



Response to Request for Information

Reference FOI 071538
Date 08 July 2015

LOBO Loans

Request:

I should be very grateful for information on the above:

- a) Does Wolverhampton City Council have any such loans and if so:
- b) When do they date from?
- c) Their value?
- d) The rate(s) of interest payable?
- e) Total repayment costs?
- f) With whom are any such loans?

Response:

[See below](#)

Freedom of Information Request: WCC-FOI-071538

LOBO Loans

Current financial institution	Loan principal	Original date of advance	Current interest rate	Actual interest upto 31 March 2015	Forecast interest to maturity *	Total repayment cost = actual interest + forecast interest + principal
Current LOBO loans	£m			£m	£m	£m
Eurohypo Europäische Hypothekenbank S.A.	4.0	23/05/2002	4.95%	2.5	10.0	12.5
Dexia Municipal Agency	5.0	24/01/2003	4.26%	2.5	10.8	13.3
Dexia Municipal Agency	5.0	30/01/2003	4.29%	2.4	10.7	13.1
KA Finanz AG	3.0	04/07/2003	4.40%	1.4	6.7	8.1
Barclays Bank	2.3	30/03/2004	4.58%	1.1	5.3	6.4
Barclays Bank	2.5	30/04/2004	4.58%	1.2	5.8	7.0
Danske Bank	5.0	30/06/2004	4.63%	2.3	11.7	14.0
Barclays Bank	5.0	31/08/2004	4.58%	2.2	11.5	13.7
Barclays Bank	5.0	29/10/2004	4.58%	2.2	11.6	13.8
Danske Bank	5.0	01/12/2004	4.81%	2.4	12.3	14.7
Barclays Bank	5.0	23/05/2005	4.78%	2.2	12.1	14.3
Barclays Bank	5.0	15/06/2005	4.78%	2.1	12.1	14.2
Barclays Bank	5.0	04/07/2005	4.78%	2.1	12.1	14.2
Eurohypo Europäische Hypothekenbank SA	7.0	08/10/2004	4.60%	3.1	16.3	19.4
Barclays Bank	7.0	13/10/2004	4.58%	3.1	16.2	19.3
Barclays Bank	2.0	03/12/2004	4.39%	0.8	4.4	5.2
Barclays Bank	5.0	15/08/2005	4.39%	1.9	11.0	12.9
Barclays Bank	5.0	15/09/2005	4.39%	1.9	11.0	12.9
Eurohypo Europäische Hypothekenbank SA	7.0	31/05/2006	3.60%	2.2	12.7	14.9
Eurohypo Europäische Hypothekenbank SA	7.0	31/07/2006	3.60%	2.2	12.7	14.9
Barclays Bank PLC	7.0	31/10/2006	3.60%	2.1	12.9	15.0

* Assumes there is no change in the interest rate and that the loan is kept the full term of the loan.

Addendum to FOI Request

Historical Public Works Loan Board (PWLB) rates can be accessed on the UK Debt Management Office website. For comparison purposes a PWLB maturity loan at the end of May 2002 with a term of 50 years plus attracted an interest rate of 5.38%. This is considerably more than the LOBO loan the Council secured at this time with a rate of 4.25% (rising to 4.95%). Assuming that the LOBO is not called, over the term of the loan the Council will save approximately £1 million for the council tax payers of Wolverhampton.

The table below provides a summary of the LOBOs taken out by the Council with the current corresponding interest rate ranges. In addition there is a comparison with the PWLB rates that were available at the time of signing the LOBO agreements. It can be seen, that the current LOBO loan rates are still lower than the PWLB rates on offer at that time.

Loan type	Total loans raised £m	Financial year loan received	Current interest rate range %	PWLB loan rate range at time of taking LOBO %
LOBO - for longer term loans currently 60+ years	14.0	2002 / 03	4.2600 - 4.9500	4.5000 - 5.3800
	5.3	2003 / 04	4.4000 - 4.5800	4.7000 - 4.8000
	38.5	2004 / 05	4.3900 - 4.8100	4.5500 - 5.0000
	25.0	2005 / 06	4.3900 - 4.7800	4.6000 - 4.8000
	21.0	2006 / 07	3.6000	4.0000 - 4.0500