

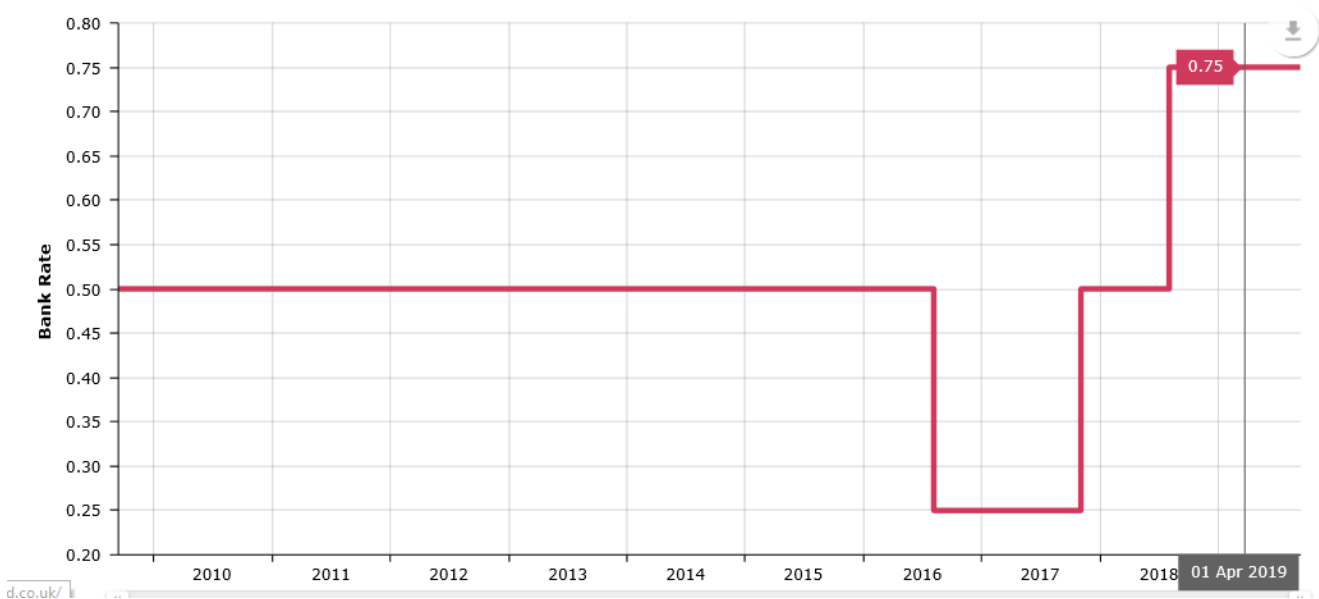
BORROWING AND LENDING TRANSACTIONS 2018/2019

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 2018/19 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, Ultra Short duration Bond Funds and with the Debt Management Office's deposit facility, held at the Bank of England.

Background

3. The Bank base rate was increased to 0.75% in August 2018. 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, Short Bond Funds and Money Market funds.

Official Bank Rate



Source: Bank Of England. <https://www.bankofengland.co.uk/boeapps/database/Bank-Rate.asp>

Borrowing

4. The borrowing transactions and debt outstanding for the Council in 2018/19 are summarised as follows:

Statement of Borrowing Transactions for the year ended 31 March 2019

	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	
Debt Outstanding at 1 April 2018	379	0	393,763	50,000	443,763	444,142
Loans Raised	1	0	60,000	0	60,000	60,001
Loans Repaid	(79)	(0)	(43,449)	(0)	(43,449)	(43,528)
Net Borrowing	(78)	0	16,551	0	16,551	16,473
Debt Outstanding at 31 March 2019	301	0	410,314	50,000	460,314	460,615

5. Total debt outstanding increased from £444.1 million to £460.3 million during the year. This increase comprises primarily of £60.0 million of new debt, a repayment of a £10 million loan which matured in August 2018 and repayment of £33.4 million annuity loans. All of the new debt is to support the financing of the approved capital programme. This level of debt is within the Capital Financing Requirement for 2018/19 (£555.5m) and also meets the Prudential Indicators for the authorised limit for external debt (£593.0m) and the operational boundary (£570.0m). 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, all of the borrowing taken in 2018/19 was to support the Capital Programme.

Amount (£m)	Date Taken	Maturity Date	Rate (fixed to maturity)
5.000	26/07/2018	02/08/2046	2.54
5.000	26/07/2018	02/08/2049	2.50
10.000	26/07/2018	02/08/2047	2.53
10.000	27/07/2018	02/08/2048	2.51
10.000	27/07/2018	02/08/2050	2.48
10.000	13/12/2018	02/08/2056	2.44
5.000	13/12/2018	02/08/2040	2.54
5.000	13/12/2018	02/08/2055	2.46
60.000			2.50%

7. The total debt consists of longer and short-term debt. The longer-term debt of £460.3 million falls due for repayment as follows:

Within	£m	% of Total Debt
1 year	51.329	11.2
1 – 2 years	28.807	6.3
2 – 5 years	34.092	7.4
5 – 10 years	55.722	12.1
10 years and over	290.365	63.0
	460.315	100.0

8. Total debt outstanding is within plan and stands at £460.6 million at 31 March 2019, at an average rate of 3.48% (3.41% for 2017/18).

9. The short-term debt consists of local deposit loans repayable at seven days' notice which total £0.301 million on 31st March 2019. This has increased by £0.101m compared with March 2018.

Lending

10. The temporary lending transactions for 2018/19 of the Council's cash balances are summarised as follows:

	£m	£m
Balance at 01/04/2018		43
Investments made during the year (269)	695	
Less		
Investments recalled during the year (294)	(681)	
		14
Balance at 31/03/2019		57

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 2018/19 was 0.62%. The net interest earned on investments totalled £0.655 million.

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