



EXECUTIVE DECISION RECORD

REF No 571/23

A1 Service Area	Finance
A2 Title	Market Loans – Early Repayment
A3 Decision Taken By	Deputy Leader/ Chief Officer
A4 Chief Officer	Please print name: Sal Khan Please sign name: Approval by email 020423
A5 Leader / Cabinet Member	Please print name: Cllr S Sankey Please sign name: Approval by email 040423
A6 Date of Decision	4 th April 2023

Confidentiality

A7 Is this Decision confidential by containing exempt information as described in Schedule 12A of the Local Government Act 1972?	No
A7.1 If yes, please state relevant paragraph from Schedule 12A LGA 1972.	n/a

Scrutiny

A8 Which Scrutiny Committee should this decision be submitted to? *(Please tick as appropriate)* ✓

Scrutiny Community Regeneration Committee
 Scrutiny Environment and Health and Well Being Committee

Scrutiny Value for Money Council Services Committee ✓

B1 What is the Decision?	Early Repayment of Market Loans
B2 What are the reasons for the Decision?	<p>There is a positive business case to repay the two market loans totalling £4.5m early based on the terms negotiated between the loan provider and the Council. These loans are as follows:</p> <p>Market Loan £2m @ 5.87% due to be repaid 30/3/2026 Market Loan £2.5m @ 5.95% due to be repaid 27/3/2026</p> <p>This will not reduce the Council's underlying need to borrow, simply move external borrowing to internal borrowing, which is more cost effective.</p> <p>These terms include payment of a reduced premium of £150,000 (£75,000 per loan) and result in an overall estimated net cashable saving to the authority of £179,015 over the remaining period of the loans. This takes into account the lost investment income as a result of early repayment and is based on the forecast of investment returns provided by our treasury management advisors.</p> <p>Our treasury management advisors have been consulted on these proposals and have indicated that the proposed premium is significantly lower than the equivalent PWLB cost and on that basis offers good value for money for the Council.</p> <p>The Chair of Audit Committee (Cllr Barker) was consulted on 4th April 2023 prior to the decision being finalised by the Cabinet Member.</p>
B3 What are the contributions to Corporate Priorities?	Effective treasury management underpins all Corporate Priorities.
B4 What are the Human Rights considerations?	There are no Human Rights issues arising from this decision.

Financial Implications

<p>B5 What are the financial implications?</p>	<p>The main financial issues arising from this decision are as follows:</p> <p>There will be no reduction in the Council's overall need to borrowing (Capital Financing Requirement) as a result of this decision. It means that external borrowing will reduce by £4.5m and internal borrowing will increase by the same amount in 2023/24.</p> <p>There is an estimated overall positive / cash saving impact on revenue as result of this decision totalling £179k* (on average £60k per annum). This can be released from the debt repayment reserve.</p>
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*This figure assumes a repayment date of 5/4/2023 which is subject to finalisation.

<p>The finance section has been approved by the following member of the Financial Management Unit:</p>	<p>Please print name: Lisa Turner</p> <p>Please sign name: Approval by email 040423</p>
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Policy Framework

<p>B6 Is the Decision wholly in accordance with the Council's policy framework?</p>	Yes
<p>B6.1 If No, does it fall within the urgency provisions (Part 3 of the Constitution)?</p>	NA
<p>B6.2 Has it got the appropriate approvals under those provisions?</p>	NA
<p>B7 Is the Decision wholly in accordance with the Council's budget?</p>	Yes
<p>B7.1 If No, does it fall within the urgency provisions (Part 3 of the Constitution)?</p>	NA
<p>B7.2 Has it got the appropriate approvals under those provisions?</p>	NA

Equalities Implications

B8 What are the Equalities implications:
B8.1 Positive (Opportunities/Benefits): n/a
B8.2 Negative (Threats): n/a
B8.3 The subject of this decision is not a policy, strategy, function or service that is new or being revised.

Risk Assessment

B9 What are the Risk Assessment implications:
B9.1 Positive (Opportunities/Benefits): This provides estimated cashable savings and value for money based on current economic forecasts.
B9.2 Negative (Threats): Economic forecasts could change with investment rates staying higher for longer than currently expected. Sensitivity analysis has been undertaken and the business case for this decision remains positive.
B9.3 Any financial implications to mitigate against these risks are considered above.

Legal Considerations

B10 What are the Legal Considerations:
B10.1 There are no significant legal issues arising from this decision. The Council conducts its treasury management activities in accordance with the Professional Codes of Practice issued by CIPFA which are underpinned by the Local Government Act 2003 and other related regulations and statutory guidance including statutory instrument SI2007/573 which sets out the treatment of premium and discounts arising from the early repayment of debt.
This section has been approved by the following member of the Legal Team Please print name: Sherrie Grant
Please sign name: Approval by email 040423

Sustainability Implications

B11 What are the Sustainability implications:

B11.1 The proposal would not result in an overall positive effect in terms of sustainability (including climate change and change adaptation measures).

Health & Safety Implications

B12 What are the Health & Safety implications:

B12.1 A Risk Assessment has not been carried out and entered into Safety Media for all significant hazards and risks because there are no significant hazards or risks arising from this decision.

Key Decision

B13 Is this a Key Decision? No

Note: A Key Executive Decision is one where:

1. **REVENUE** – Any contract or proposal with an annual payment or saving of more than £100,000
2. **CAPITAL** – Any capital project with a value in excess of £150,000
3. A decision which significantly affects communities living or working in an area comprising two or more wards.

B13.1 If this is a Key Decision, is this an urgent decision such that a delay caused by use of the Call-in Procedure would <u>seriously</u> prejudice the public interest?	NA
B13.2 If yes, has the Mayor or in his/her absence the Deputy Mayor or in his/her absence the Chair of the relevant Scrutiny Committee agreed that the decision will be exempt from Call-in?	NA

NOTE: If this decision is subject to the Call-in Procedure it will come into force, and may then be implemented, on the expiry of 3 working days after publication – unless 10 Members of the Council call in the decision.

Please send the original signed document to andrea.davies@eaststaffsbc.gov.uk