



**Audit and Standards Advisory  
Committee**  
26 July 2018

**Report from the Chief Finance  
Officer**

**Brent Council Borrowing Strategy 2018/19 – 2020/21 Cover  
Report**

Wards Affected:	All
Key or Non-key Decisions	Key
Open or part/fully exempt: (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	Open
Number of Appendices:	One: • Brent Council Borrowing Strategy 2018/19 – 2020/21
Background Papers:	None
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## 1. INTRODUCTION

- 1.1 The Council has a three-year capital programme (2018/19 – 2020/21) amounting to some £800m. In addition to this plans are now well advanced in developing a comprehensive list of all possible areas for future capital investment which is scheduled to be presented to Cabinet in September/October 2018 and after further consultation hopefully be included in the formal budget setting report in February 2019.
- 1.2 This is the first time that the Council has had such a comprehensive list of most of the future capital investment opportunities. It is also the first time there has been a consistent framework for evaluating the capital financing costs associated with the potential opportunities.
- 1.3 The scale of the pipeline (c£1bn) means that we will need to evaluate the service and other benefits to be obtained from the proposals, as it will not be possible to finance them all.
- 1.4 Looking wider, the Bank of England monetary policy committee continues to maintain expectations of a rise in interest rates despite failing to do so in May

18. Expectations are for Bank Rate to rise once in 2018 and twice more in 2019.

1.5 In considering both the internal and external factors at play, the report in Appendix A sets out the likely medium to long term borrowing requirement for the Council and confirms the strategy for future borrowing.

1.6 As explained in the main report it is almost certain that the Council will be required to borrow a significant some of money, approximately £230m between 2019/20 and 2020/21 and potentially more thereafter.

1.7 This paper is being presented to the Committee in order to provide an important review and technical oversight but also because the scale of the sums involved means this will be biggest single financial transaction the Council will have undertaken in many years.

1.8 Subject to approval of the recommendations this report will be presented to Cabinet in September 2018.

## 2. RECCOMENDATIONS

2.1 That the Audit and Standards Advisory Committee endorses the borrowing strategy set out in this report (Appendix A) and in particular note the main points arising:

### **Main Points**

The role the Treasury Management Strategy has played in recent years in contributing to revenue savings.

### **Section in main report**

Paragraph 3.8

The competing forces that means this strategy will not be sustainable in the coming years (i.e. rising interest rates, reducing cash balances, major capital investment commitments, expanding pipeline, revenue savings).

Throughout

The options Brent has with regard to borrowing externally.

Paragraph 4.6

The estimated borrowing requirement from 2019/20 onwards (c£230m).

Section 5

The use of external consultants or in house resources and the benefits that could accrue to the Council by developing capacity internally.

Paragraph 6.15

Agree that Appendix A should be presented to Cabinet for approval in September 18.

Paragraph 2.2

**3. BACKGROUND**

3.1 The background to this report is set out in Appendix A.

**4. LEGAL POWERS RELIED ON AND ANY LEGAL IMPLICATIONS**

4.1 As set out in Appendix A.

**Report sign off:**

**CONRAD HALL**  
Chief Finance Officer