

	<h2>CHIEF OFFICER IN CONSULATION WITH COMMITTEE CHAIRMAN DELEGATED POWERS REPORT</h2>
<p style="text-align: right;">Title</p>	<p>Decision to borrow £50m from the PWLB on 24-Mar-2021</p>
<p style="text-align: right;">Report of</p>	<p>Director of Resources (S151 Officer)</p>
<p style="text-align: right;">Wards</p>	<p>All</p>
<p style="text-align: right;">Status</p>	<p>Public</p>
<p style="text-align: right;">Enclosures</p>	<p>None</p>
<p style="text-align: right;">Officer Contact Details</p>	<p>Anisa Darr Director of Resources Anisa.Darr@barnet.gov.uk 020 8359 7634</p>

Summary

£50m of borrowing has been taken to support capital expenditure in the HRA capital programme.

Decisions

As part of the borrowing plans set out in the 2020/21 Treasury Management Strategy Statement £50m of long-term borrowing was taken on the 24-Mar-2021 for a period of 50 years. The annual rate of interest on the new borrowing is 1.98%. This borrowing is specifically earmarked for the Housing Revenue Account.

1. WHY THIS REPORT IS NEEDED

- 1.1 General powers to borrow for both revenue and capital purposes are contained in Section 3 of the Local Government Act 2003.
- 1.2 The Treasury Management Strategy Statement (TMSS) for 2020/21 sets out the Council's borrowing requirement for the year and its strategy for borrowing and policies for managing its investments. This borrowing is in line with these strategies.
- 1.3 The Chartered Institute of Public Finance and Accountancy (CIPFA) issued a revised edition of the Treasury Management in the Public Services Code of Practice in 2002 – this code was adopted on 7 January 2003. The Treasury policy statements that accompany the code outline the practices the Council may adopt when carrying out its treasury operations. The Council has complied with the code and subsequent practises when taking out the loan.

2. REASONS FOR RECOMMENDATIONS

- 2.1 The HRA business plan requires that new long-term borrowing is at or below 2% and the PWLB allowed us to achieve this. The borrowing is in line with borrowing plans that are set out in the HRA capital programme.
- 2.2 Below is a summary of the capital commitments as per the HRA business plan to be presented to H&G on 19th May, this includes the forecast figures (as at P11 20/21) and the proposed budget figure for 21/22 and 22/23.
- 2.3 This tranche of borrowing is therefore expected to be used for part of the capital expenditure plans outlined in 20.21.

	2020.21	2021.22	2022.23
HRA CAPITAL PROGRAMME	£	£	£
Stock capital investment	39,846,646	52,867,425	38,210,646
Development/Acquisition	17,489,637	46,296,441	37,216,165
Capital programme	57,336,283	99,163,866	75,426,811

- 2.4 The TMSS imposes limits on the maturity structure and the quantity of our debt portfolio in 2020/21 and new borrowing has not breached these limits.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 Alternative borrowing sources were considered but given the unfavourable pricing and large minimum size these were not pursued.

4. POST DECISION IMPLEMENTATION

- 4.1 New borrowing has been taken and has either been applied immediately or will be applied within 12 months to capital expenditure.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

- 5.1.1 Robust financial management can be demonstrated by achieving a sub 2% borrowing rate which is a key metric in supporting the delivery of HRA capital plans that support long-term service delivery.

5.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)

- 5.2.1 In discussions with our Treasury Advisors (Link Asset Services) the Director of Resources deemed a rate of 2.25% an appropriate point to consider taking out long-term borrowing to support capital expenditure plans. This is based on the view that rates below 2.25% represents value for money given projections of where rates will be in the future.

- 5.2.2 There are no procurement, staffing, IT, Property or sustainability implications arising from the decision.

5.3 Legal and Constitutional References

- 5.3.1 Paragraph 2.6.3, Article 16 (Financial Regulations) of the Constitution provides that the Chief Finance Officer has the delegated authority to undertake long term borrowing on behalf of the Council in line with the TMSS and will issue a Delegated Powers Report immediately after this power is exercised to inform Members in consultation with the Chairman of the Policy and Resources Committee and reported to the next meeting of the Policy and Resources Committee.

- 5.3.2 General powers to borrow for both revenue and capital purposes are contained in section 3 of the Local Government Act 2003.

5.4 Risk Management

- 5.4.1 When undertaking substantial amounts of long-term borrowing it is important to obtain the best possible rate of interest within the timeframe that the borrowing has to be conducted. To minimise the risk of borrowing at disadvantageous rates, the Chief Financial Officer has engaged independent treasury management advisors (Link Asset Services Ltd) to supplement the Council's own monitoring of interest rate movements. In addition, the Treasury Management team is constantly in discussion with brokers.

5.4.2 The new borrowing is compliant with the prudential indicators agreed by Full Council for the financial year 2020/21 in March 2020. The new borrowing is also compliant with the limits imposed on the maturity structure of our debt. These limits have been set to limit refinancing risks.

5.5 Equalities and Diversity

5.5.1 Pursuant to the Equality Act 2010, the council and all other organisations exercising public functions on its behalf must have due regard to the need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; advance equality of opportunity between those with a protected characteristic and those without; promote good relations between those with a protected characteristic and those without. The relevant protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. It also covers marriage and civil partnership with regard to eliminating discrimination. Officers do not consider that this decision would have any equality impacts, positive or negative on those with a protected characteristic.

DECISION TAKER'S STATEMENT

6.1 *I have the required powers to make the decision documented in this report. I am responsible for the report's content and am satisfied that all relevant advice has been sought in the preparation of this report and that it is compliant with the decision-making framework of the organisation which includes Constitution, Scheme of Delegation, Budget and Policy Framework and Legal issues including Equalities obligations. The decision is compliant with the principles of decision making in Article 10 of the constitution.*

Chairman:
Has been consulted

Councillor Daniel Thomas

Date: 22 March 2021

Chief Officer:
Decision maker having taken into account the views of the Chairman

Signed: Executive Director, Environment

Date: 22 March 2021
