

ITEM NO: 9(v) Appendix 4

PRUDENTIAL INDICATORS 2008/09

1. *Authorised Limit and Operational Boundary for External Debt*

The Council has an integrated treasury management strategy and at any point in time the Council may have a number of cashflows both positive and negative and manages its treasury position in accordance with its approved treasury management strategy and practice. The Council approved Authorised Limits for its total external debt gross of investments which separately identify borrowing from other long term liabilities such as finance leases consistent with the Council's existing commitments, and proposals for capital expenditure and financing and with its approved treasury management policy statement and practices.

The Council has delegated authority to the Chief Financial Officer to effect movement between the separately agreed limits for borrowing and other long-term liabilities as deemed prudent and best value for money.

The Authorised Limit has been set on the estimate of the most likely, prudent but not worst case scenario with in addition sufficient headroom over and above this to allow for unusual cash movements. The Authorised Limit is the statutory limit determined under Section 3(1) of the Local Government Act 2003.

The Operational Boundary is based on the same estimates as the Authorised Limit but reflects the most likely, prudent but not worst case scenario without the additional headroom included within the Authorised Limit. Thus the Operational Boundary links directly to the Council's plans for capital expenditure, the estimates of the capital financing requirement and the estimate of cashflow requirements.

Prudential Indicator	2008/09	2008/09	2009/10	2010/11
	Estimated	Highest point reached in year	Estimated	Estimated
	£M	£M	£M	£M
Authorised Limit for External Debt				
Borrowing (inc Internal Borrowing)	360	161	361	387
Other Long-term Liabilities	23	21	22	21
Total	383	182	383	408
Operational Boundary for External Debt				
Borrowing	350	161	351	375
Other Long-term Liabilities	22	21	21	20
Total	372	182	372	395

There were no breaches to the Authorised Limit and the Operational Boundary during the financial year.

2. *Upper Limits for Interest Rate Exposure*

These indicators allow the Council to manage the extent to which it is exposed to changes in interest rates. The exposures are calculated on a net basis, i.e. fixed rate debt net of fixed rate investments. 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.

	Estimated %	Actual %
Upper Limit for Fixed Rate exposure	100	81.3
Upper Limit for Variable Rate exposure	50	18.7

3. *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. It is calculated as the amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate.

	Upper limit %	Lower limit %	Actual Borrowing as at 31/3/2009 £'000	Percentage of total as at 31/3/2009
under 12 months	0	30	32,000	28.89
12 months and within 24 months	0	30	17,000	15.35
24 months and within 5 years	0	50	20,000	18.06
5 years and within 10 years	0	75	0	0
10 years and above	0	100	41,766	37.71

4. *Total principal sums invested for periods longer than 364 days*

This indicator is set in order to allow the Council to manage the risk inherent in investments longer than 364 days. For 2008/09 this limit was set at £50M. At their peak, these investments totalled £43M.

2. *Actual External Debt*

This indicator which is the closing balance for actual gross borrowing plus other long-term liabilities is obtained directly from the Council's balance sheet and differs from the operational boundary which shows the highest position of external debt during 2008/09.

Prudential Indicator	
Actual External Debt as at 31/3/2009	
Borrowing	129
Other Long-term Liabilities	20
Total	149