

COUNTY COUNCIL
26TH APRIL 2017

**AMENDMENT TO TREASURY MANAGEMENT POLICY,
STRATEGY AND MINIMUM REVENUE PROVISION POLICY**

Executive Board Recommendation:

That the amendments to the Treasury Management Policy, Strategy and Minimum Revenue Provision Policy, as detailed above, be approved as follows:-

1. Supported borrowing and expenditure incurred before 1st April 2008, as at 31st March 2016 – charged to revenue over 40 years on a straight line basis, and this policy be implemented for the 2016-2017 accounts and for the Revenue Budget Strategy 2017-2018 to 2019-2020.
2. Unsupported Borrowing - the future borrowing value is charged to revenue over 40 years or by the estimated economic life of the asset if shorter.
3. The MRP policy for the local Government Borrowing Initiative (LGBI) Highways and for the fleet programme to remain as currently approved

Reasons:

An amendment to the current Minimum Revenue Provision (MRP) Policy to one supporting a more prudent annual provision.

Relevant scrutiny committee to be consulted: N/A

Exec Board Decision Required YES (10th April 2017)

Council Decision Required YES

EXECUTIVE BOARD MEMBER PORTFOLIO HOLDER:- Cllr. David Jenkins

Directorate: Corporate Services

Director: Chris Moore

Designations:

Director of Corporate Services
Head of Financial Services

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EXECUTIVE SUMMARY COUNTY COUNCIL

26TH APRIL 2017

AMENDMENT TO TREASURY MANAGEMENT POLICY, STRATEGY AND MINIMUM REVENUE PROVISION POLICY

Under legislation Authorities are required to charge to their revenue account for each financial year a Minimum Revenue Provision (MRP) to account for the cost of their debt in that financial year. For the 2016/17 and the 2017/18 financial years Council approved a MRP policy on the following basis:

- **Supported Borrowing and Capital Expenditure incurred before 1st April 2008**
The calculation is based on 4% of the opening Capital Financing Requirement (CFR) each year.
- **Unsupported Borrowing**
Asset Life Method: under this method the borrowing value is divided by the estimated life of the asset.
Capital Expenditure on the Modernising Education Programme (MEP) and Local Government Borrowing Initiative (LGBI) 21st Century Schools is classed as Unsupported Borrowing. It is estimated that asset lives within these programmes are 30 years and this is the period that will be used to determine the MRP.
Asset lives within the Fleet Programme range from 1 to 10 years, these are the periods that will be used to determine the MRP.
Local Government Borrowing Initiative (LGBI) Highways. It is estimated that asset lives within this programme are 20 years and this is the period that will be used to determine the MRP.
- **Housing Revenue Account**
The calculation is based on 2% of the opening Capital Financing Requirement (CFR) each year

The Director of Corporate Services notified Council on 23rd February 2017 that this policy was being reviewed and that communication received by the Wales Audit Office's Assistant Auditor General for Wales advised those Local Authorities considering amending their current MRP Policy to take account of the requirements of the 'Well-being of Future Generations (Wales) Act 2015'.

The Director of Corporate Services considers the proposed amendment to be sensitive to both current and future citizens' needs.

The proposed amendment to the MRP Policy will realise projected annual revenue savings for 100 years plus, with the exception of the 27 year period 2028/29 to 2055/56 where increased annual revenue charges are projected. For the period 2016/17 to 2019/20 (final year of the current Medium Term Financial Plan) annual savings of circa £2.5 million are projected

DETAILED REPORT ATTACHED?

YES

IMPLICATIONS

I confirm that other than those implications which have been agreed with the appropriate Directors / Heads of Service and are referred to in detail below, there are no other implications associated with this report :

Signed: **Chris Moore**

Director of Corporate Services

Policy, Crime & Disorder and Equalities	Legal	Finance	ICT	Risk Management Issues	Staffing Implications	Physical Assets
YES	NONE	YES	NONE	NONE	NONE	NONE

1. Policy and Crime & Disorder

The proposal has been prepared having regard for the Council's Corporate Strategy 2015-2020, and the Wellbeing and Future Generations (Wales) Act 2015.

An Equality Impact Assessment has been undertaken and it has concluded that the proposals have a positive impact on citizens and a non-discriminatory impact for all protected characteristics.

2. Finance

For the 2016/17 financial year and for the period of the Medium Term Financial Plan 2017/18 to 2019/20, revenue savings of circa £2.5 million per annum are projected.

Annual revenue savings will continue to be realised until the 2027/28 financial year following which an increased charge to revenue is evident in respect of the existing debt until the 2055/56 financial year before annual savings are again realised from the 2056/57 financial year.

CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below

Signed: Chris Moore Director of Corporate Services

1. Scrutiny Committee – Not applicable
2. Local Member(s) – Not applicable
3. Community / Town Council – Not applicable
4. Relevant Partners – Not applicable
5. Staff Side Representatives and other Organisations – Not applicable

Section 100D Local Government Act, 1972 – Access to Information

List of Background Papers used in the preparation of this report:

THESE ARE DETAILED BELOW

Title of Document	File Ref No.	Locations that the papers are available for public inspection
2017/18 3 year Revenue Budget		Corporate Services Department, County Hall, Carmarthen.
The Local Authorities (Capital Finance and Accounting) (Amendment) (Wales) Regulations 2008		Corporate Services Department, County Hall, Carmarthen.
Minimum Revenue Provision for the Redemption of Debt – letter received from the Assistant Auditor General for Wales		