

Annex 1: Prudential and Treasury Indicators

1. During 2015/16, the Council complied with its legislative and regulatory requirements except for the money limit with the Lloyds Banking Group for the 11 day period from 15 May 2015 to 26 May 2015 as explained in section 9 of the main report. The key actual prudential and treasury indicators detailing the impact of capital expenditure activities during the year, with comparators, are as follows:

Actual prudential and treasury indicators	2014/15 Actual £000	2015/16 Budget £000	2015/16 Actual £000
Capital expenditure			
• GF	8,184	4,229	12,720
• HRA	7,149	10,944	5,030
• Total	15,333	15,173	17,750
Capital Financing Requirement:			
• GF	22,390	26,470	27,067
• HRA	20,874	23,607	20,241
• Total	43,264	50,077	47,308
External debt	30,659	33,814	29,220
Investments			
• Longer than 1 year	0	0	0
• Under 1 year	29,435	20,000	28,612
• Total	29,435	20,000	28,612
Net borrowing	1,224	13,814	608

HRA: The 2015/16 capital expenditure budget included £4,194k for the New Build Programme (which was due to increase the Capital Financing Requirement by £3,561k), which is now due to start in 2016/17.

GF: Actual capital expenditure reflects unused 2014/15 budget of £13,184k carried forward to 2015/16.

2. **Gross borrowing and the CFR** - in order to ensure that borrowing levels are prudent over the medium term and only for a capital purpose, the Council should ensure that its gross external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year (2015/16) plus the estimates of any additional capital financing requirement for the current (2016/17) and next two financial years. This essentially means that the Council is not borrowing to support revenue expenditure. This indicator allows the Council some flexibility to borrow in advance of its immediate capital needs in 2015/16.
3. **The authorised limit** - the authorised limit is the “affordable borrowing limit” required by s3 of the Local Government Act 2003. Once this has been set, the Council does not have the power to borrow above this level. The table below demonstrates that during 2015/16 the Council has maintained gross borrowing within its authorised limit.

4. **The operational boundary** – the operational boundary is the expected borrowing position of the Council during the year. Periods where the actual position is either below or over the boundary is acceptable subject to the authorised limit not being breached.
5. **Actual financing costs as a proportion of net revenue stream** - this indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

£000	2015/16
Authorised limit	62,000
Maximum gross borrowing position	30,659
Operational boundary	54,000
Average gross borrowing position	29,495
Financing costs as a proportion of net revenue stream - GF	5.6%
Financing costs as a proportion of net revenue stream - HRA	5.4%

	31 March 2015 Principal	Rate/ Return	Average Life yrs	31 March 2016 Principal	Rate/ Return	Average Life yrs
Fixed rate funding:						
-PWLB	26,159	3.69%	13.2	24,720	3.71%	12.9
-Market	4,500	4.19%	0.5	4,500	4.19%	0.5
Variable rate funding:						
-PWLB	0			0		
-Market	0			0		
Total debt	30,659	3.77%	11.3	29,220	3.78%	11.0
CFR	43,264			47,308		
Over/ (under) borrowing	(12,605)			(18,088)		
Total investments	29,435	0.53%		28,612	0.55%	
Net debt	1,224			608		

6. The maturity structure of the debt portfolio was as follows:

£000	31 March 2015 actual	2015/16 upper limits	31 March 2016 actual
Under 1 year	5,940	14,610	4,980
1 year to under 2 years	480	14,610	480
2 years to under 5 years	6,239	14,610	6,239
5 years to under 10 years	7,367	16,071	6,975
10 years to under 20 years	2,787	14,610	6,626
20 years to under 30 years	4,926	14,610	1,000
30 years to under 40 years	1,920	14,610	1,920
40 years to under 50 years	1,000	14,610	1,000
50 years and above	0	14,610	0
Total debt	30,659		29,220

7. All investments at both the 2014/15 and 2015/16 year-ends were for under one year.

8. The exposure to fixed and variable rates was as follows:

	31 March 2015 Actual £000	2015/16 Limits £000	31 March 2016 Actual £000
Fixed rate	30,659 debt	62,000 debt	29,220 debt
	11,754 investments	45,000 investments	11,757 investments
Variable rate	0 debt	62,000 debt	0 debt
	17,681 investments	45,000 investments	16,855 investments