**Treasury Limits and Prudential Indicators**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Treasury Limits and Prudential Indicators**  **(established 2014/15)** | | | **2016/17 Revised** | **2016/17 Actual** | **Commentary** |
| 1(i) | Proposed capital expenditure that the Authority plans to commit during the forthcoming subsequent two financial years | **Capital Expenditure (£M)** | 0.000 | 0.000 | *No capital programme was brought forward, there was no planned capital expenditure* |
| 1(ii) | Additional in year borrowing requirement for capital expenditure | **In year Capital Financing Requirement (CFR) (£M)** | (1.213) | (1.046) | *The RRC had been anticipated to be at full operation for a part of 2016-17, it was not and the change in the Capital Financing Requirement reflects this.* |
| 2 | The CFR is an aggregation of historic and cumulative capital expenditure which has yet been paid for by either revenue or capital resources | **Capital Financing Requirement as at 31 March (£M)\*** | 78.699 | 52.070 | *The RRC had been anticipated to be at full operation for a part of 2016-17, it was not and the change in CFR reflects this.* |
| 3 | The ‘net borrowing’ position represents the net of the Authority’s gross external borrowing and investments sums held | **Net Borrowing requirement:**  **External borrowing (£M)**  **Investments held (£M)**  **Net requirement (£M)** | 18.968  (3.397)  **15.557** | 15.926  (12.525)  **(3.401)** | *The RRC had been anticipated to be at full operation for a part of 2016-17, it was not and the change in the net borrowing requirement reflects this – the Investments held reflect greater certainty over when the GF will be used* |
| 4 | Identifies the impact and trend that the revenue costs of capital financing decisions will have on the General Fund budget over time | **Ratio of financing cost to net revenue stream** | 3.29% | 2.50% | *Reduced cost ratio as borrowing did not increase reflecting RRC issues.* |
| 5 | The Authority’s budget strategy has been to support capital spending from reserves set aside, in future to fund the capital programme additional borrowing is likely to be required | **Incremental impact of capital investment decisions (increase in Levy %)** | 0 | 0 | *No additional borrowing planned* |
| 6 | This represents an absolute limit on borrowing at any one point in time. It reflects the level of external debt which, while not desired, could be afforded in the short term but which is not sustainable in the longer term | **Authorised limit for External Debt (£M)** | 24.549 | 21.505 | *Reduced in line with RRC not coming on line, the Authority remained within the limit* |
| 7 | This is the limit beyond which external debt is not normally expected to exceed | **Operational Limit for External Debt (£M)** | 20.909 | 17.865 | *Reduced in line with RRC not coming on line, the Authority remained within the limit* |
| 8 | These limits seek to ensure that the authority does not expose itself to an inappropriate level of interest rate risk, and has a suitable proportion of debt | **Upper limit for Fixed Interest Rate Exposure** | 100% | 100% | *No change* |
| **Upper limit for Variable Interest Rate Exposure** | 50% | 50% | *No change* |
| 9 | This limit seeks to ensure liquidity and reduce the likelihood of any inherent or associated risk | **Upper Limit for Sums Invested over 364 days** | 60% | 60% | *No change* |

*\* CFR calculation includes assumptions at revised estimate about the treatment of assets under IFRIC 12 as part of the Resource Recovery Contract (RRC), there are offsetting lease liabilities which will also feature in the authority’s balance sheets in future years, actual is amended for discounting of the lease liability on closed landfill sites which was not completed at estimate. The assets that make up the RRC were not brought into operation during 2016-17 and therefore the revised estimate differs from the outturn.*