

## 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	2016/17 Actual (£000)	2017/18 Budget (£000)	2017/18 Actual (£000)
Capital expenditure	17,239	6,873	10,600
Capital Financing Requirement (CFR)	9,642	8,179	13,807
External debt	-	-	5,250
Investments - Longer than 1 year	3,000	-	-
Investments - Under 1 year	26,320	-	30,960
Total investments	29,320	29,101	30,960
Net borrowing / (investments)	(29,320)	(29,101)	(25,710)

**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.

## Appendix D

	2017/18 (£000)
Authorised limit	20,000
Maximum gross borrowing position	5,250
Operational boundary	20,000
Average gross borrowing position	5,250
Financing costs as a proportion of net revenue stream	0.57%

### Overall treasury position at 31 March 2018

	31 March 2017 Principal (£000)	Rate/ Return %	Average Life (yrs)	31 March 2018 Principal (£000)	Rate/ Return %	Average Life (yrs)
Fixed rate funding:						
-PWLB	-			5,250	2.66	29.5
-Market	-			-		
Variable rate funding:						
-PWLB	-			-		
-Market	-			-		
<b>Total debt</b>	<b>-</b>	<b>-</b>		<b>5,250</b>	<b>2.66%</b>	<b>29.5</b>
<b>CFR</b>	<b>9,642</b>			<b>13,807</b>		
<b>Over / (under) borrowing</b>	<b>(9,642)</b>			<b>(8,557)</b>		
<b>Total investments</b>	<b>29,320</b>	<b>0.54</b>		<b>30,960</b>	<b>0.39</b>	
<b>Net debt / (investments)</b>	<b>(29,320)</b>			<b>(25,710)</b>		

### Maturity structure of debt portfolio

	31 March 2017 Actual (£000)	2017/18 original limits (£000)	31 March 2018 Actual (£000)
Under 12 months	-	-	-
12 months and within 24 months	-	-	-
24 months and within 5 years	-	-	-
5 years and within 10 years	-	-	-
10 years and within 20 years	-	-	-
20 years and within 30 years	-	-	5,250
30 years and within 40 years	-	-	-
40 years and within 50 years	-	-	-

**Exposure to fixed and variable interest rates**

	31 March 2017 Actual £000	31 March 2018 Actual £000
Fixed rate (based on net debt / investments)	(20,000)	(18,750)
Variable rate (based on net debt / investments)	(9,320)	(6,960)