

# KENT COUNTY COUNCIL – RECORD OF DECISION

**DECISION TAKEN BY**

Peter Oakford, Cabinet Member for Finance and Traded Services

**DECISION NO:**

18/00045

For publication

Key decision

**Subject Matter / Title of Decision:**

Lender Option Borrower Option (LOBO) Loan Restructuring.

**Decision:**

As Cabinet Member for Finance and Traded Services, I agree to;

(a) Enter into necessary arrangements to prepay loans with KCC's current lender and approve necessary refinancing; and

(b) To delegate authority to the Head of Finance (Policy, Planning & Strategy) to enter in any agreements or contracts necessary to implement this decision.

**Reason(s) for decision:**

The opportunity to access more favourable terms for existing loan agreements has arisen:

LOBO loans are long-term loans that comprise a fixed coupon for an initial period, which subsequently the lender has the option to increase at pre-determined intervals. They can be restructured and repaid early subject to the payment of a premium to the lender. Until recently banks have been unwilling to offer prepayment terms which represent reasonable value for money. However, continuing low interest rates and regulatory and accounting changes have led to banks to look to offload LOBO assets from their balance sheet in the short to medium term.

It has been established that savings are available to KCC under a range of restructuring options and the Council proposes to arrange for the prepayment of 3 of its LOBO loans which it plans to fund using available cash and short /medium term borrowing.

**Cabinet Committee recommendations and other consultation:**

The cross-party Treasury Management Advisory Group (TMAG) has considered and supported the re-financing providing favourable terms could be confirmed.

TMAG agreed that individual briefings were more appropriate than Cabinet Committee consideration prior to Cabinet Member decision.

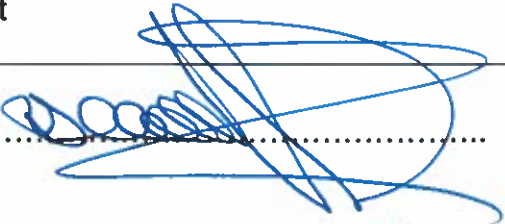
**Any alternatives considered:**

N/A

**Any interest declared when the decision was taken and any dispensation granted by the Proper Officer:**

No interest

Signed .....



Date ..... 20. Sept. 2018 .....