

EXTERNAL DEBT INDICATORS

1	Authorised Limit for External Debt (including PFI)						
			2014-15 £000s Estimate	2014-15 £000s Revised	2015-16 £000s Estimate	2016-17 £000s Estimate	2017-18 £000s Estimate
	Borrowing		516,500	508,400	538,000	553,700	572,700
	Other Long Term Liabilities		163,000	163,000	155,000	145,000	135,000
	TOTAL AUTHORISED LIMIT		679,500	671,400	693,000	698,700	707,700

The Authorised Limit for External Debt sets the maximum level of external borrowing that the Council can incur. It reflects the level of borrowing which, while not desired, could be afforded in the short-term, but is not sustainable. It is the Council's expected maximum borrowing need with headroom for unexpected cashflow. The limit also provides scope for the Council to borrow in advance of need. Other long-term liabilities include items such as PFI schemes and finance leases.

2	Operational Boundary for External Debt (including PFI)						
			2014-15 £000s Approved	2014-15 £000s Revised	2015-16 £000s Estimate	2016-17 £000s Estimate	2017-18 £000s Estimate
	Borrowing		466,500	458,400	488,000	503,700	522,700
	Other Long Term Liabilities		153,000	153,000	145,000	135,000	125,000
	TOTAL OPERATIONAL BOUNDARY		619,500	611,400	633,000	638,700	647,700

The Operational Boundary for External Debt is based on the probable external debt during the course of the year. It is not a limit and actual borrowing could vary around this boundary for short times during the year. It acts as an early warning indicator to ensure the authorised limit is not breached. Similarly to the authorised limit it also provides scope for the Council to borrow in advance of need. Other long-term liabilities include items such as PFI schemes and finance leases.

3	Actual External Debt (including PFI)						
							31.3.14 £000s Actual
	Borrowing						298,000
	Other Long Term Liabilities						163,000
	TOTAL EXTERNAL DEBT						461,000

This is the actual external debt that the Council held at 31st March 2014. Other long-term liabilities include items such as PFI schemes and finance leases.

TREASURY MANAGEMENT INDICATORS

4	Adoption of CIPFA's Treasury Management Code of Practice						
	The Council formally adopted CIPFA's Code of Practice on Treasury Management on 26th February 2002 and CIPFA's revised Code of Practice on Treasury Management on 25th February 2010.						

5	Upper Limit for Fixed Interest Rate Exposure						
		31.3.14 £000s	2014-15 £000s	2014-15 £000s	2015-16 £000s	2016-17 £000s	2017-18 £000s
		Existing (Benchmark) Level	Approved	Revised	Estimate	Estimate	Estimate
	Net principal relating to fixed rate borrowings/investments	276,000	340,000	340,000	345,000	345,000	345,000

This indicator identifies a maximum limit for the level of debt (net of investments) taken out at fixed rates of interest

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Upper Limit for Variable Interest Rate Exposure							
		31.3.14 £000s	2014-15 £000s	2014-15 £000s	2015-16 £000s	2016-17 £000s	2017-18 £000s
		Existing (Benchmark) Level	Approved	Revised	Estimate	Estimate	Estimate
Net principal relating to variable rate borrowing/investments		138,000	170,000	170,000	175,000	175,000	175,000

This indicator identifies a maximum limit for the level of debt (net of investments) taken out at variable rates of interest and its purpose is to help the Council to manage its exposure to adverse movements in interest rates.

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Maturity Structure of New Fixed Rate Borrowing							
					31.3.14 Existing (Benchmark) Level %	2015-16 Upper Limit %	2015-16 Lower Limit %
Under 12 months					14.0%	100%	0%
12 months and within 24 months					7.0%	100%	0%
24 months and within 5 years					7.0%	100%	0%
5 years and within 10 years					8.0%	100%	0%
10 Years and within 20 years					24.0%	100%	0%
More than 20 years					40.0%	100%	0%

These limits are set to reduce the Council's exposure to large fixed rate sums of borrowing falling due for

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Upper Limit for Total Principal Sums Invested for over 364 Days							
			2014-15 £000s Approved	2014-15 £000s Revised	2015-16 £000s Estimate	2016-17 £000s Estimate	2017-18 £000s Estimate
Total principal sum invested			40,000	40,000	30,000	30,000	30,000

These limits are set to reduce the need for the early sale of an investment, and are based on the availability of investments at each year-end.

Credit Risk

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The Council considers security, liquidity & yield in that order when making investment decisions. It uses credit ratings along with a range of other criteria such as sovereign support mechanisms, credit default swaps & share prices to assess the credit strength of a counterparty. A full description of credit criteria used is included in section 6.2 of the Strategy Statement of the Councils Treasury Management