

OVERVIEW & SCRUTINY COMMITTEE

19TH June 2012

COUNCIL'S CURRENT BORROWING POSITION

Relevant Portfolio Holder	Councillor Mould
Portfolio Holder Consulted	
Relevant Head of Service	Teresa Kristunas, Head of Finance & Resources
Wards Affected	All

1. SUMMARY OF PROPOSALS

- 1.1 The report sets out for Members the Council's current position regarding borrowing.

2. RECOMMENDATIONS

That subject to any comments, the report be noted.

3. KEY ISSUES

- 3.1. The Council currently has borrowing totalling £131,129,000. This comprises £98,929,000 long term borrowing from the Public Works Loans Board, £5,000,000 long term borrowing from Barclays Capital and £27,200,000 by way of short-term borrowing from other local authorities. The details of these loans are set out at Appendix 1.
- 3.2. The £98,929,000 long term borrowing was undertaken as part of the implementation of Self-financing for the Housing Revenues Account. The other borrowing has primarily been undertaken to fund both the Housing and the General Fund Capital Programme. From time to time there will also be a need to borrow for cash flow purposes.
- 3.3. At the close of the 2011/12 financial year the capital expenditure financed from borrowing stood at £37,228,618.89, comprising £23,228,521.27 in respect of the Housing Capital Programme and £13,980,097.62 in respect of the General Fund. These amounts relates to Capital Programmes covering the period 2006/07 to 2011/12 for Housing and 2007/08 to 2011/12 for the General Fund.
- 3.4. The above figures exclude an amount of £15,000,000 internal lending between the General Fund (from) and the Housing Revenue Account (to). This has been utilised by the Housing Revenue Account to fund capital expenditure/Self-financing. The General Fund in turn is paid interest on this amount.

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Financial Implications

- 3.5. There is an ongoing requirement to set aside monies within the General Fund to repay the borrowing, and on both the Housing Revenue Account and General Fund to pay the interest on the sums borrowed.

3.6. Legal Implications

- 3.7. There are no legal implications. The Council is able to borrow to fund capital expenditure and for cash flow purposes.

Service / Operational Implications

- 3.8 Without the ongoing investment via the capital programme there may be service/operational issues arising. For example, if vehicles were not replaced in a timely manner.

Customer / Equalities and Diversity Implications

- 3.9. None directly.

4. RISK MANAGEMENT

There is risk in terms of future budgets if interest rates suddenly increase due to the level of short-term borrowing. The level of borrowing also reduced the flexibility to make adjustments within future budgets.

5. APPENDICES

Appendix 1 – Current borrowing position as at 7th June 2012.

6. BACKGROUND PAPERS

There are no background papers with this report.

7. AUTHOR OF REPORT

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REDDITCH BOROUGH COUNCIL

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Current borrowing position as at 7th June 2012

Lender	£	Interest rate	Date Borrowed	Repayment Date
BARCLAYS CAPITAL	5,000,000	4.71%	01/05/2007	03/05/2032
PWLB- 15years	15,000,000	3.01%	28/03/2012	28/03/2027
PWLB- 20years	25,000,000	3.30%	28/03/2012	28/03/2032
PWLB- 25years	40,000,000	3.44%	28/03/2012	28/03/2037
PWLB- 30years	18,929,000	3.50%	28/03/2012	28/03/2042
WORCESTERSHIRE COUNTY	2,000,000	0.28%	21/05/2012	15/06/2012
LB OF EALING	2,000,000	0.50%	19/03/2012	19/06/2012
SURREY HEATH BC	600,000	0.42%	22/02/2012	19/06/2012
GWENT POLICE AUTHORITY	2,000,000	0.42%	21/02/2012	19/06/2012
DERBYSHIRE SUPERANNUATION	1,000,000	0.50%	20/03/2012	20/06/2012
CAERPHILLY BOROUGH COUNCIL	1,500,000	0.42%	30/12/2011	28/06/2012
DERBYSHIRE SUPERANNUATION	1,000,000	0.50%	27/02/2012	27/07/2012
ABERDEENSHIRE	2,000,000	0.50%	01/03/2012	01/08/2012
SOUTH YORKSHIRE JS	3,000,000	0.50%	01/03/2012	01/08/2012
SOUTH LANARKSHIRE	3,000,000	0.45%	15/02/2012	15/08/2012
WEST SUSSEX COUNTY COUNCIL	2,600,000	0.65%	13/03/2012	13/09/2012
TENDRING DISTRICT COUNCIL	1,000,000	0.60%	13/03/2012	13/09/2012
SOLIHULL MET DISTRICT	1,000,000	0.65%	19/03/2012	19/09/2012
DERBYSHIRE SUPERANNUATION	1,500,000	0.60%	20/03/2012	20/09/2012
SOUTH YORKSHIRE JS	3,000,000	0.85%	16/03/2012	15/03/2013
	131,129,000			

Summary

Short-term (Other Local Authorities):	27,200,000
PWLB	98,929,000
Other long-term	5,000,000
Total	131,129,000