

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 9 February 2016 for the 2016/17 financial year.

During 2016/17, 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. In 2016/17, the Council has invested a further £16.2 million in a loan to a third party, added onto the £10m in 2015/16, totals £26.2m. In the Strategy, the agreement was 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 £35 million from the Public Works Loan Board (PWLb) but at Outturn it shows that £1.2m of borrowing occurred and £25m was provided as a loan to the third party by using surplus funds for the investment.

1. PRUDENTIAL INDICATORS	2016/17	2016/17
Extract from budget and rent setting report	Original Budget	Actual
	£'000	£'000
Capital Expenditure	16,758	18,951
Ratio of financing costs to net revenue stream	0	0
Net borrowing requirement General Fund		
brought forward 1 April	0	0
carried forward 31 March	0	1,200
in year borrowing requirement	25,000	26,200
Capital Financing Requirement 31 March	25,000	26,200
Incremental impact of capital investment decisions	£	£
Increase in Council Tax (band D) per annum	£0.00	£0.00

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

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

Maturity structure of fixed rate borrowing during 2016/17	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%