

Staffordshire County Council

Cabinet
16 November 2022

Prudential Indicators for Treasury Management

| Indicator | Estimated Limit 2022/23 | Actual Position at 30/09/22 |
|--|----------------------------|--------------------------------|
| 1. External Debt | | |
| Authorised Limit for borrowing | £662m | £462m |
| Authorised Limit for other liabilities | £258m | £226m |
| TOTAL | £920m | £688m |
| Operational Boundary for borrowing | £515m | £462m |
| Operational Boundary for other liabilities | £258m | £226m |
| TOTAL | £773m | £688m |
| External Loans | £721.6m | £688m |
| <p><i>The Authorised Limit is the maximum level of external borrowing which should not be exceeded. It is linked to the estimated level of borrowing assumed in the Capital Programme.</i></p> <p><i>The Operational Boundary represents the County Treasurer's estimate of the day-to-day limit for treasury management activity based on the most likely i.e. prudent but not worst-case scenario.</i></p> <p><i>"Other liabilities" relate to PFI schemes which are recorded in the County Council's accounts.</i></p> | | |
| 2. Interest Rate Exposures | | |
| a. Upper Limit (Fixed) | £543m | £462m |
| b. Upper Limit (Variable) | (£316m) | (£414m) |
| <p><i>The County Council sets upper limits of fixed and variable borrowing and investments. The effect of setting these upper limits is to provide ranges within which the County Council will manage its exposure to fixed and variable rates of interest. Negative figures are shown in brackets; these relate to the "high-point" of investments at a variable rate which are not offset by variable borrowings. The exposure to variable rate movements has been reduced by the use of cash in lieu of borrowing.</i></p> | | |
| 3. Maturity Structure of Borrowing | | |
| See Graph at Appendix 3 | | |
| <p><i>This indicator relates to the amount of loans maturing in specified periods. The overarching principle is that steps should be taken from a risk management point of view to limit exposure to significant refinancing risk in any short period of time. The County Council currently applies the practice of ensuring that no more than 15% of its total gross fixed rate loans mature in any one financial year.</i></p> <p><i>Because this is a complex situation for the County Council, involving PWLB loans, LOBO loans with uncertain call dates and the use of internal cash, specific indicators have not been set. Instead the County Council will manage its exposures within the limits shown on the graph at Appendix 3. This graph shows all LOBO call options on a cumulative basis; in fact the actual pattern of repayment, although uncertain, will not be of this magnitude.</i></p> | | |
| 4. Total principal sums invested for periods longer than a year | £195m | £30m |
| <p><i>Any investments made for over longer than a year will be in accordance with the County Council's limits on non-standard investments.</i></p> | | |