

**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), for the 2016/17 financial year at Council on 25 February 2016 in the Treasury Management Strategy Statement.

The main purpose of the indicators is to control how much a Council needs to borrow. In 2016/17, The Treasury Management Strategy Statement approved the capital financing requirement at £25 million which gives the Council the ability to either use surplus funds to support the capital expenditure for the loan to a local Housing Association or for other capital expenditure purposes or to take external borrowing.

The Prudential and Treasury Indicators are detailed below as approved at Council prior to the beginning of the 2016/17 financial year – Original Budget - and at Q2 Actual:

| <b>1. PRUDENTIAL INDICATORS</b>                           | <b>2016/17</b>         | <b>2016/17</b>   |
|---|------------------------|------------------|
| <b>Extract from budget and rent setting report</b>        | <b>Original Budget</b> | <b>Actual Q2</b> |
|   | <b>£'000</b>           | <b>£'000</b>     |
| <b>Capital Expenditure</b>                                | 20,530                 | 18,935           |
|   |                        |                  |
| <b>Ratio of financing costs to net revenue stream</b>     | Nil                    | Nil              |
|   |                        |                  |
| <b>Net borrowing requirement General Fund</b>             |                        |                  |
| brought forward 1 April                                   | Nil                    | Nil              |
| carried forward 31 March                                  | 25,000                 | 25,000           |
| in year borrowing requirement                             | 25,000                 | 25,000           |
|   |                        |                  |
| <b>Capital Financing Requirement 31 March 2017</b>        | 25,000                 | 25,000           |
|   |                        |                  |
| <b>Incremental impact of capital investment decisions</b> | £                      | £                |
| Increase in Council Tax (band D) per annum                | Nil                    | Nil              |

| <b>2. TREASURY MANAGEMENT INDICATORS</b>        | <b>2016/17</b>         | <b>2016/17</b>   |
|---|------------------------|------------------|
|   | <b>Original Budget</b> | <b>Actual Q2</b> |
|   | <b>£'000</b>           | <b>£'000</b>     |
| <b>Authorised Limit for external debt -</b>     |                        |                  |
| borrowing                                       | £35,000                | £35,000          |
| other long term liabilities                     | £1,000                 | £1,000           |
| TOTAL   | £36,000                | £36,000          |
|   |                        |                  |
| <b>Operational Boundary for external debt -</b> |                        |                  |
| borrowing                                       | £29,000                | £29,000          |
| other long term liabilities                     | £600                   | £600             |
| TOTAL   | £29,600                | £29,600          |
|   |                        |                  |
| <b>Actual external debt</b>                     | £0                     | £1,200           |
|   |                        |                  |

|  |        |        |
|--|--------|--------|
| <b>Upper Limit on fixed interest rates based on net debt</b>                               | 106%   | 106%   |
| <b>Upper Limit on variable interest rates based on net debt</b>                            | -6%    | -6%    |
| <b>Upper limit for total principal sums invested for over 364 days (per maturity date)</b> | £9,000 | £9,000 |

| <b>Maturity structure of fixed rate borrowing during 2014/15</b> | Lower limit | Upper limit |
|--|-------------|-------------|
| <b>Under 12 months</b>   | <b>0%</b>   | <b>100%</b> |
| <b>12 months to 2 years</b>                                      | <b>0%</b>   | <b>100%</b> |
| <b>2 years to 5 years</b>  | <b>0%</b>   | <b>100%</b> |
| <b>5 years to 10 years</b>                                       | <b>0%</b>   | <b>100%</b> |
| <b>10 years to 20 years</b>                                      | <b>0%</b>   | <b>100%</b> |
| <b>20 years to 30 years</b>                                      | <b>0%</b>   | <b>100%</b> |
| <b>30 years to 40 years</b>                                      | <b>0%</b>   | <b>20%</b>  |
| <b>40 years to 50 years</b>                                      | <b>0%</b>   | <b>20%</b>  |