

## Appendix G2

### TREASURY MANAGEMENT PRUDENTIAL INDICATORS

### APPENDIX B

#### EXTERNAL DEBT INDICATORS

1							
Authorised Limit for External Debt (including PFI)							
			2019-20	2019-20	2020-21	2021-22	2022-23
			£000s	£000s	£000s	£000s	£000s
			Approved	Revised	Estimate	Estimate	Estimate
Borrowing			413,000	347,000	496,000	586,000	647,000
Other Long Term Liabilities			110,000	110,000	95,000	82,000	77,000
<b>TOTAL AUTHORISED LIMIT</b>			<b>523,000</b>	<b>457,000</b>	<b>591,000</b>	<b>668,000</b>	<b>724,000</b>

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)							
			2019-20	2019-20	2020-21	2021-22	2022-23
			£000s	£000s	£000s	£000s	£000s
			Approved	Revised	Estimate	Estimate	Estimate
Borrowing			383,000	341,000	466,000	556,000	616,000
Other Long Term Liabilities			100,000	110,000	95,000	82,000	77,000
<b>TOTAL OPERATIONAL BOUNDARY</b>			<b>483,000</b>	<b>451,000</b>	<b>561,000</b>	<b>638,000</b>	<b>693,000</b>

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)							
							31.3.19
							£000s
							Actual
Borrowing							293,000
Other Long Term Liabilities							112,000
<b>TOTAL EXTERNAL DEBT</b>							<b>405,000</b>

This is the actual external debt that the Council held at 31st March 2019  
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							
Maturity Structure of New Fixed Rate Borrowing							
					31.3.19	2020-21	202-21
					Existing	Upper Limit	Lower Limit
					(Benchmark)	%	%
					Level		
					%		
Under 12 months					4.0%	100%	12%
12 months and within 24 months					5.0%	100%	5%
24 months and within 5 years					21.0%	100%	16%
5 years and within 10 years					9.0%	100%	7%
10 Years and within 20 years					21.0%	100%	20%
More than 20 years					40.0%	100%	40%

These limits are set to reduce the Council's exposure to large fixed rate sums of borrowing falling due for refinancing in any one year.

#### Upper Limit for Total Principal Sums Invested for over 364 Days

## Appendix G2

			2019-20 £000s Approved	2019-20 £000s Revised	2020-21 £000s Estimate	2021-22 £000s Estimate	2022-23 £000s Estimate
6	<b>Total principal sum invested</b>		50,000	40,000	50,000	50,000	50,000

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

- 7 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 3.6 of the Strategy Statement of the Councils Treasury Management

### Interest Rate Exposure

8		2020-21 Limit £'000s
	Upper limit on one-year revenue impact of a 1% rise in interest rates	4,641
	Upper limit on one-year revenue impact of a 1% fall in interest rates	1,989

This indicator is set to control the Council's exposure to interest rate risk, on the assumption that maturing loans and investments will be replaced at current rates.