

APPENDIX 4

Treasury Management Prudential Indicators

As required by the 2021 CIPFA Treasury Management Code, the Council monitors and measures the following treasury management prudential indicators.

Ratio of Financing Costs to Net Revenue Stream

Limit/Indicator	Limit %	Estimate %
Ratio of financing costs to net revenue stream	4.5	4.5

This ratio represents the total of all financing costs e.g. interest payable and minimum revenue provision (MRP) that are charged to the revenue budget as a percentage of the amount to be met from Government grants and taxpayers (net revenue stream).

Capital Financing Requirement (CFR)

Limit/Indicator	Limit £m	Actual £m
Capital Financing Requirement	194.637	193.962

The Capital Financing Requirement is aimed to represent the underlying need to borrow for a capital purpose and is calculated from the aggregate of specified items on the balance sheet. The CFR increases by the value of capital expenditure not immediately financed (i.e. borrowing) and is reduced by the annual MRP repayment.

Capital Expenditure

Limit/Indicator	Limit £m	Estimate £m
Capital expenditure	118.794	47.100

This is the total capital expenditure incurred (from all funding sources).

Incremental Impact of Capital Investment Decisions

Limit/Indicator	Limit £	Actual £
For the Band D Council Tax	0.27	0.01

This is the estimate of the net incremental impact of the capital investment decisions, based on the level of borrowing set out in the report and reflects the total cost of this additional borrowing (interest payments and minimum revenue provision), as a cost on Council Tax.

The actual cost will depend on final funding. For every £1 increase on Band D properties, approximately £0.066m would be raised.

Operational Boundary and Authorised Limit on External Debt and Other Long Term Liabilities

Limit/Indicator	Limit £m	Actual £m
Operational Boundary for external debt	206.110	139.269
Authorised Limit for external debt	226.110	139.269

The Authorised Limit for External Debt sets the maximum level of external borrowing on a gross basis (i.e. excluding investments) for the Council.

The operational boundary for External Debt comprises the Council's existing debt plus the most likely estimate of capital expenditure/financing for the year. It excludes any projections for cash flow

movements. Unlike the authorised limit, breaches of the operational boundary (due to cash flow movements) are allowed during the year as long as they are not sustained over a period of time. These limits include provision for borrowing in advance of the Council's requirement for future capital expenditure. This may be carried out if it is thought to be financially advantageous to the Council.

Upper and lower limits on Interest Rate Exposures

Limit/Indicator	Limit £m	Actual £m
Upper limit for fixed interest rate exposure	194.637	84.221
Upper limit for variable interest rate exposure	64.879	(84.306)

These limits are in respect of our exposure to the effects of changes in interest rates. The limits reflect the net amounts of fixed/variable rate debt (i.e. fixed/variable loans less fixed/variable investments. A negative value represents investments being higher than loans)

Upper Limit for Total Principal Sums Invested for Over 364 Days

Limit/Indicator	Limit £m	Actual £m
Upper limit for sums invested over 364 days	30.000	nil

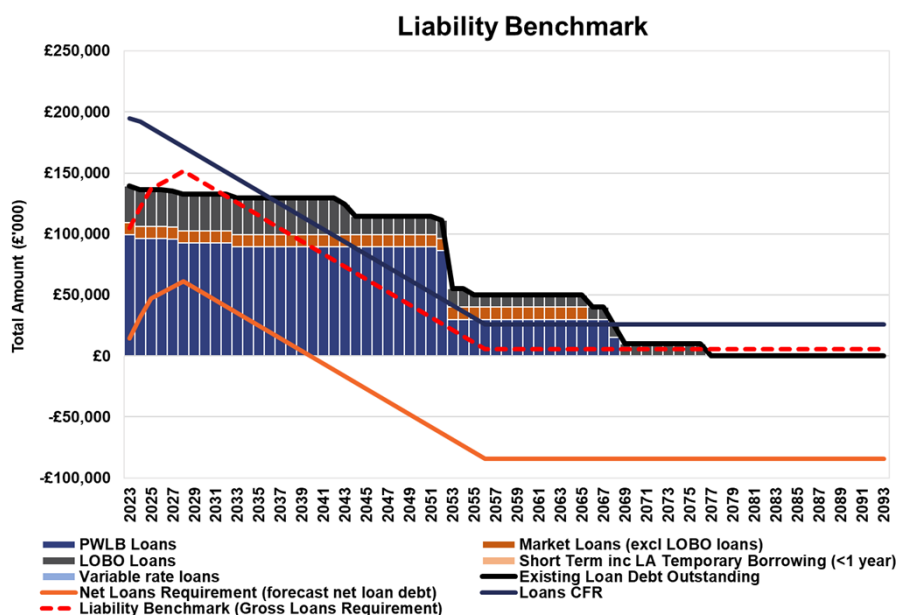
This limit is in respect of treasury investments made for a duration longer than one year.

Maturity structure for fixed rate borrowing

Indicator	Limit	Actual
Under 12 months	0% to 15%	2.16%
12 months and within 24 months	0% to 15%	-
24 months and within 5 years	0% to 30%	2.55%
5 years and within 10 years	0% to 40%	2.16%
10 years and above	50% to 100%	93.13%

This indicator is in respect of all of the Council's fixed rate borrowing with PWLB or other market lenders.

Liability Benchmark



The liability benchmark is a new prudential indicator introduced by CIPFA for 2023/24. This gives a long term view of the Council's borrowing needs based on current commitments. This demonstrates that there is currently no borrowing need and the Council currently has a significant level of surplus cash, which makes up its investment portfolio. If further schemes to be funded by borrowing are added to the Capital Programme in future then the benchmark will increase and more borrowing could potentially be required.