

From: [Foi Enquiries](#)
To: [REDACTED]
Subject: FOI-17-1153 - Council Loans
Date: 05 September 2017 08:14:12
Attachments: [Further Information - Right to Review & Appeal.pdf](#)

Dear [REDACTED]

Thank you for your information request of 8 August 2017. Aberdeen City Council (ACC) has completed the necessary search for the information requested.

I write to request the following under the Freedom of Information Act 2000:

1. Please provide a list of all private loans the council is currently repaying with the following details:

- a. Lender name (i.e. Depfa, now FMS)**
- b. Date loan agreed**
- c. Repayment period**
- d. Original loan amount (£)**
- e. Original interest rate %**
- f. Any agreed "step up" rate (if applicable) %**
- g. Date of agreed "step up" rate (if applicable)**
- h. Total amount paid in 2016/2017 (£)**
- i. Interest rate paid in 2016/107 %**
- j. Total principal left on the loan (£)**

The publication of details of the each Market Loan, lender, interest rate and sum outstanding, in the requested form, would put the Council at a 'competitive disadvantage'. Lenders could use this information to assist them to exercise their option to increase interest rates. Such an increase in costs to the Council would not be in the public interest.

As far as possible, the requested information is listed below.

a. Lender Name

Barclays Bank plc,
EAA Covered Bond Bank, now EAA Dusseldorf,
Dexia Public Finance Bank, now Dexia Credit Local
Depfa Bank, now FMS Wertmanagement
KA Finanz.

b. Date Loan Agreed

- 1) 15.05.2006
- 2), 3) & 4) 16.01.2004
- 5) & 6) 29.03.2005
- 7) 23.07.2007
- 8) 30.07.2007
- 9) 28.01.2008

c. Repayment Period

- 1) 60 years
- 2), 3) & 4) 45 years
- 5) & 6) 50 years
- 7), 8) & 9) 70 years

d. Original loan amount and j. Total principal left on loan

- 1) £3m
- 2) & 3) £15m
- 4) £10.9m
- 5), 6), 7), 8) & 9) £10m

e. Original Interest Rate

The publication of exact details of interest rates of each Market Loan would put the Council at a 'competitive disadvantage' to other lenders, which could result in higher interest rates and increased costs to the Council, which would not be in the public interest.

For your guide, rates are in the range between 2.40% and 4.38%.

f. Step up interest rate and g. Date of "step up" rate

See above e.

For your guide, rates are in the range between 3.98% and 5.00%.

h. Total amount paid in 2016/2017 (total for 9 loans)

£4,305,926

i. Interest rate paid in 2016/17

See above e.

For your guide, rates are in the range between 3.98% and 5.00%.

ACC is unable to provide you with information relating to the **original interest rate, Step-up interest rate, date of step up rate** and **Interest rate paid in 2016/17** where applicable as it is exempt from disclosure. In order to comply with its obligations under the terms of Section 16 of the FOISA, ACC hereby gives notice that we are refusing your request under the terms of Section 33(1)(b) – Commercial Interests - of the FOISA.

In making this decision ACC considered the following points:

The initial interest rate and any stepped-up interest rates are exempt from release in terms of Section 33(1)(b) of the Freedom of Information (Scotland) Act 2002 in that disclosure of the information would, or would be likely to, prejudice substantially the commercial interests of any person including a Scottish public authority. The agreements are on-going contracts and, as such, disclosure of this information is likely to substantially prejudice the interests of the Council.

Due to the tradable nature of these loans, it would not be in the interests of ACC to make this information publicly available. The loans are tradable by the lenders on the open market and contain an option for the lender to increase the interest rate of the loan. The interest rates are commercially sensitive due to the very nature of these loans. Publication of them would put the

Council at a 'competitive disadvantage' to other lenders which could result in higher interest rates and increased costs to the Council, and subsequently to public funds, which would not be in the public interest.

Revealing the rates would put ACC in a position of unnecessary, additional risk. The risk would stem from requests for increases to the rates of these loans following the publication of this information. Financial institutions would be able to identify how much interest rate a local authority is willing to agree to and adjust their rates accordingly. They may also take the opportunity to 'buy up' the other loans and issue a blanket request of increase. ACC's position on these loans has always been to repay if a request for rate increase was received. If this information were to be released, this would clearly have significant financial risk to ACC.

ACC also considers that the commercial interests of third parties, namely the institutions providing the contracts would also be substantially harmed by disclosure. Disclosure of interest rates in relation to certain loans may prejudice the future position of the relevant organisations, particularly when negotiating loans with other public sector authorities.

ACC took out these loans in the years leading up to the 'credit crunch', at a time when other interest rates were relatively high. In all cases, these loans represent a considerable saving over the comparable PWLB rates. A number of these loans were initiated during a large debt restructuring exercise, at a substantial saving to the Council, whereas the rest were offered at a substantial discount over the government (PWLB) borrowing rates at that time, thus also at a substantial saving to the Council.

Initially, these loans were approved by Head of Finance and reported to full Council. They are regularly monitored by the Treasury Officer and reported to Finance, Policy and Resources Committee and full Council. ACC take a very serious approach to ensuring that appropriate scrutiny mechanisms are fully implemented into all aspects of financial management.

In conclusion, ACC considers that the necessity of protecting the Council's interests in retaining the agreement at its current state outweighs the public interest in the requested information being disclosed. ACC considers that disclosure would not contribute to either ensuring effective oversight of the expenditure of public funds or ensuring that the public obtain value for money for public funds. The information already published in relation to these contracts, along with the monitoring mechanisms in place, as detailed above, satisfies the public interest in ensuring value for money and the mitigation of foreseeable financial risk.

2) Where Lender Option Borrower Loans the council may have were provided by Barclays, please state if these loans were restructured in the past two years and include any new interest rate percentage on the loans and when the council will begin to make these repayments.

None of these loans have been restructured in the past two years.

We hope this helps with your request.

Yours sincerely,

Information Compliance Team

INFORMATION ABOUT THE HANDLING OF YOUR REQUEST

ACC handled your request for information in accordance with the provisions of the Freedom of Information (Scotland) Act 2002. Please refer to the attached PDF for more information about your rights under FOISA.

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