

## APPENDIX B

### SHROPSHIRE COUNCIL PRUDENTIAL INDICATORS 2016/17

- 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 slightly lower than expected in 2016/17 due to net revenue stream being higher than estimated.

Prudential Indicator	2016/17 Estimate	2016/17 Actual
	%	%
<b>Non HRA Ratio of financing costs to net revenue stream</b>	8.8	8.1

Prudential Indicator	2016/17 Estimate	2016/17 Actual
	%	%
<b>Non HRA Ratio of financing costs (net of investment income) to net revenue stream</b>	8.5	7.5
<b>HRA Ratio of financing costs to HRA net revenue stream</b>	41.9	35.9*

\*HRA ratio is lower than estimated due to a change in depreciation methodology

- C3. The cost of capital investment decisions funded from a re-direction of existing resources was as expected due to no new borrowing during the year.

Prudential Indicator	2016/17 Estimate	2016/17 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)	23.64	23.64
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>23.64</b>	<b>23.64</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 2016/17.

Prudential Indicator	2016/17 Estimate	2016/17 Actual
<b>External Debt</b>	<b>£ m</b>	<b>£ m</b>
<b>Authorised Limit:</b>		
Borrowing	449	324
Other long term liabilities	80	107
<b>Total</b>	<b>529</b>	<b>431</b>

Prudential Indicator	2016/17 Estimate	2016/17 Actual
<b>External Debt</b>	<b>£ m</b>	<b>£ m</b>
<b>Operational Boundary:</b>		
Borrowing	402	324
Other long term liabilities	80	107
<b>Total</b>	<b>482</b>	<b>431</b>

C5. Gross borrowing was as anticipated due to no general fund borrowing being undertaken in 2016/17. 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 approved by Council.

Prudential Indicator	2016/17 Revised Estimate	2016/17 Actual
<b>Net Borrowing &amp; Capital Financing Requirement:</b>	<b>£ m</b>	<b>£ m</b>
Gross Borrowing (inc. HRA)	324	324
Investments	160	152
<b>Net Borrowing</b>	<b>164</b>	<b>172</b>
Non HRA Capital Financing Requirement	261	243
HRA Capital Financing Requirement	85	85
<b>Total CFR</b>	<b>346</b>	<b>328</b>

C6. Total capital expenditure during the year was lower than anticipated. Explanations for these under-spends were included in the 2016/17 final capital outturn report.

Prudential Indicator	2016/17 Revised Estimate	2016/17 Actual
	<b>£ m</b>	<b>£ m</b>
<b>Non HRA Capital expenditure</b>	47.5	39.7
<b>HRA Capital expenditure</b>	6.4	5.2

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

<b>Prudential Indicator</b>	<b>2016/17 Estimate</b>	<b>2016/17 Actual</b>
<b>Upper Limit For Fixed/Variable Rate Borrowing</b>	<b>£ m</b>	<b>£ m</b>
Fixed Rate (GF)	449	239
Fixed Rate (HRA)	96	85
Variable Rate	225	0

C8. The level of fixed rate and variable rate investments were within the approved limits during 2016/17.

<b>Prudential Indicator</b>	<b>2016/17 Estimate</b>	<b>2016/17 Actual</b>
<b>Upper Limit For Fixed/Variable Rate Investments</b>	<b>£ m</b>	<b>£ m</b>
Fixed Rate	200	110
Variable Rate	200	42

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

<b>Prudential Indicator</b>	<b>2016/17 Estimate</b>	<b>2016/17 Actual</b>
<b>Upper Limit For Sums Invested over 364 days</b>	<b>£m</b>	<b>£m</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>2016/17 Upper Limit</b>	<b>2016/17 Actual</b>
<b>Maturity Structure of External Borrowing</b>	<b>%</b>	<b>%</b>
Under 12 months	15	2
12 months to 2 years	15	2
2 years to 5 years	45	6
5 years to 10 years	75	2
10 years to 20 years	100	32
20 years to 30 years	100	24
30 years top 40 years	100	17
40 years to 50 years	100	7
50 years and above	100	8