

## Appendix 4

### BORROWING AND LENDING TRANSACTIONS 2015/2016

1. In accordance with Financial Regulations and the Council's Treasury Management Policy Statement, the Chief Financial Officer is required to report annually on the activities of the Treasury Management operation.

2. This report details the borrowing and lending transactions undertaken by the Council for the 2015/16 financial year. Long term borrowing is used to fund Capital Projects and to replace principal sums repaid during the year. Lending transactions comprise instant access deposits, short-term investments on the London Money Markets and with the Debt Management Office's deposit facility, held at the Bank of England.

#### Background

3. The bank rate has remained at a historically low 0.50% for the whole year. In line with the Treasury Management strategy approved by Council investments have been made with the UK Debt Management Office, other Local Authorities, selected banks and Money Market funds.

#### Borrowing

4. The borrowing transactions and debt outstanding for the Council in 2015/16 are summarised as follows:

#### Statement of Borrowing Transactions for the year ended 31 March 2016

	Short Term		Longer Term			Total Debt £'000
	Local Deposit Loans	Short Term Temporary Loans	PWLB Loans	Money Market Loans	Total Longer Term	
	£'000	£'000	£'000	£'000	£'000	
<b>Debt Outstanding at 1 April 2015</b>	<b>253</b>	<b>0</b>	<b>206,435</b>	<b>50,000</b>	<b>256,435</b>	<b>256,688</b>
Loans Raised	1	0	84,511	0	84,511	<b>84,512</b>
Loans Repaid	(1)	0	(6,454)	0	(6,454)	<b>(6,455)</b>
Net Borrowing	0	0	78,057	0	78,057	<b>78,057</b>
<b>Debt Outstanding at 31 March 2016</b>	<b>253</b>	<b>0</b>	<b>284,492</b>	<b>50,000</b>	<b>334,492</b>	<b>334,745</b>

5. Total debt outstanding increased from £256.7 million to £334.7 million during the year. This increase comprises of £84.5 million of new debt, a repayment of a £5.7 million loan which matured in February 2016 and repayment of £0.8 million annuity loans. £54.5 million of the new debt relates to the Energy from Waste project. This level of debt is within the Capital Financing Requirement for 2015/16 (£507.5m) and also meets the Prudential Indicators for the authorised limit for external debt

(£543.0m) and the operational boundary (£520.0m). All debt is fixed rate and meets the Council's limits on the type of debt it holds (fixed and variable).

6. The Public Works Loans Board (PWLB) is the main source of longer-term borrowing for the Council and the following loans were taken during 2015/16. 6 maturity loans of £5 million each were taken to support general capital expenditure. The remaining loans taken were annuity loans and relate to the Energy from Waste Project.

<b>Amount (£m)</b>	<b>Date Taken</b>	<b>Maturity Date</b>	<b>Rate (fixed to maturity)</b>
8.305	12/06/2015	30/04/2042	3.38
11.500	23/07/2015	30/04/2042	3.35
8.394	21/10/2015	30/04/2042	3.03
8.200	24/11/2015	30/04/2042	3.09
7.404	28/01/2016	30/04/2042	2.88
5.000	16/02/2016	02/08/2027	2.36
5.000	16/02/2016	02/08/2030	2.62
5.000	18/02/2016	02/08/2028	2.55
5.000	18/02/2016	02/08/2033	2.91
10.708	23/02/2016	30/04/2042	2.67
5.000	08/03/2016	02/08/2034	2.97
5.000	08/03/2016	02/08/2035	3.01
<b>84.511</b>			<b>2.95%</b>

7. The total debt consists of longer and short-term debt. The longer-term debt of £334.5 million falls due for repayment as follows:

<b>Within</b>	<b>£m</b>	<b>% of Total Debt</b>
1 year	36.846	11.0
1 – 2 years	26.906	8.0
2 – 5 years	21.744	6.5
5 – 10 years	47.929	14.3
10 years and over	201.067	60.2
	<b>334.492</b>	<b>100.0</b>

8. Total debt outstanding is within plan and stands at £334.7 million at 31 March 2016, at an average rate of 3.95% (4.29% for 2014/15).

9. The short-term debt consists of local deposit loans repayable at seven days' notice which total £0.253 million on 31<sup>st</sup> March 2016. This was unchanged compared with March 2015.

### **Lending**

10. The temporary lending transactions for 2015/16 of the Council's cash balances are summarised as follows:

	£m	£m
<b>Balance at 01/04/2015</b>		57
Investments made during the year (346)	959	
<b>Less</b>		
Investments recalled during the year (351)	(947)	
		12
<b>Balance at 31/03/2016</b>		69

11. All investments are made in accordance with the Council's Treasury Management Policy and to institutions that satisfy the criteria in the Council's Treasury Management Practices.

12. The average rate earned on investments during 2015/16 was 0.42%. The net interest earned on investments totalled £0.244 million.

13. The Chief Financial Officer concludes that the management of debt and short-term investments continues to be cost effective.