

APPENDIX A

Debt and Treasury Management - Prudential and Treasury Management Indicators

Prudential Indicators (PI)

PI for Affordability - These indicators are used to ensure the total capital investment of the council is within a sustainable limit and the impact of these decisions are considered with regard to acceptable council tax and housing rent levels.

PI 1 - Estimates and Actual ratio of financing costs to net revenue stream.

This represents the cost of financing capital expenditure as a % of net revenue for both the General Fund and HRA.

	Approved by Council 1 March 2017			As at 30 September 2017		
	2017-2018 Forecast	2018-2019 Forecast	2019-2020 Forecast	2017-2018 Forecast	2018-2019 Forecast	2019-2020 Forecast
General Fund	7.7%	12.6%	14.8%	7.0%	12.6%	16.2%
HRA	34.3%	34.9%	34.8%	33.3%	33.7%	33.3%

PI 2 - Estimates of the incremental impact of capital investment decisions on the council tax and housing rents.

The council could consider different options for its capital investment programme in relation to their different impact on the council tax and housing rents. Negatives reflect a reduction in total capital expenditure.

	Approved by Council 1 March 2017			As at 30 September 2017		
	2017-2018 Forecast £	2018-2019 Forecast £	2019-2020 Forecast £	2017-2018 Forecast £	2018-2019 Forecast £	2019-2020 Forecast £
Financial year impact						
Implications of the capital programme for year:						
For Band D council tax	208.46	249.50	257.29	130.02	267.22	281.50
For average weekly housing rents	2.44	5.04	7.31	0.80	3.09	5.97
Marginal impact to previous quarter						
Implications of the capital programme for year:						
For Band D council tax	(17.02)	(15.37)	(14.77)	(13.83)	66.82	69.85
For average weekly housing rents	(1.15)	0.47	2.09	(0.92)	(1.15)	(0.52)

PI 3 - Estimates and actual capital expenditure.

Full details of capital expenditure plans and funding can be found in the quarter two capital budget monitoring 2017-2018 report.

	Approved by Council 1 March 2017			As at 30 September 2017		
	2017-2018 Forecast £000	2018-2019 Forecast £000	2019-2020 Forecast £000	2017-2018 Forecast £000	2018-2019 Forecast £000	2019-2020 Forecast £000
General Fund	116,888	49,281	11,544	123,299	169,731	20,423
HRA	47,977	59,158	53,197	38,182	61,188	62,872
	164,865	108,439	64,741	161,481	230,919	83,295

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PI 4 - Estimates and actual capital financing requirement General Fund and HRA.

The capital financing requirement measures the authority's underlying need to borrow for a capital purpose.

	Approved by Council 1 March 2017			As at 30 September 2017		
	2017-2018	2018-2019	2019-2020	2017-2018	2018-2019	2019-2020
	Forecast £000	Forecast £000	Forecast £000	Forecast £000	Forecast £000	Forecast £000
General Fund	683,790	699,787	686,515	679,453	759,661	748,415
HRA	279,825	299,412	314,176	261,695	277,055	299,358
	963,615	999,199	1,000,691	941,148	1,036,716	1,047,773

PI 5 - Authorised limit for external debt.

These limits apply to the total external debt gross of investments and separately identify borrowing from other long term liabilities such as finance leases including Private Finance Initiatives (PFI).

	Approved by Council 1 March 2017		
	2017-2018	2018-2019	2019-2020
	Limit £000	Limit £000	Limit £000
Borrowing	929,492	979,783	1,006,517
Other Long Term Liabilities	94,591	90,770	86,644
Total Authorised Limit	1,024,083	1,070,553	1,093,161
Actual and Forecast External Debt as at 30 September 2017	848,230	966,410	1,007,823
Variance (Under) / Over Authorised limit	(175,853)	(104,143)	(85,338)

PI 6 - Operational boundary for external debt.

This is based on the same estimates as the authorised limit but directly reflects the Director of Finance's estimate of the most likely, prudent but not worst case scenario, without the additional headroom included.

	Approved by Council 1 March 2017		
	2017-2018	2018-2019	2019-2020
	Limit £000	Limit £000	Limit £000
Borrowing	904,372	964,701	998,154
Other Long Term Liabilities	94,591	90,770	86,644
Total Operational Boundary Limit	998,963	1,055,471	1,084,798
Actual and Forecast External Debt as at 30 September 2017	848,230	966,410	1,007,823
Variance (Under) / Over Operational Boundary Limit	(150,733)	(89,061)	(76,975)

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PI 7 - HRA limit on indebtedness.

This maximum debt limit has been set by Government as part of the self-financing regime and is compared to the HRA capital financing requirement.

	Approved by Council 1 March 2017			As at 30 September 2017		
	2017-2018 Forecast £000	2018-2019 Forecast £000	2019-2020 Forecast £000	2017-2018 Forecast £000	2018-2019 Forecast £000	2019-2020 Forecast £000
HRA Debt Limit	356,770	356,770	356,770	356,770	356,770	356,770
HRA Capital Financing Requirement	279,825	299,412	314,176	261,695	277,055	299,358
Headroom	76,945	57,358	42,594	95,075	79,715	57,412

PI for Prudence - Ensuring that external debt is sustainable and compliance with good professional practice are essential

PI 8a - Gross debt and the capital financing requirement.

"In order to ensure that over the medium term debt will only be for a capital purpose, the local authority should ensure that debt does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years". This replaced PI 8 net debt and the capital financing requirement from 2013-2014 onwards.

	Approved by Council 1 March 2017			As at 30 September 2017		
	2017-2018 Forecast £000	2018-2019 Forecast £000	2019-2020 Forecast £000	2017-2018 Forecast £000	2018-2019 Forecast £000	2019-2020 Forecast £000
Forecast Capital Financing Requirement at end of Second Year	1,000,692	1,025,180	1,025,180	1,047,774	1,069,159	1,069,159
Gross Debt	916,769	973,277	1,002,604	848,230	966,410	1,007,823
Capital Financing Requirement Greater than Gross Debt	Yes	Yes	Yes	Yes	Yes	Yes

PI 9 - Has the local authority adopted the CIPFA Treasury Management in the Public Services: Code of Practice.

Yes

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Treasury Management Indicators (TMI)

TMI 1 - Upper limits on fixed interest and variable interest exposures.						
These relate to the levels of net outstanding principal sums exposed to fixed and variable interest rates.						
	Approved by Council 1 March 2017			As at 30 September 2017		
	2017-2018 Limit	2018-2019 Limit	2019-2020 Limit	2017-2018 Forecast	2018-2019 Forecast	2019-2020 Forecast
Upper limit for fixed rate	100%	100%	100%	94%	95%	95%
Upper limit for variable rate	20%	20%	20%	6%	5%	5%

TMI 2 - Upper and lower limits to the maturity structure of its borrowing.			
These limits relate to the % of fixed rate debt maturing.			
	Approved by Council 1 March 2017		As at 30 September 2017
	Upper Limit	Lower Limit	2017-2018 Forecast Borrowing
Under 12 months	25%	0%	7.33%
12 months and within 24 months	25%	0%	3.85%
24 months and within 5 years	40%	0%	1.63%
5 years and within 10 years	50%	0%	5.92%
10 years and above	90%	50%	81.27%

TMI 3 - Upper limits to the total of principal sums invested longer than 364 days.			
This details the maximum amount which can be invested for up to 5 years (as per paragraph 1.6 of the Annual Investment Strategy).			
	Approved by Council 1 March 2017		
	2017-2018 Limit £000	2018-2019 Limit £000	2019-2020 Limit £000
Upper limit for more than 364 days	35,000	35,000	35,000
Actual and Forecast Invested at 30 September 2017	-	-	-
Variance (Under) / Over Limit	(35,000)	(35,000)	(35,000)