 - March 2003 is estimated at 8.36%. Therefore the local rate of interest would be 8.61% for this period.

PA

The Secretary of State declared that with effect from 1 January 2002, the National Rate of interest was reduced to 5.19% from 6.06%. Thus this rate remains below the City Council's own local rate of interest.

**Date Decision Made**

25 October 2002