



City of Westminster

Mr Joel Benjamin

Treasury and Pensions
Westminster City Council
5 Strand
London
WC2N 5HR
Telephone 0207 641 3921
Email xxx@xxxxxxxxxxxxx.xxx.xx

Our ref: 8541466

Your ref:

Date: 20 December 2018

Dear Mr Benjamin

Freedom of Information Act 2000

Thank you for your recent Freedom of Information request. You asked to be provided with the following information:

Please provide answers to the following questions in Ms Excel format for your borrowed position between financial years 2000/01 and 2018/19

Response

I can confirm that the information requested is held by Westminster City Council. I have detailed below the information that is being released to you.

- 1) *If you borrowed on fixed interest rate terms. How much interest would you have saved if you'd borrowed on floating rate terms?*

The Council made the decision to borrow on fixed rates as opposed to floating rates to guarantee certainty and affordability of interest payments, whilst fixing long term borrowing at historically low levels, decisions that were in the financial interest of the Council at the time.

- 2) *How much has your real capital position changed due to borrowing on fixed rate terms? (If you'd borrowed on floating rates, the answer would be zero)*

We do not understand this question.

- 3) *What advice did you take on the choice of fixed vs floating PWLB rates, bearing in mind the PWLB provides both fixed and floating rate loans, and both are priced at market rates?*

The Council takes advice via its Treasury Management Consultants (now Link Asset Services). The Council references the Prudential Code and treasury management code of practice when making treasury management decisions, but there is no statutory guidance for floating rate borrowing instruments.

- 4) *What advice did you take on the choice of fixed vs floating bank loans, bearing in mind banks provides both fixed and floating rate loans, and both are priced at market rates?*

The Council takes advice via its Treasury Management Consultants (now Link Asset Service). The Council references the prudential code and treasury management code of practice when making treasury management decisions, but there is no statutory guidance for floating rate borrowing instruments. Floating rate notes are not as cheap to acquire on the open market via banks compared to PWLB and as such are not always feasible

- 5) *What is your councils proportion of fixed to floating interest rate debt? and how does this vary from guidance/ best practice?*

The Council does not have any variable rate loans. The Council prefers certainty of payments. The Treasury Management Strategy Statement allows no more than 20-25% in variable. There is no specific guidance available on levels of fixed vs variable a Council should maintain.

- 6) *If you chose to restructure and extend the duration of your loans over this period - upon whose advice was such action taken?*

No Loans were extended over the period quoted.

- 7) *If you could go back in time, would the majority of your borrowing have been at floating rates instead of fixed rate?*

As the council's loans are all long term, it will not be known if variable rate loans would have cost the Council less until later in the loan books maturity.

Further details on the loans can be accessed from the Council's Treasury Management Strategy Statement on the Council's website, and can be accessed using the following link:

<https://committees.westminster.gov.uk/ieListDocuments.aspx?CId=130&MId=4200&Ver=4>

If you are dissatisfied with the handling of your request, you have the right to ask for an internal review. Internal review requests should be submitted within two months of the date of receipt of the response to your original letter and should be addressed to:

Information Management Team
5 Strand
London
WC2N 5HR
xxx@xxxxxxxxxxx.xxx.xx

If you are not content with the outcome of the internal review, you have the right to apply directly to the Information Commissioner for a decision. Further information is also available from the Information Commissioner at:

Information Commissioner's Office
Wycliffe House
Water Lane
Wilmslow
Cheshire
SK9 5AF

Tel: 0303 123 1113 or 01625 54 57 45
Fax: 01625 524510
Web: www.ico.org.uk

I will now close your request as of this date.

Yours sincerely

Westminster City Council