

EAST LINDSEY DISTRICT COUNCIL EXECUTIVE DECISION NOTICE

1. Decision to be taken:

To prematurely repay the £20m of external borrowing held by the Council with the Public Works Loan Board at a discount of £8,344,246 leaving a balance of £11,655,754 to be paid.

2. This is a:

PORTFOLIO HOLDER SUPPORTED OFFICER DECISION

3. The following is the decision making body or person:

OFFICER : Christine Marshall - Deputy Chief Executive (Corporate Development) & S151 Officer

after consultation with the Portfolio Holder for Finance

4. Financial implications from this decision have been communicated to the Portfolio Holder for Finance and the Leader?

Yes, in a meeting held on 5 October 2023

5. The decision was taken on:

10th November 2023

Note: - the above date to be completed by Democratic Services upon publication

6. Contact Officer and details:

Sean Howsam (Interim Treasury and Investments Manager (PSPSL))

7. List of documents submitted for consideration in relation to the matter in respect of which the decision is to be made :

ELDC Paper in Support of Delegated Decision to Prematurely Repay PWLB Borrowing.

Link Group (external treasury advisors) Document – ELDC Premature Repayment of PWLB Borrowing 051023.

8. Where the documents are held and where they can be obtained from (except exempt items) when they become available:

Attached

9. The reason for the decision and other alternative options considered and rejected:

Market rates are currently volatile and fluctuate on a daily basis which results in the discount increasing and decreasing in line with the changes in rates.

Having considered expectations for interest rates there appears to be limited upside for the level of the discount and greater downside. After reviewing the overall treasury position of the Council it is beneficial to lock into the current discount of £8,344,246 which will result in an annual revenue saving of £740k to £930k per annum for the next 10 years.

Future changes to how Minimum Revenue Provision on unfinanced capital expenditure is calculated will result in the Council's property fund investments having to be reviewed. If the Council were to sell their property fund investments the Council would almost certainly be overborrowed and would therefore have to repay borrowing.

Other options considered but not taken were:

- not prematurely repay the borrowing and retain the cheap rate borrowing
- to prematurely repay part of the borrowing with a view to securing a larger discount

10. Declaration of any conflicts of interest of the decision making body or the individual:

None

11. Provide a note of any subsequent dispensations granted by the Head of Paid service:

None

12. Financial Implications of this Decision:-

The premature repayment of the £20m of external borrowing with PWLB will result in a reduction in the Council's cash balances of £11,655,754.

Under accounting regulations the £8,344,246 discount must be credited to revenue over a period of 10 years.

After taking into consideration the reduction in interest on the Councils reduced investment balances, savings on external interest payments and the discount spread over a 10 year period the overall revenue gain in the first 10 years is between £740k to £930k per annum.

Estimated cost:- Not applicable

Funded from:- Not applicable

N.B. Please enter names below, signatures will be retained as a hard copy and will not be published therefore should be provided on page 4 of this form:

13. This decision has been signed off by:

Deputy Chief Executive (Corporate Development) & S151 Officer – Christine Marshall

Leader - Councillor Craig Leyland

Portfolio Holder – Councillor Richard Fry