

PRUDENTIAL AND TREASURY MANAGEMENT INDICATORS

It is a statutory duty for the Council to determine and keep under review the affordable borrowing limits – the Authorised Limit and the Operational Boundary - as detailed below. The Council approved the Treasury and Prudential Indicators (affordability limits), that were included in the approved Treasury Management Strategy Statement, on 7 February 2017 for the 2017/18 financial year.

During 2017/18, the Council complied with the legislative requirements and did not breach the limits which were set.

The main purpose of the indicators is to control how much a Council needs to borrow. During 2017/18 it was anticipated that the council would make further loans to a third party, the Strategy, allows to potentially invest £35 million by either using surplus funds or borrowing from the Public Works Loan Board. Therefore in the table below, the Original Budget Prudential Indicators are calculated on the Council long term borrowing £40 million from the Public Works Loan Board (PWLB) but at Outturn it shows that £1.2m of borrowing occurred in 2017/18 and no further long term borrowing has been necessary as surplus funds have been used to finance the capital programme.

1. PRUDENTIAL INDICATORS	2017/18	2017/18
Extract from budget and rent setting report	Original Budget	Actual
	£'000	£'000
Capital Expenditure	14,886	5,319
Ratio of financing costs to net revenue stream	0	0
Net borrowing requirement General Fund		
brought forward 1 April	10,200	1,200
carried forward 31 March	24,690	1,200
in year borrowing requirement	14,490	0
Capital Financing Requirement 31 March	36,200	26,404
Incremental impact of capital investment decisions	£	£
Increase in Council Tax (band D) per annum	£0.00	£0.00

2. TREASURY MANAGEMENT INDICATORS	2017/18	2017/18
	Original	Actual
	£'000	£'000
Authorised Limit for external debt -		
borrowing	40,000	40,000
other long term liabilities	1,000	1,000
TOTAL	41,000	41,000
Operational Boundary for external debt -		
borrowing	39,000	39,000
other long term liabilities	600	600
TOTAL	39,600	39,600

Actual external debt	£24,690	£0
Upper Limit on fixed interest rates based on net debt	104%	104%
Upper Limit on variable interest rates based on net debt	-4%	-4%
Upper limit for total principal sums invested for over 364 days (per maturity date)	£1,000	£1,000

Maturity structure of fixed rate borrowing during 2017/18	upper limit	lower limit
under 12 months	0%	100%
12 months and within 24 months	0%	100%
24 months and within 5 years	0%	100%
5 years and within 10 years	0%	100%
10 years and above	0%	100%