

Appendix 4

BORROWING AND LENDING TRANSACTIONS 2014/2015

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 2013/14 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, part government-owned banks and Money Market funds.

Borrowing

4. The borrowing transactions and debt outstanding for the Council in 2014/15 are summarised as follows:

Statement of Borrowing Transactions for the year ended 31 March 2015

	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 2014	326	0	189,605	50,000	239,605	239,931
Loans Raised	1	0	21,990	0	21,990	21,991
Loans Repaid	(74)	0	(5,160)	0	(5,160)	(5,234)
Net Borrowing	(73)	0	16,830	0	16,830	16,757
Debt Outstanding at 31 March 2015	253	0	206,435	50,000	256,435	256,688

5. Total debt outstanding increased from £240 million to £257 million during the year. This increase comprised £22 million of new debt which entirely related to the planned Energy From Waste project financing, and the repayment of a £5 million loan which matured in August 2014. This level of debt is within the Capital Financing Requirement for 2014/15 (£449.7m) and also meets the Prudential Indicators for the authorised limit for external debt (£483.0m) and the operational boundary (£460.0m).

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. The following loans were taken during 2014/15, all of these were annuity loans related to the Energy from Waste project:

Amount (£m)	Date Taken	Maturity Date	Rate (fixed to maturity)
10.600	20/05/2014	30/04/2042	3.90
1.490	23/05/2014	30/04/2042	3.96
3.910	05/06/2014	30/04/2042	3.99
5.990	29/01/2015	30/04/2042	2.64
21.990			3.58%

7. The total debt consists of longer and short-term debt. The longer-term debt of £256.4 million falls due for repayment as follows:

Within	£m	% of Total Debt
1 year	36.125	14.1
1 – 2 years	25.496	9.9
2 – 5 years	16.596	6.5
5 – 10 years	40.770	15.9
10 years and over	137.448	53.6
	256.435	100.0

8. The average rate of longer-term debt for 2014/15 stood at 3.94%, down from 4.35% in 2013/14.

9. The short-term debt consists of local deposit loans repayable at seven days notice which totalled £0.253 million on 31 March 2015. This was a reduction of £0.073 million compared with March 2014.

Lending

10. The temporary lending transactions for 2014/15 of the Council's cash balances are summarised as follows:

	£m	£m
Balance at 01/04/2014		79
Investments made during the year (371)	1,137	
Less		
Investments recalled during the year (410)	(1,159)	
		(22)
Balance at 31/03/2015		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 2014/15 was 0.38%. The net interest earned on

investments totalled £0.318 million.

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