

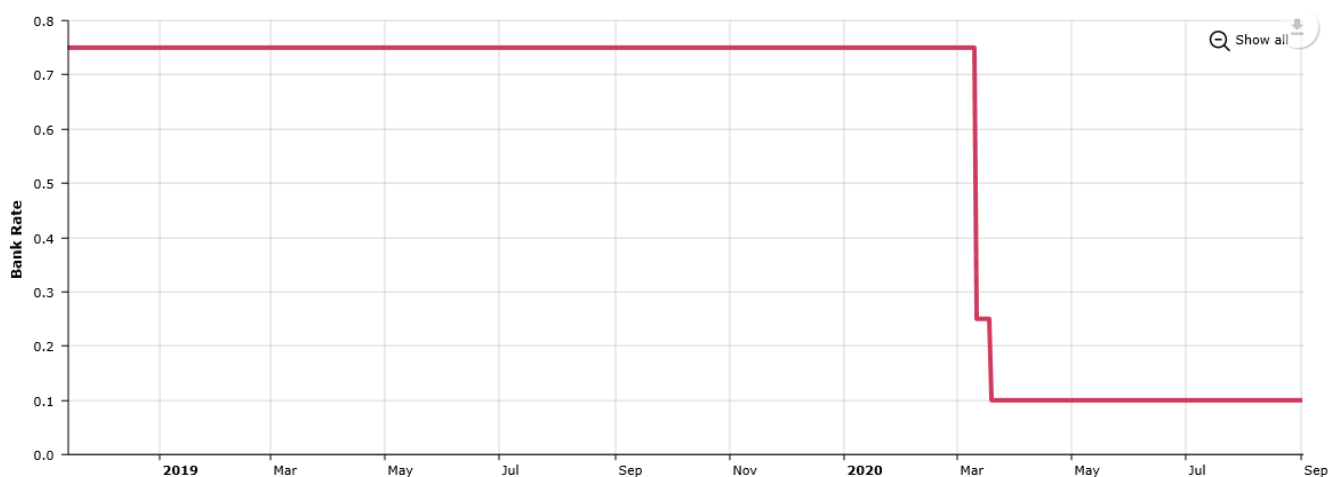
BORROWING AND LENDING TRANSACTIONS 2019/2020

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 2019/20 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. In response to the COVID pandemic, the bank rate was cut to a record low of 0.1% in March 2020. 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 2019/20 are summarised as follows:

Statement of Borrowing Transactions for the year ended 31 March 2020

	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 2019	301	0	410,314	50,000	460,314	460,615
Loans Raised	53	0	35,000	0	35,000	35,053
Loans Repaid	(44)	(0)	(21,328)	(0)	(21,328)	(21,372)
Net Borrowing	9	0	13,672	0	13,672	13,681
Debt Outstanding at 31 March 2020	310	0	423,986	50,000	473,986	474,296

5. Total debt outstanding increased from £460.6 million to £474.3 million during the year. This increase comprises primarily of £35.0 million of new debt and repayment of £21.3 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 2019/20 (£635.2m) and also meets the Prudential Indicators for the authorised limit for external debt (£673.0m) and the operational boundary (£650.0m). 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) remains the primary source of longer-term borrowing for the Council, all of the borrowing taken in 2019/20 was to support the Capital Programme.

Amount (£m)	Date Taken	Maturity Date	Rate (fixed to maturity)
10.000	11/04/2019	02/08/2059	2.34%
10.000	04/10/2019	02/08/2057	1.71%
7.500	07/10/2019	02/08/2042	1.79%
7.500	07/10/2020	02/08/2058	1.67%
35.000			1.90%

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	38.807	8.2
1 – 2 years	31.523	6.7
2 – 5 years	34.146	7.2
5 – 10 years	53.281	11.2
10 years and over	316.229	66.7
	473,986	100.0

8. Total debt outstanding is within plan and stands at £460.6 million at 31 March 2019, at an average rate of 3.33% (3.48% for 2018/19).

9. The short-term debt consists of local deposit loans repayable at seven days' notice which total £0.310 million on 31st March 2020. This has increased by £0.009m compared with March 2019.

Lending

10. The temporary lending transactions for 2019/20 of the Council's cash balances are summarised as follows:

	£m	£m
Balance at 01/04/2019		57
Investments made during the year (267)	886	
Less		
Investments recalled during the year (276)	(854)	
		32
Balance at 31/03/2020		89

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 2019/20 was 0.73%. The net interest earned on investments totalled £0.899 million.

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