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<b>REPORT TO:</b>	<b>FINANCE AND MANAGEMENT COMMITTEE</b>	<b>AGENDA ITEM:</b> 7
<b>DATE OF MEETING:</b>	<b>18 MARCH 2004</b>	<b>CATEGORY:</b> <b>DELEGATED</b>
<b>REPORT FROM:</b>	<b>CHIEF FINANCE OFFICER</b>	<b>OPEN</b> <b>PARAGRAPH NO: N/A</b>
<b>MEMBERS' CONTACT POINT:</b>	<b>PAUL CULLEN</b> <b>595872</b>	<b>DOC:</b> s:\cent_serv\committee reports\finance and management\30 aug 2001\mort interest rate -pac.doc
<b>SUBJECT:</b>	<b>MORTGATE INTEREST RATE</b>	<b>REF: PAC/LJW/H3</b>
<b>WARD(S) AFFECTED:</b>	<b>ALL</b>	<b>TERMS OF REFERENCE: FM08</b>

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### **1.0 Recommendations**

1.1 The Committee is asked to declare the Local Average Rate of Interest for the period April 2004 to September 2004 at 5.19%.

### **2.0 Purpose of Report**

2.1 Under Section 438 of the Housing Act 1985 the Council is required to declare the Local Average Rate of Interest on its mortgages at six monthly intervals.

### **3.0 Detail**

3.1 The Committee is required at this meeting to declare the Local Average Rate for the six months from April 2004 to September 2004. The rate has been calculated to be 5.13%.

3.2 Borrowers are actually charged the higher of the Standard National Rate declared by the Secretary of State and the Local Average Rate. The Standard National Rate is based on the rates charged by Banks and Building Societies and is currently 5.19%.

3.3 Borrowers will therefore be charged 5.19%. The rate currently charged is 7.76%.

3.4 The notable reduction in the Local Average Rate is a direct result of Members decision at Finance and Management Committee on 17<sup>th</sup> February 2004 to approve the repayment of all outstanding PWLB loans before 31<sup>st</sup> March 2004. As a consequence, for the purposes of the Local Average Rate calculation, the Council now only has one long-term market loan outstanding, a LOBO (Lender Option Borrower Option), of £1m with an interest rate of 4.875%.

### **4.0 Financial Implications**

4.1 The rate of interest charged to borrowers will decrease from 7.76% to 5.19%.

### **5.0 Background Papers**

5.1 10 December 2001 Letter from DETR