Appendix C

Prudential indicators: treasury position and financial control

1.1 The Council is required to ensure that capital financing is reasonable and affordable in the long term. The Council is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year.

1.2 In line with statutory guidance, a lower "operational boundary" is also set as a warning level should debt approach the limit. Within the operational boundary and authorised limit, allowance was made for debt financing of the planned capital programme, existing financing, PFI liabilities, and anticipated additional lease financing following the adoption of IFRS 16 (Leases) in 2024/25. The Council remained compliant with the operational boundary and authorised limit during the reporting period, which is demonstrated in the table below.

1.3 The table also shows the Council's financing costs as a proportion of the net revenue stream:

	31/03/2026 Actual £'000
Authorised Limit	402,893
Maximum gross borrowing position during the year	316,570
Operational boundary	383,892
Average gross borrowing position	273,720
Financing costs (Excluding IFRS 16) as a proportion of net revenue stream	8.45%
Financing costs (Including IFRS 16) as a proportion of net revenue stream	9.49%

1.4 **Compliance with approved investment counterparty limits**. The Council may invest surplus funds with counterparties detailed in the approved Investment & Borrowing Strategy, subject to specified limits. During the reporting period, the Council has not breached the approved counter party limits. Should a limit be breached, it is reported to the Council's Treasury Management Group as part of monthly performance reporting.

Investment Limits table	31/03/2026	2025/26	Complied?
	Actual Invested	Individual Counterparty Limit	Yes/No
	£m	£m	
Debt Management Office (DMO)	0	Unlimited	Yes
UK Local Authorities (incuding Police, Fire Authorities and	0	8	Yes - Individual Limit per counterparty has not been exceeded
UK Building Societies (ranked 1-11 by asset size)	0	8	Yes
UK Building Societies (ranked 12-21 by asset size)	0	6.5	Yes
UK Building Societies (ranked 22-25 by asset size)	0	5	Yes
UK Banks and other financial institutions (A- or higher)	-1.7	8	Yes - Individual Limit per counterparty has not been exceeded
Other non-local authority UK public sector body	0	8	Yes
Registered Providers, Charities	0	2.5	Yes
UK based money market funds rated AAAmf	15.7	8	Yes - Individual Limit per counterparty has not been exceeded
Council owned companies and joint-ventures	0	5	Yes

1.5 **Maturity Structure:** The Council measures and manages its exposures to treasury management risks using the Maturity Structure of Borrowing. This indicator is set to control the Council's exposure to refinancing risk.

Maturity Structure of debt portfolio	31/03/2026	2026/27	2026/27
	Actual	**Lower limit**	**Upper limit**
Under 12 months	24.36%	0%	30%
12 months and within 24 months	21.75%	0%	30%
24 months and within 5 years	4.27%	0%	30%
5 years and within 10 years	12.48%	0%	30%
10 years and within 15 years	4.16%	0%	30%
15 years and within 20 years	4.49%	0%	30%
20 years and within 25 years	3.63%	0%	30%
25 years and within 30 years	2.66%	0%	30%
30 years and within 35 years	0.87%	0%	30%
35 years and within 40 years	0.72%	0%	30%
40 years and within 45 years	20.63%	0%	30%
45 years and within 50 years	0.00%	0%	30%

1.6 **Interest rate exposure**: Interest rate exposure illustrates the effect on interest costs of a 1% upward or downward movement in rates. The Council was also compliant with this indicator during 2025/26.

Interest Rate Risk Indicator	31/03/26 Actual	2025/26 Limit	Complied?
Upper limit on one-year Revenue impact of a 1% rise in Interest Rates	(94,252)	(653,126)	Yes
Upper limit on one-year Revenue impact of a 1% fall in Interest Rates	£94,252	£653,126	Yes