

APPENDIX C

SHROPSHIRE COUNCIL PRUDENTIAL INDICATORS 2010/11

- C1. The Prudential Code requires the Council to set Prudential Indicators in the Treasury Strategy and report performance against those indicators in the Annual Treasury Report.
- C2. The ratio of financing costs compared to the net revenue stream of the Council was lower than expected in 2010/11 due to no borrowing being undertaken during the year.

Prudential Indicator	2010/11 Revised Estimate	2010/11 Actual
	%	%
Non HRA Ratio of financing costs to net revenue stream	10.5	9.2

Prudential Indicator	2010/11 Revised Estimate	2010/11 Actual
	%	%
Non HRA Ratio of financing costs (net of investment income) to net revenue stream	10.1	8.9
HRA Ratio of financing costs to HRA net revenue stream	15.4	15.3

- C3. The cost of capital investment decisions funded from a re-direction of existing resources was lower than anticipated due to a review of the capital programme in 2010/11 which resulted in a number of schemes being removed from the programme as reported in the Capital Strategy report approved by Council in February 2011.

Prudential Indicator	2010/11 Estimate	2010/11 Actual
Estimates of impact of Capital Investment decisions in the present capital programme	£ p	£ p
Cost of capital investment decisions funded from re-direction of existing resources (Council Tax Band D, per annum)	20.50	10.94
Cost of capital investment decisions funded from increase in council tax (Council Tax Band D, per annum)	0	0
Cost of capital investment decisions funded from increase in average housing rent per week	0	0
Total	20.50	10.94

C4. It can be seen from the tables that the authority was well within the approved authorised limit and the operational boundary for external debt for 2010/11.

Prudential Indicator	2010/11 Estimate	2010/11 Actual
External Debt	£ m	£ m
Authorised Limit:		
Borrowing	458	278
Other long term liabilities	46	21
Total	504	299

Prudential Indicator	2009/10 Estimate	2009/10 Actual
External Debt	£ m	£ m
Operational Boundary:		
Borrowing	401	278
Other long term liabilities	20	21
Total	421	299

C5. Gross borrowing was lower than anticipated due to no borrowing being undertaken in 2010/11. A key indicator of prudence is that net borrowing should not exceed the capital financing requirement. It can be seen from the following figures that the Council continues to meet this prudential indicator. The Capital Financing Requirement was lower than estimated following slippage in the capital programme that resulted in a reduced financing requirement from the capital receipts previously set-aside as at 1 April 2009 as approved by Council.

Prudential Indicator	2010/11 Revised Estimate	2010/11 Actual
Net Borrowing & Capital Financing Requirement:	£ m	£ m
Gross Borrowing	293	278
Investments	90	66
Net Borrowing	203	212
Non HRA Capital Financing Requirement	293	282
HRA Capital Financing Requirement	1.2	1.2

- C6. Capital expenditure during the year was lower than anticipated. Explanations for these under-spends were included in the 2010/2011 final capital outturn report.

Prudential Indicator	2010/11 Revised Estimate	2010/11 Actual
	£ m	£ m
Non HRA Capital expenditure	89	75
HRA Capital expenditure	6	5

- C7. The level of fixed rate and variable rate borrowing were within the approved limits for the year.

Prudential Indicator	2010/11 Estimate	2010/11 Actual
	£ m	£ m
Upper Limit For Fixed/Variable Rate Borrowing		
Fixed Rate	401	278
Variable Rate	201	0

- C8. The level of fixed rate and variable rate investments were within the approved limits during 2010/11.

Prudential Indicator	2010/11 Estimate	2010/11 Actual
	£ m	£ m
Upper Limit For Fixed/Variable Rate Investments		
Fixed Rate	225	47
Variable Rate	225	19

- C9. No investments over 364 days were held by the internal treasury team.

Prudential Indicator	2010/11 Estimate	2010/11 Actual
	£m	£m
Upper Limit For Sums Invested over 364 days		
Internal Team	40	0
External Manager	30	0

- C10. The maturity profile was within the limits set in the Treasury Strategy.

Prudential Indicator	2010/11 Upper Limit	2010/11 Actual
	%	%
Maturity Structure of External Borrowing		
Under 12 months	15	0
12 months & within 24	15	3

SMB 05 September 2011, Cabinet 14 September 2011, Audit Committee 20 September 2011, Council 22 September 2011: Annual Treasury Report 2010/11

months		
24 months & within 5 years	45	9
5 years & within 10 years	75	9
10 years & above	100	79