

## APPENDIX C

### SHROPSHIRE COUNCIL PRUDENTIAL INDICATORS 2011/12

- 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 2011/12 due to no general fund borrowing being undertaken during the year.

Prudential Indicator	2011/12 Revised Estimate	2011/12 Actual
	%	%
Non HRA Ratio of financing costs to net revenue stream	10.7	10.2

Prudential Indicator	2011/12 Revised Estimate	2011/12 Actual
	%	%
Non HRA Ratio of financing costs (net of investment income) to net revenue stream	10.4	9.9
HRA Ratio of financing costs to HRA net revenue stream	17.8	15.7

- C3. The cost of capital investment decisions funded from a re-direction of existing resources was lower than anticipated due to re-profiling of expenditure in the capital programme from 2011/12 to 2012/13 and the active programme to generate additional capital receipts to reduce the requirement for prudential borrowing to finance the capital programme as reported in the monthly capital monitoring reports.

Prudential Indicator	2011/12 Estimate	2011/12 Actual
<b>Estimates of impact of Capital Investment decisions in the present capital programme</b>	<b>£ p</b>	<b>£ p</b>
Cost of capital investment decisions funded from re-direction of existing resources (Council Tax Band D, per annum)	23.20	14.74
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
<b>Total</b>	<b>23.20</b>	<b>14.74</b>

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 2011/12.

<b>Prudential Indicator</b>	<b>2011/12 Revised Estimate</b>	<b>2011/12 Actual</b>
<b>External Debt</b>	<b>£ m</b>	<b>£ m</b>
<b>Authorised Limit:</b>		
Borrowing	412	278
Add HRA Settlement	84	83
Other long term liabilities	41	22
<b>Total</b>	<b>537</b>	<b>383</b>

<b>Prudential Indicator</b>	<b>2011/12 Revised Estimate</b>	<b>2011/12 Actual</b>
<b>External Debt</b>	<b>£ m</b>	<b>£ m</b>
<b>Operational Boundary:</b>		
Borrowing	348	278
Add HRA Settlement	84	83
Other long term liabilities	35	22
<b>Total</b>	<b>467</b>	<b>383</b>

C5. Gross borrowing was lower than anticipated due to no general fund borrowing being undertaken in 2011/12. 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.

<b>Prudential Indicator</b>	<b>2011/12 Revised Estimate</b>	<b>2011/12 Actual</b>
<b>Net Borrowing &amp; Capital Financing Requirement:</b>	<b>£ m</b>	<b>£ m</b>
Gross Borrowing (inc HRA)	368	361
Investments	70	79
<b>Net Borrowing</b>	<b>298</b>	<b>282</b>
Non HRA Capital Financing Requirement	284	274
HRA Capital Financing Requirement	86	86
<b>Total CFR</b>	<b>370</b>	<b>360</b>

C6. Total capital expenditure during the year was lower than anticipated. Explanations for these under-spends were included in the 2011/2012 final capital outturn report.

<b>Prudential Indicator</b>	<b>2011/12 Revised Estimate</b>	<b>2011/12 Actual</b>
	<b>£ m</b>	<b>£ m</b>
<b>Non HRA Capital expenditure</b>	65.7	57.3
<b>HRA Capital expenditure</b>	6.3	6.6

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

<b>Prudential Indicator</b>	<b>2011/12 Estimate</b>	<b>2011/12 Actual</b>
	<b>£ m</b>	<b>£ m</b>
<b>Upper Limit For Fixed/Variable Rate Borrowing</b>		
Fixed Rate (GF)	348	278
Fixed Rate (HRA)	96	83
Variable Rate	174	0

C8. The level of fixed rate and variable rate investments were within the approved limits during 2011/12.

<b>Prudential Indicator</b>	<b>2011/12 Estimate</b>	<b>2011/12 Actual</b>
	<b>£ m</b>	<b>£ m</b>
<b>Upper Limit For Fixed/Variable Rate Investments</b>		
Fixed Rate	200	58
Variable Rate	200	23

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

<b>Prudential Indicator</b>	<b>2011/12 Estimate</b>	<b>2011/12 Actual</b>
	<b>£m</b>	<b>£m</b>
<b>Upper Limit For Sums Invested over 364 days</b>		
Internal Team	40	0
External Manager	30	0

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

<b>Prudential Indicator</b>	<b>2011/12 Upper Limit</b>	<b>2011/12 Actual</b>
	<b>%</b>	<b>%</b>
<b>Maturity Structure of External Borrowing</b>		
Under 12 months	15	2
12 months & within 24 months	15	3
24 months & within 5 years	45	6
5 years & within 10 years	75	8
10 years & above	100	81