

WEST DUNBARTONSHIRE COUNCIL

Report by the Chief Executive

Corporate Services Committee - 27 September 2006

Subject : Debt Rescheduling

1. Purpose

- 1.1 The purpose of this report is to advise Members of debt rescheduling which has taken place.

2. Background

- 2.1 In accordance with the Treasury Management Strategy Document agreed by Council on 22 February 2006, Members are required to be advised of any debt rescheduling that has taken place.

3. Main Issues

- 3.1 In June 2006, following advice from the Council's Treasury Advisers, eight Public Works Loan Board loans – totalling £20.046m, with an average interest of 4.8% - were replaced with two new PWLB loans at 4.4%. Estimated savings of £1.220m are anticipated over the next 20 years.

- 3.2 In addition, following further advice, terms of two current market loans have been re-negotiated:

- (a) In September 2006, a loan for £10.100m was rescheduled from an existing interest rate of 4.55% to a new rate of 4.2%, fixed for approximately 2.5 years. The overall maturity of the loan has been extended from 2054 to 2076. Estimated savings of £0.068m (net of brokerage) are anticipated on this loan over the next 2.5 years.
- (b) In July 2006, a loan for £13.200m was rescheduled from an existing interest rate of 3.1% to a new rate of 2.7%, fixed for approximately 2.5 years. The overall maturity of the loan has been extended from 2055 to 2076. Estimated savings of £0.053m (net of brokerage) are anticipated on this loan over the next 2.5 years.
- (c) Thereafter, further savings will depend on the interest rate prevailing at the time.

- 3.3 The total net premium paid on these restructuring exercises was nil.

- 3.4 These changes have enabled the current loan debt maturity profile to be revised, enabling the Council to accommodate a loan maturity structure best suited to its needs.
- 3.5 The savings achieved will benefit both the General Services and the Housing Revenue Accounts.
4. **Personnel Issues**
- 4.1 There are no personnel issues.
5. **Financial Implications**
- 5.1 Due to the rescheduling of various loans, an overall saving of £1.341m will be achieved over the next 20 years.
6. **Conclusions**
- 6.1 Recent debt rescheduling exercises have created savings benefiting both General Services and HRA revenue budgets.
7. **Recommendations**
- 7.1 This report is presented to Members for information.

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Background Papers: Loan repayment papers
Loan creation papers

Wards Affected: No wards directly affected.