

## **Prudential Indicator Compliance**

### **I. Upper Limits for Fixed Interest Rate Exposure and Variable Interest Rate Exposure**

- These indicators allow the Council to manage the extent to which it is exposed to changes in interest rates.
- The upper limit for variable rate exposure allows for the use of variable rate debt to offset exposure to changes in short-term rates on our portfolio of investments.

	<b>Limits for 2011/12 %</b>	<b>Maximum during 2011/12 %</b>
<b>Upper Limit for Fixed Rate Exposure</b>	225	222.47
Compliance with Limits:	Yes	Yes
<b>Upper Limit for Variable Rate Exposure</b>	85	-4.00
Compliance with Limits:	Yes	Yes

### **2 Maturity Structure of Fixed Rate Borrowing**

- This indicator is to limit large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates.

<b>Maturity Structure of Fixed Rate Borrowing</b>	<b>Upper Limit %</b>	<b>Lower Limit %</b>	<b>Actual Fixed Rate Borrowing in 2011/12</b>		<b>Compliance with Set Limits?</b>
			High %	Low %	
under 12 months	50	0	33.48	5.27	Yes
12 months and within 24 months	70	0	51.2	22.99	Yes
24 months and within 5 years	35	0	16.72	5.22	Yes
5 years and within 10 years	25	0	4.56	1.94	Yes
10 years and within 20 years	25	0	2.5	2.50	Yes
20 years and within 30 years	25	0	5.73	5.37	Yes
30 years and within 40 years	25	0	1.97	0.72	Yes
40 years and within 50 years	35	0	21.5	19.88	Yes
50 years and above	50	0	0	0	Yes

(The 2011 revision to the CIPFA Treasury Management Code now requires the prudential indicator relating to Maturity of Fixed Rate Borrowing to reference the maturity of LOBO loans to the earliest date on which the lender can require payment, i.e. the next call date<sup>1</sup>)

(d) **Actual External Debt**

- This indicator is obtained directly from the Authority's balance sheet. It is the closing balance for actual gross borrowing (short and long-term) plus other deferred liabilities.
- The indicator is measured in a manner consistent for comparison with the Operational Boundary and Authorised Limit.

<b>Actual External Debt as at 31/03/2012</b>	<b>£m</b>
Borrowing	206.398
Other Long-term Liabilities	33.602
<b>Total</b>	<b>240.000</b>

(e) **Total principal sums invested for periods longer than 364 days**

- This indicator allows the Council to manage the risk inherent in investments longer than 364 days.
- The limit for 2011/12 was set at £25m.
- The Council's investment policy for 2011/12 was in the main to keep investment maturities to a maximum of 12 months. One investment of £5m was made for a period in excess of 12 months in 11-12 well below the limit set.

(f) **Capital Expenditure**

- This indicator is set to ensure that the level of proposed capital expenditure remains within sustainable limits, and, in particular, to consider the impact on Council tax.

<b>Capital Expenditure</b>	<b>2011/12 Approved £m</b>	<b>2011/12 Revised £m</b>	<b>2011/12 Actual £m</b>	<b>2012/13 Estimate £m</b>	<b>2013/14 Estimate £m</b>
<b>Total</b>	85.201	78.662	<b>72.472</b>	58.379	28.493

Capital expenditure has been and will be financed or funded as follows:

<b>Capital Financing</b>	<b>2011/12 Approved £m</b>	<b>2011/12 Revised Estimate £m</b>	<b>2011/12 Actual £m</b>	<b>2012/13 Estimate £m</b>	<b>2013/14 Estimate £m</b>
Capital receipts	19.642	20.126	<b>18.526</b>	11.420	5.152
Government Grants	41.169	30.827	<b>27.656</b>	35.705	22.293
Contributions	1.474	2.748	<b>2.321</b>	0.846	0.050
Section 106/Tariff/RIF	6.572	1.857	<b>1.898</b>	1.163	0.050
Revenue Contribution	0.015	0.950	<b>2.096</b>	0.134	0.021
Funds	0.000	2.348	<b>2.141</b>	1.355	0.177
<b>Total Financing</b>	<b>68.872</b>	<b>58.856</b>	<b>54.638</b>	<b>50.623</b>	<b>27.743</b>
Supported borrowing	0.078	0.277	<b>0.217</b>	0.107	0.000
Unsupported borrowing	16.251	19.529	<b>17.617</b>	7.649	0.750
<b>Total Funding</b>	<b>16.329</b>	<b>19.806</b>	<b>17.834</b>	<b>7.756</b>	<b>0.750</b>
<b>Total Financing and Funding</b>	<b>85.201</b>	<b>78.662</b>	<b>72.472</b>	<b>58.379</b>	<b>28.493</b>

The table shows that the capital expenditure plans of the Authority could not be funded entirely from sources other than external borrowing.

(g) **Ratio of Financing Costs to Net Revenue Stream**

- This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs.
- The ratio is based on costs net of investment income.

<b>Ratio of Financing Costs to Net Revenue Stream</b>	<b>2011/12 Estimate %</b>	<b>2011/12 Revised Estimate %</b>	<b>2011/12 Actual %</b>	<b>2012/13 Estimate %</b>	<b>2013/14 Estimate %</b>
<b>Total</b>	7.29	6.90	<b>6.83</b>	8.56	8.67

**(h) Incremental Impact of Capital Investment Decisions**

- This is an indicator of affordability that shows the impact of capital investment decisions on Council levels. The incremental impact is calculated by comparing the total revenue budget requirement of the current approved capital programme with an equivalent calculation of the revenue budget requirement arising from the proposed capital programme.

<b>Incremental Impact of Capital Investment Decisions</b>	<b>2011/12 Estimate £</b>	<b>2011/12 Revised £</b>	<b>2011/12 Actual £</b>	<b>2012/13 Estimate £</b>	<b>2013/14 Estimate £</b>
Increase in Band D Council Tax	1.96	0.81	<b>1.28</b>	0.92	5.12

**(i) Gross and Net Debt**

- The purpose of this treasury indicator is to highlight a situation where the Authority is planning to borrow in advance of need.

<b>Upper Limit on Net Debt compared to Gross Debt</b>	<b>2011/12 Estimate £m</b>	<b>2011/12 Actual £m</b>	<b>2012/13 Estimate £m</b>	<b>2013/14 Estimate £m</b>
<b>Upper Limit</b>	80	<b>78.74</b>	80	80
<b>Lower Limit</b>	36	<b>36.39</b>	35	35

*N.B. CIPFA has acknowledged that the upper limit does not work as was intended and is working on a revised indicator. This indicator will be amended once revised guidance has been received from CIPFA.*

**(j) Upper Limit for Total Principal Sums Invested Over 364 Days**

- The purpose of this limit is to contain exposure to the possibility of loss that may arise as a result of the Authority having to seek early repayment of the sums invested.

<b>Upper Limit for total principal sums invested over 364 days</b>	<b>2011/12 Approved £m</b>	<b>2011/12 Revised £m</b>	<b>2011/12 Actual £m</b>	<b>2013/14 Estimate £m</b>	<b>2014/15 Estimate £m</b>
	25	25	<b>5</b>	25	25