

**NORTH LINCOLNSHIRE COUNCIL
OFFICER DECISION NOTICE AND RECORD
(PUBLISHED)**

Published 10/7/17
Decision notice
but not appendices
as these are EXEMPT

1. DECISION TAKEN			
Approval of in year borrowing requirement covering transactions in Q2 2017-18 to ensure sustainable liquidity levels are maintained.			
Approval to delegate the decision for implementation is given to Treasury Accountant, Shared Services in order to secure optimum tenure and rates , informed by liquidity requirements and maintaining flexibility over the year to adapt borrowing strategy as spending plans are more certain and in accordance with the Treasury Management Strategy.			
EXECUTIVE		NON-EXECUTIVE	
(Please tick either)			
IS THIS A 'KEY DECISION' ? (see definition overleaf)			Yes
			No
DOES THIS DECISION RELATE TO EXEMPT INFORMATION?			Yes
			No
EXEMPT PARAGRAPH REFERENCE (NOT TO BE PUBLISHED)			Section 3

2. OFFICER DECISION TAKER	<p>NAME Becky McIntyre</p> <p>POSITION/POST Director of Governance and Partnerships.</p> <p>SIGNATURE <i>B. McIntyre</i></p> <p>DATE 4-7-17</p>
3. REASONS FOR THE DECISION (Please ref to any report/minute/background documents attached)	<p>The 2017-18 Treasury Management Strategy (approved February 2017) sets out the Authority's Borrowing Strategy as follows:-</p> <ul style="list-style-type: none"> <input type="checkbox"/> Borrow long-term to support the capital programme <input type="checkbox"/> At the most advantageous time <input type="checkbox"/> With the most appropriate form of loan, normally annuity <input type="checkbox"/> To borrow for shorter periods if cash flow requires or to defer long term borrowing for a period <p>The Authority currently has a number of short-term loans due for repayment in July 2017 and wishes to replace these to defer more expensive long-term borrowing and ensure sustainable liquidity levels are maintained.</p> <p>An anticipated level of borrowing will be required, to be taken over varying periods out to 11 months by any available route permitted by the Treasury Management Strategy up to the anticipated level.</p> <p>Due to the level of Prudential Indicator limits on variable rate borrowing any additional sums required above this initial tranche of borrowing will need to be of a tenor in excess of 1 year. PWLB would be the usual default option for such borrowing but any requirement will be subject to an additional Decision Notice closer to the time.</p>
4. ALTERNATIVE OPTIONS CONSIDERED AND REJECTED (BY DECISION TAKER(S))	<p>The Authority's default lender is the Public Works Loan Board (PWLB). However PWLB's minimum loan period is 1 year and it's rates are set using the market price for the equivalent UK Government Gilt issue plus a margin of 0.8-1%</p>

A liquid market has developed between UK public sector bodies whereby a borrower can obtain funds for periods of less than one year and at rates lower than PWLB and the lender is able to receive better than commercial deposit rates for quasi-UK Government risk.

Borrowing for a spread of periods less than 1 year provides the Authority with some flexibility to alter borrowing levels should spend plans alter.

For the reasons above, loans from the public sector marketplace are preferred to longer-term PWLB on this occasion.

Other (commercial banks, pension fund) lenders exist and are keen to lend to UK Local Governments. However, whilst these lenders typically undercut PWLB rates they currently only offer long term solutions and come with significant lead-in times, which don't fit NLC's immediate need.

The Authority's current Liability Benchmark also indicates a sizeable borrowing requirement over the next few years to fund planned Capital Programme spend and Reserve drawdowns although management of this need will again be structured through future Borrowing Decisions. This transaction is solely to meet immediate cash flow need.

TO BE COMPLETED BELOW - ONLY WHEN A DELEGATED OFFICER DECISION REQUIRES PRIOR CONSULTATION WITH A MEMBER (LEADER OF THE COUNCIL, CABINET MEMBER/CHAIRMAN OF A COMMITTEE) IN ACCORDANCE WITH THE 'SCHEME OF DELEGATIONS TO OFFICERS' OR DECISION/MINUTE OF COUNCIL/COMMITTEE OR DECISION/MINUTE OF CABINET/CABINET MEMBER.

5. DECISION REQUIRED TO BE TAKEN IN CONSULTATION WITH RELEVANT MEMBER	COUNCILLOR POSITION SIGNATURE DATE
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6. ANY CONFLICT OF INTEREST DECLARED BY ANY EXECUTIVE (CABINET) MEMBER (S) CONSULTED, WHICH RELATES TO THE DECISION, OR (NON-EXECUTIVE) – ANY MEMBER OF THE COMMITTEE THAT DELEGATED THE DECISION TAKEN	
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7. WITH REFERENCE TO 6. ABOVE - HAS ANY DISPENSATION BEEN GRANTED TO THE EXECUTIVE (CABINET) MEMBER? (ONLY APPLIES TO EXECUTIVE)	
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PLEASE REMEMBER TO ATTACH ANY ACCOMPANYING REPORT.

WHEN COMPLETE, PLEASE SEND TO HEAD OF DEMOCRATIC SERVICES, CIVIC CENTRE, SCUNTHORPE FOR PUBLISHING.