

## APPENDIX C: Prudential Indicators and Treasury Management Targets

	Target 2018/19	Actual Q3
<b><u>Prudential Indicators</u></b>		
<b>External Debt Prudential Indicators</b>		
<b>1 Code of Practice</b> The Council has adopted the CIPFA Code of Practice for Treasury Management in the Public Services. The Council adopted the code in March 2002 and continues to conduct its treasury activities in accordance with it.	Adopt the Code of Practice	No Breach
<b>2 Ratio of financing costs to net revenue stream</b> Identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against net revenue stream.  Ratio	1.50%	1.50%
<b>3 Authorised Limit for External Debt</b> The Council is expected to set a maximum authorised limit for external debt. This limit should not be exceeded and is therefore calculated on the basis of the worst case scenario for cash flow requirements in the short term.  Authorised limit for external debt	£97 million	£4 million
<b>4 Operational boundary for external debt</b> The Council is required to set an operational boundary for external debt. This indicates the most likely maximum level of external debt for cash flow requirements in the short term. This indicator may be breached temporarily for operational reasons.  Operational boundary for external debt	£97 million	£4 million

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<b>5 Interest Rate Exposures</b> The Council needs to set upper limits to its exposure to the effects of changes in interest rates. This indicator has been set to allow 100% of the portfolio to be placed in fixed rate investments. The upper limit on variable rate exposure is set at 70% of the total value of the portfolio.  Upper limit for fixed rate investments Upper limit for variable rate investments	    100% 70%	    41% 59%
<b>6 Maturity Structure of Borrowing</b> The Council needs to set upper and lower limits with respect to the maturity structure of its borrowing. As the Council has now entered into long term borrowing, as approved by Full Council, the upper and lower limit for borrowings with a maturity over 12 months is 100%.  Limits for the maturity structure of fixed term borrowings  Upper limit for under 12 months Lower limit for under 12 months  Upper limit for over 12 months Lower limit for over 12 months	       100% 0%  100% 0%	       Nil Nil  100% 0%

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<b><u>Treasury Management Targets</u></b>		
<b>1 Target Investment Interest Rate</b> Base Rates 0.50 from 2nd November 2018 Base Rate 0.75% from 2nd August 2018		
Investment Income	2.03%	
Bank Interest	0.40%	
Average	1.88%	1.80%
<b>2 Longer term investment decisions</b> Made in the context of a minimum investment	0.50%	No long term investments made
<b>3 Cash flow</b> Overall cash flow to be managed to achieve a nil borrowing requirement although borrowing will be considered an option where it is prudent to do so	Nil	Nil

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<b>Other Key Data</b>		
<b>1 Estimated average equated sums for investment 2018/19</b>		
Investment Sums	£30,100,000	
Bank Sums	£3,000,000	
Total	£33,100,000	£40,100,000 projected
<b>2 Investment Income</b>		
Investment Income	£611,000	
Bank Interest	£12,000	
Total	£623,000	£723,000
		(Year to date £546,000
<b>3 Interest Paid</b>	£97,710	£97,710 projected
		(Year to date £79,000
<b>4 Actual Investments at end of quarter</b>		
Total Investments		£32.0 million

Actual Q2
No Breach
1.50%
£4 million
£4 million

Actual Q2
51%
49%
Nil
Nil
100%
0%

**Actual  
Q2**

1.73%

No long  
term investments  
made

Nil

Actual Q2
£40,100,000 projected
£693,000
(Year to date £382,000
£97,710 projected
(Year to date £55,000)
£35.0 million