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20 MARCH 2001

The Chief Executive
County Councils in England
District Councils in England
London Borough Councils
Council of the Isles of Scilly
Joint Authorities
The Town Clerk, City of London

Dear Sir/Madam

**LOCAL AUTHORITY MORTGAGE INTEREST RATES: HOUSING ACT 1985,
SECTION 438 AND SCHEDULE 16**

Paragraph 1 of Schedule 16 to the Housing Act 1985 specifies how local authorities must set interest rates on mortgages arranged since 3 October 1980. Authorities must charge whichever is the higher of:

- a) the Standard National Rate, which is set by the Secretary of State, or
- b) the applicable local average rate, based on the Authority's own borrowing costs.

New Standard National Rate

The Secretary of State has to set the Standard National Rate of interest "after taking into account interest rates charged by building societies in the United Kingdom and any movement in those rates." The major building societies have announced interest rates ranging from 6.49% to 7.39% for existing borrowers.

The Secretary of State has taken into account decreases in mortgage interest rates announced recently by the building societies and,

in accordance with paragraph 2 of Schedule 16 to, the Housing Act 1985, the Secretary of State hereby declares that the Standard National Rate of interest is decreased to **6.68%** per year with effect from **1 April 2001**.

This declaration supersedes that given in the Department's letter of 24 February 2000.



INVESTOR IN PEOPLE

**LOCAL AUTHORITY MORTGAGE INTEREST RATES, HOUSING ACT 1985,
SECTION 438, SCHEDULE 16**

STANDARD NATIONAL RATE (SNR) - FROM 1 SEPTEMBER 1997

Date of DETR notification to local authorities.	Standard National Rate (SNR)	Effective from:
15 August 1997	7.78%	1 September 1997
20 January 1998	8.17%	1 February 1998
14 August 1998	8.57%	1 September 1998
25 November 1998	7.76%	1 December 1998
13 January 1999	6.98%	1 February 1999
18 February 1999	6.51%	1 March 1999
24 February 2000	7.29%	1 March 2000
19 March 2001	6.68%	1 April 2001

If you require any further information, please email [Jacqueline Marriott@detr.gsi.gov.uk](mailto:Jacqueline.Marriott@detr.gsi.gov.uk)