APPENDIX A

PRUDENTIAL INDICATORS - 2014/15 OUTTURN

BACKGROUND

1. Capital finance, borrowing and investment arrangements are supported by a series of prudential indicators, drawn from the Prudential Code on Capital Finance for Local Authorities and the Treasury Management in the Public Services Code of Practice plus Guidance, published by CIPFA. The Local Government Act 2003 requires that councils have regard to these codes and this appendix sets out the 2014/15 outturn indicators drawn from the council's draft accounts for that year.

2. The indicators are grouped into three broad areas: affordability and prudence, capital finance and treasury management. The indicators are of a technical nature and existing budgets take account of capital finance and treasury activities. The indicators themselves have no effect on those budgets.

(A) INDICATORS ON AFFORDABILITY AND PRUDENCE		
2013/14	2014/15	**Ratio of Financing Cost to Net Revenue Stream** - a measure of the cost of borrowing and long term liabilities (e.g. PFI) net of interest income and set-asides, as a percentage of revenue.
34%	24%	HRA
7%	8%	General Fund
2013/14	2014/15	**Incremental Impact of Capital Spend** - a measure of the effect of capital plans on council tax and rents. All capital spend in 2014/15 was contained within existing resources.
Nil	Nil	Weekly rents
Nil	Nil	Council tax – band D
2013/14	2014/15	**Capital Financing Requirements (CFR) and Gross Debt** - the CFR is the balance remaining on past capital expenditure financed through debt and long term liabilities (e.g. PFI). The level of gross debt should not exceed the CFR unless prudent over the short term. Actual gross debt remained below the CFR throughout 2014/15 on account of cash balances, internal borrowing and PFI transactions.
£804m	£792m	CFR
£560m	£475m	Maximum Gross Debt in the Year

(B) INDICATORS ON CAPITAL FINANCE		
2013/14	2014/15	**Capital Expenditure** - capital expenditure includes PFI funded spend. In addition to the council's own capital spend, the £19m PFI funded Sacred Heart Catholic School became operational in September 2014 and is the third school funded though building schools for the future programme.
£123m	£169m	HRA
£67m	£101m	General Fund
£190m	**£270m**	**Total**
2013/14	2014/15	**Capital Financing Requirement (CFR)** - the CFR is the balance on past capital expenditure financed through borrowing and long term liabilities (e.g. PFI).
£419m	£401m	HRA
£385m	£391m	GF
£804m	**£792m**	**Total**
2013/14	2014/15	**HRA Indebtedness Limit** - the HRA CFR must remain below the HRA indebtedness limit determined by the government.
£577m	£577m	HRA indebtedness limit determined by the government
£419m	£401m	Actual HRA CFR

(C) INDICATORS ON TREASURY MANAGEMENT			
2013/14	2014/15 Limit	2014/15 Outturn	**Operational Boundary on Debt and Authorised Limits for External Debt** - these are limits the council determines to accommodate borrowing and long term liabilities. The lower limit is the operational boundary and takes account of existing positions and ordinary activity and the higher limit is the authorised limit, enabling additional borrowing to be taken for very short periods, in the interest of prudence, within a risk controlled framework. No new loans were taken on and as the council was able to access internal cash in place of borrowing, it remained below the limits throughout 2014/15
			Operational Boundary
£560m	£765m	£475m	Borrowing (Maximum Outstanding in Year)
£98m	£125m	£114m	Other Long Term Liabilities
£658m	**£890m**	**£589m**	**Total**

			Authorised Limit
£560m	£805m	£475m	Borrowing (Maximum Outstanding in Year)
£98m	£130m	£114m	Other Long Term Liabilities
£658m	**£935m**	**£589m**	**Total**
2013/14	2014/15 Limit	2014/15 Outturn	**Gross and Net Debt** - an upper limit on net debt as a percentage of gross debt. The net debt has remained below gross on account of investments held to meet spend.
68%	100%	65%	Upper Limit and Outturn
2013/14	2014/15 Limit	2014/15 Outturn	**Fixed and Variable Rate Upper Limits** - limits recognising existing positions with flexibility to vary exposure within a risk controlled framework should it be prudent.
£560m	£805m	£475m	Fixed rate debt
£0m	£200m	£0m	Variable rate debt
2014/15 Lower Limit	2014/15 Upper Limit	2014/15 Outturn	**Maturity Structure of Fixed Rate Debt** - limits accommodating existing positions with flexibility to vary exposure within a risk controlled framework.
0%	20%	1%	Under 1 year
0%	20%	1%	1 year and within 2 years
0%	30%	5%	2 years and within 5 years
0%	40%	16%	5 years and within 10 years
0%	40%	31%	10 years and within 20 years
0%	40%	6%	20 years and within 30 years
0%	40%	29%	30 years and within 40 years
0%	40%	11%	40 years and within 50 years
2013/14	2014/15 Limit	2014/15 Outturn	**Limits on Investments Greater than One Year** - caps on the maximum exposure to longer investments, while recognising benefits from prudent exposure within a risk controlled framework. Actual exposure has remained cautious in view of market volatility.
15%	50%	15%	Percentage longer than one year
8 Months	3 Years	8 Months	Overall maximum average maturity
5 Years	10 Years	5 Years	Longest investment

The CIPFA code of Practice on Treasury Management was adopted by council assembly in 2010