

**Proposals for Full Council – Prudential Indicators****a) Setting of External Debt Level**

Members are asked to resolve that the Prudential Indicators for External Debt be set as follows:

Operational Boundary	2016/17 Revised £m	2017/18 Estimate £m	2018/19 Estimate £m	2019/20 Estimate £m
Operation Boundary	157	157	157	157
Authorised Limit	167	167	167	167

*The “operational boundary” is the expected level of debt whereas the “authorised limit” is the absolute approved maximum that may be undertaken.*

**b) Setting of Prudential Indicators**

Members are asked to approve the following Prudential Indicators

**i) Ratio of Financing Costs to Net Revenue Stream:**

Ratio of Financing Costs to Net Revenue Stream	2016/17 Revised %	2017/18 Estimate %	2018/19 Estimate %	2019/20 Estimate %
General Fund	-16	-39	-40	-41

*This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs, net of investment income.*

**ii) Incremental Impact of Capital Investment Decisions:**

Incremental Impact of Capital Investment Decisions	2016/17 Estimate £	2017/18 Estimate £	2018/19 Estimate £
General Fund - increase in annual band D Council Tax	-24.06	-53.52	-88.21

*This is an indicator of affordability that shows the impact of capital investment decisions on Council Tax levels. The incremental impact is the difference between the total revenue budget requirement of the current approved capital programme and the revenue budget requirement arising from the capital programme proposed earlier in this report.*

iii) Interest rate exposures

	2016/17	2017/18	2018/19
Upper limit on fixed interest rate exposures	£167m	£167m	£167m
Upper limit on variable interest rate exposures	£167m	£167m	£167m

*This indicator is set to control the Council's exposure to interest rate risk. The upper limits on fixed and variable rate interest rate exposures, expressed as an amount of net principal borrowed will be. Fixed rate investments and borrowings are those where the rate of interest is fixed for at least 12 months, measured from the start of the financial year or the transaction date of later. All other instruments are classed as variable rate.*

iv) Maturity structure of borrowing:

	Upper	Lower
Under 12 months	100%	0%
12 months and within 24 months	100%	0%
24 months and within five years	100%	0%
Five years and within 10 years	100%	0%
10 years and above	100%	0%

*This indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of fixed rate borrowing will be. Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.*

v) Minimum Revenue Payment

	2016/17 Revised £000	2017/18 Estimate £000	2018/19 Estimate £000	2019/20 Estimate £000
Minimum Revenue Payment	202	1,553	1,558	1,562

*This is the minimum payment to be made out of revenue each year to repay capital*

vi) Capital Financing Requirement

	2016/17 Revised £m	2017/18 Estimate £m	2018/19 Estimate £m	2019/20 Estimate £m
Capital Financing Requirement	19	150	150	150

*This is the level of financing the Council requires to fund its assets to be funded from revenue*