

General Fund - This is an indicator of the affordability of the capital programme and its effect on the Council Tax. This indicator shows the expected costs including the updated Capital Strategy being reported to January 2013 Audit Committee.

HRA - This is an indicator of the affordability of the capital programme and its effect on the rent payer. As borrowing was supported under the old system (pre 1/4/2012) this is nil. From 2012/13 under self financing, the cost of borrowing, in terms of interest cost, and any principal, goes through the revenue account. The capital programme is fully funded from revenue contributions, depreciation and grants.

6 Authorised Limit for external debt

	2012/13 Estimate £000's	2013/14 Estimate £000's	2014/15 Estimate £000's	2015/16 Estimate £000's	2016/17 Estimate £000's	2017/18 Estimate £000's
Borrowing - HRA	217,685	217,685	217,685	217,685	217,685	217,685
Borrowing - General Fund	16,679	19,498	23,175	28,803	33,271	37,890
Other long term liabilities	0	0	0	0	0	0
Total	234,364	237,183	240,860	246,488	250,956	255,575

The authorised limit in that it is the level up to which the Council may borrow without getting further approval from Council. The Council may need to borrow short term for cash flow purposes, exceeding the operational boundary. The authorised limit allows for additional short term borrowing. The borrowing limits are based on the January approved capital strategy, with an additional £5M for short term borrowing.

7 Operational Boundary for external debt

	2012/13 Estimate £000's	2013/14 Estimate £000's	2014/15 Estimate £000's	2015/16 Estimate £000's	2016/17 Estimate £000's	2017/18 Estimate £000's
Borrowing - HRA	217,685	217,685	217,685	217,685	217,685	217,685
Borrowing - General Fund	11,679	14,498	18,175	23,803	28,271	32,890
Other long term liabilities	0	0	0	0	0	0
Total	229,364	232,183	235,860	241,488	245,956	250,575

The operational boundary differs from the authorised limit in that it is the level up to which the Council expects to have to borrow. The Council may need to borrow short term for cash flow purposes, exceeding the operational boundary. This is aligned to the January 2013 strategy. Although this represents the total external debt, CIPFA have revised the Prudential code for 2011 to not allow borrowing to equal the net debt position, thus maximum borrowing must not exceed the CFR, which includes an adjustment for MRP.

8 Upper limit for fixed interest rate exposure

This is defined as net principal re fixed rate borrowing less fixed rate investments

	2012/13 Estimate £000's	2013/14 Estimate £000's	2014/15 Estimate £000's	2015/16 Estimate £000's	2016/17 Estimate £000's	2017/18 Estimate £000's
Fixed Rate Borrowing - HRA	217,685	217,685	217,685	217,685	217,685	217,685
Fixed Rate Borrowing - General fund	11,679	14,498	18,175	23,803	28,271	32,890
Fixed Rate Investments	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)
Net Fixed Rate Borrowing	219,364	222,183	225,860	231,488	235,956	240,575

Please note that the Net Exposure is not itself a limit. As borrowing increases, the net will inevitably rise, by keeping a fixed investments constant. It is conceivable that we would have no fixed investments at a point in time, as part of cash flow management.

9 Upper limit for variable interest rate exposure

This is defined as net principal re variable rate borrowing less variable rate investments

	2012/13 Estimate £000's	2013/14 Estimate £000's	2014/15 Estimate £000's	2015/16 Estimate £000's	2016/17 Estimate £000's	2017/18 Estimate £000's
Variable rate borrowing - HRA	200,681	200,681	200,681	200,681	200,681	200,681
Variable rate borrowing - General Fund	11,679	14,498	18,175	23,803	28,271	32,890
Variable rate investments	(35,000)	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)
Net Variable Rate Borrowing	177,360	175,179	178,856	184,484	188,952	193,571

Positive figures show that borrowing exceeds investment levels. It is the individual borrowing and investment limit, not the net variable rate borrowing which requires approval. Given the more buoyant balances during 2012/13, and current markets, the variable limits have increased, to enable us to place all of our rising balances variable if deemed appropriate.

10 Upper limit for total principal sums invested for over 364 days

	2012/13 Estimate £000's	2013/14 Estimate £000's	2014/15 Estimate £000's	2015/16 Estimate £000's	2016/17 Estimate £000's	2017/18 Estimate £000's
Sums invested for over 364 days	2,000	5,000	5,000	5,000	5,000	5,000

Limit amended to £5 million, to allow us to take advantage of any safe fixed opportunities of higher income, subject to CFO approval.

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