

warwick district council

to: HOUSING COMMITTEE - 25TH JANUARY 2000

subject: HOUSING ADVANCES - DETERMINED AND VARIABLE RATE

from: FINANCE

I.DETERMINED RATE OF INTEREST

a.In accordance with Section 438 and Schedule 16 (3) of the Housing Act 1985, the Council is now required to declare its rate of interest for the next six months - 1st February 2000 to 31st July 2000 - in respect of mortgages granted after 3rd October 1980 for housing advances and sale of Council dwellings.

II.current situation

- a.The Act requires the Local Authority to use the higher of a 'local' rate or the 'National' rate determined by the Secretary of State. The 'National' rate is currently 6.51%.
- b.The present local rate is 9.75% for both types of loans. Taking into account the Council's outstanding long term borrowing rates, it is recommended that the following rates be declared for the six months commencing 1st February 2000 :-

(a) Advances and Transfers	9.75%
(b) Sales and disposals of Council Dwellings	9.75%

III.variable rate of interest

- a.The rate of interest on variable rate loans has been 9.75% since the 1st April 1999.
- b.The Council's scheme in respect of housing advances, prior to 3rd October 1985, provides that a margin must be preserved between the Council's current external borrowing rates and the rate of interest charged to borrowers sufficient that there is no loss incurred in the operation of the scheme.

IV.current situation

a. An assessment has been made based on current interest rates and administrative costs, and it is recommended that the Council's rate of interest in respect of the undermentioned schemes should continue to be 9.75%.

- (a) Variable Rate Housing Advances
- (b) Variable Rate Sale of Council Dwellings
- (c) Variable Rate Housing Association Loans

V. KEY ISSUES STRATEGIES

a. This report has no direct impact on the Key Issues Strategies or environmental issues.

VI. recommendations

a. That the rate of interest for advances approved under the 'Determined Rate of Interest' schemes continue to be 9.75% for the six months commencing 1st February 2000, in accordance with schedule 16 (1) of the Housing Act 1985.

b. That the rate of interest for advances approved under the 'Variable Rate of Interest' schemes continue to be 9.75%.

R.S. Wyton Principal Accountant
29th December 1999.

Contact Officer : - R. Wyton,
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Background Papers
Housing Act 1985

Areas in District Affected : All.