

Appendix 1: Prudential and Treasury Indicators

During 2017/18, the Council complied with its legislative and regulatory requirements. 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 £m | 2016/17 Actual | 2017/18 Original | 2017/18 Actual |
|---|-------------------|---------------------|-------------------|
| Capital expenditure General Fund | 6.8 | 12.0 | 10.0 |
| Capital Financing Requirement: General Fund | 28.6 | 31.7 | 30.2 |
| Gross borrowing | 20.6 | 24.5 | 24.1 |
| Investments Under 1 year | 14.7 | 12.0 | 12.4 |
| Net borrowing | 5.9 | 12.5 | 11.7 |

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 (2017/18) plus the estimates of any additional capital financing requirement for the current (2018/19) 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 2017/18.

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 2017/18 the Council has maintained gross borrowing within its authorised limit.

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.

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.

| £m | 2017/18 |
|---|---------|
| Authorised limit | 35.1 |
| Maximum gross borrowing position | 24.1 |
| Operational boundary | 33.4 |
| Average gross borrowing position | 22.7 |
| Financing costs as a proportion of net revenue stream | 11.9% |

Overall Treasury Position as at 31 March 2018 – At the beginning and end of 2017/18 the Council's treasury position was as follows:

| | 31 March 2017 Principal £m | Rate/Return | Average Life yrs | 31 March 2018 Principal £m | Rate/Return | Average Life yrs |
|-------------------------------|--------------------------------|-------------|------------------|--------------------------------|-------------|------------------|
| Fixed rate funding: | | | | | | |
| PWLB | 20.6 | 4.28% | 14.4 | 24.1 | 3.82% | 18.3 |
| | 31 March 2017 Actual £m | | | 31 March 2018 Actual £m | | |
| Total debt | 20.6 | | | 24.1 | | |
| Capital Financing Requirement | 28.6 | | | 30.2 | | |
| Over / (under) borrowing | (8.0) | | | (6.1) | | |
| Total investments | 14.7 | | | 12.4 | | |
| Net debt | 5.9 | | | 11.7 | | |

The maturity structure of the debt portfolio was as follows:

| | 31 March 2017 Actual £m | 2017/18 Original Limits £m | 31 March 2018 Actual £m |
|--------------------------------|-------------------------|----------------------------|-------------------------|
| Under 12 months | 1.0 | 1.0 | 1.0 |
| 12 months and within 24 months | 1.0 | 1.4 | 1.4 |
| 24 months and within 5 years | 4.6 | 4.3 | 4.3 |
| 5 years and within 10 years | 7.0 | 6.0 | 6.0 |
| 10 years and within 20 years | 0.2 | 0.1 | 0.1 |
| 20 years and within 30 years | - | - | - |
| 30 years and within 40 years | - | 2.0 | 2.0 |
| 40 years and within 50 years | 6.8 | 9.7 | 9.3 |
| Totals | 20.6 | 24.5 | 24.1 |