

Report

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Report to:	South Lanarkshire Council
Date of Meeting:	26 June 2019
Report by:	Executive Director (Finance and Corporate Resources)

Subject:	Recommendations Referred by Executive Committee - Treasury Management Strategy – Repayment of Debt
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1. Purpose of Report

1.1. The purpose of the report is to:-

allow consideration of recommendations of the Executive Committee of 26 June 2019 in relation to the following:-

- ◆ Treasury Management Strategy – Repayment of Debt

2. Recommendation(s)

2.1. The Council is asked to approve the following recommendation(s):-

- (1) that the change to the Treasury Management Strategy, to reflect the new method of debt repayment to be applied, be approved.

3. Recommendations Referred by the Executive Committee – Treasury Management Strategy – Repayment of Debt

- 3.1. At its meeting earlier today, the Executive Committee considered a report dated 3 June 2019 by the Executive Director (Finance and Corporate Resources) on The Revenue Budget Monitoring Final Outturn and Annual Report and Accounts 2018/2019.
- 3.2. That report stated that the Finance Minister agreed to review the legislation during 2019/2020 which would allow councils to vary loans fund principal prepayments for debt taken before 1 April 2016. Following a late change advised by Audit Scotland, the ability to vary Loans Fund Repayments for debts pre 2016 can now be applied a year earlier in 2018/2019.
- 3.3. The majority of the Council's debt which could be re-profiled relates to schools. Whilst the re-profiling had been agreed from 2019/2020 as part of the 2019/2020 budget, the benefit can now be taken in 2018/2019. By changing loans fund repayments, an additional underspend of £2.841 million can be taken in 2018/2019.
- 3.4. To do this, requires a change to the Council's Treasury Management Strategy. This would allow debt repayment to be spread across a longer time period.
 - 3.4.1. There is no impact on the overall amount of debt that will be repaid. The same level of debt will be repaid, but the term over which it is repaid is extended. The reduction in principal debt repayments in 2018/2019 will be paid over the remaining life of the

debts, and amounts to approximately £0.050 million per annum. This can be accommodated in the Loan Charges budget.

- 3.5. The Council is the approver of the Treasury Management Strategy, and it is that Strategy that agrees the method of how the Council repays its debt.
- 3.6. As the ability to use this method to change the profiling of repayments is a change to the Treasury Management Strategy, Council is now asked to endorse this approach.

4. Employee Implications

- 4.1. There are no employee implications arising from this report.

5. Financial Implications

- 5.1. The financial implications are detailed in paragraphs 2 and 3 of this report.

6. Other Implications

- 6.1. There are no issues in terms of sustainability or risk.

7. Equality Impact Assessment and Consultation Arrangements

- 7.1. There was no requirement to carry out an Equality Impact Assessment or undertake a formal consultation process.

Paul Manning

Executive Director (Finance and Corporate Resources Resources)

26 June 2019

Link(s) to Council Values/Objectives

Accountable, Effective and Efficient

Previous References

Executive Committee of 26 June 2019.

List of Background Papers

None

Contact for Further Information

If you would like to inspect the background papers or want further information, please contact:-

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