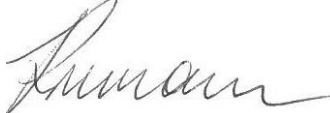


Officer decision record

Officer: Rachael Mann (s151 Officer)		Service: Finance
<p>Delegated power being exercised In line with the West Suffolk Treasury Management Strategy, The Council may take advantage of debt rescheduling where it is expected to lead to an overall cost saving or a reduction in risk.</p> <p>Debt rescheduling: The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Council may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk.</p>		
Subject of decision	£4m loan from Barclays (4.24% on a 70 year term) repayable in 2078	
Decision taken (specify precise details)	<p>Repayment of the £4m loan to Barclays along with an estimated early repayment premium of £307,320, accrued interest of £57,153 and fees of £10,000. Total cash paid will be £4,374,473.</p> <p>This is subject to interest movements since the quote was obtained. 0.1% movement in interest rates is anticipated to have an estimated £100k impact on the early repayment premium.</p> <p>The accrued interest figure is based on a repayment date of 1st February 2023.</p>	
Reasons for the decision (specify all reasons for taking the decisions including where necessary reference to Council policy)	<p>To restructure our borrowing to a timeframe more appropriate for the economic life of the project and assets included in our Capital Finance Requirement.</p> <p>There is an estimated present value saving of £561k over the life of this loan if it were replaced with a 20 yr EIP loan at rates as per 27th January 2023. The Council currently hold cash balances and will be looking to utilise these to repay the loan.</p>	
Alternative options considered (if appropriate)	Keep loan and continue to pay annual interest of £169,600 until 2078 when the £4m principal is repayable (as included in the Medium Term Financial Strategy).	

	This option doesn't allow the Council to take advantage of an overall saving by utilising existing cash balances and then borrowing is required due to cash flow requirements – a new loan will be taken out with a shorter life and on a repayment basis.
Background/reports/information considered and attached (Legal, Personnel, Financial Implications and so on)	West Suffolk Council Treasury Management Strategy 2022-2023 Arlingclose analysis and quote from Barclays.
Parties consulted before the decision has been taken.	Cllr Broughton (PH – Finance & Property) Arlingclose (Treasury Advisors) PASC (26 th January 2023)
Conflicts of interest declared by executive members consulted, including whether the Chief Executive has authorised councillors with conflicts to continue to act	None to declare
Decision	To repay the £4m loan to Barclays along with associated early repayment fees and other costs totalling £4,374,473 (subject to interest rate movement since the quote on 20 th January 2023).
Signature and Date:  27/01/2023	