

**Prudential Indicators (PI) required by The Prudential Code**

**PI for Prudence** - Ensuring that external debt is sustainable and compliance with good professional practice are essential features of prudence.

**PI 1 - Estimates and actual capital expenditure.**

Full details of capital expenditure plans and funding can be found in the quarter three capital budget monitoring 2023-2024 report.

	As at 21 February 2024			
	2023-2024 Forecast £000	2024-2025 Forecast £000	2025-2026 Forecast £000	2026-2027 Forecast £000
General Fund *	85,901	155,284	98,655	27,843
HRA	118,691	142,060	128,959	103,920
	204,592	297,344	227,614	131,763
* Service investments included in General Fund figure. These relate to areas such as capital expenditure on investment properties and loans to third parties etc. for service and regeneration delivery purposes.	2,609	6,344	6,940	9,000

**PI 2 - Estimates and actual capital financing requirement General and HRA.**

The capital financing requirement measures the authority's underlying need to borrow for a capital purpose.

	As at 21 February 2024			
	2023-2024 Forecast £000	2024-2025 Forecast £000	2025-2026 Forecast £000	2026-2027 Forecast £000
General Fund *	672,037	703,861	719,479	700,699
HRA	371,451	471,372	560,116	623,860
Total capital financing requirement	1,043,488	1,175,233	1,279,595	1,324,559
* Service investments included in General Fund figure. These relate to areas such as capital expenditure on investment properties and loans to third parties etc. for service and regeneration delivery purposes.	34,436	38,086	38,163	39,304
<b>Movement in capital financing requirement represented by:</b>				
New borrowing for capital expenditure	109,818	169,950	141,883	82,672
Less minimum revenue provision/voluntary minimum revenue provision	(35,925)	(38,205)	(37,521)	(37,708)
Movement in capital financing requirement	73,893	131,745	104,362	44,964

**PI 3 - Authorised limit for external debt.**

These limits apply to the total external debt gross of investments and separately identify borrowing from other long term liabilities such as finance leases including Private Finance Initiatives (PFI). This is a self determined level reviewed and set each budget setting cycle.

	As at 21 February 2024			
	2023-2024 Limit £000	2024-2025 Limit £000	2025-2026 Limit £000	2026-2027 Limit £000
Borrowing	1,137,035	1,184,887	1,324,196	1,400,635
Other Long Term Liabilities	75,960	76,416	72,939	69,309
Total Authorised Limit	1,212,995	1,261,303	1,397,135	1,469,944
Forecast External Debt as at 21 February 2024:				
Borrowing	820,109	967,398	1,078,236	1,136,830
Other Long Term Liabilities	73,960	74,416	70,939	67,309
	894,069	1,041,814	1,149,175	1,204,139
Variance (Under) / Over Authorised limit	(318,926)	(219,489)	(247,960)	(265,805)
<b>Authorised limit for service investments included in the above figures</b>				
Authorised Limit	57,928	49,064	48,281	49,702
Forecast External Debt as at 21 February 2024:				
	44,319	47,968	48,046	49,187
Variance (Under) / Over Authorised limit	(13,609)	(1,096)	(235)	(515)

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<b>PI 4 - Operational boundary for external debt.</b>				
This is based on the same estimates as the authorised limit but directly reflects the Director of Finance's estimate of the most likely, prudent but not worst case scenario, without the additional headroom included. This is a self determined level reviewed and set each budget setting cycle.				
	As at 21 February 2024			
	2023-2024 Limit £000	2024-2025 Limit £000	2025-2026 Limit £000	2026-2027 Limit £000
Borrowing	1,098,093	1,168,280	1,310,022	1,392,398
Other Long Term Liabilities	73,960	74,416	70,939	67,309
<b>Total Operational Boundary Limit</b>	<b>1,172,053</b>	<b>1,242,696</b>	<b>1,380,961</b>	<b>1,459,707</b>
Forecast External Debt as at 21 February 2024:				
Borrowing	820,109	967,398	1,078,236	1,136,830
Other Long Term Liabilities	73,960	74,416	70,939	67,309
	894,069	1,041,814	1,149,175	1,204,139
Variance (Under) / Over Operational Boundary Limit	(277,984)	(200,882)	(231,786)	(255,568)
<b>Operational boundary for service investments included in the above figures</b>				
Operational Boundary Limit	54,678	47,968	48,046	49,187
Forecast External Debt as at 21 February 2024:	44,319	47,968	48,046	49,187
Variance (Under) / Over Operational Boundary Limit	(10,359)	0	0	0

<b>PI 5 - Gross debt and the capital financing requirement.</b>				
"In order to ensure that over the medium term debt will only be for a capital purpose, the local authority should ensure that debt does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years".				
	As at 21 February 2024			
	2023-2024 Forecast £000	2024-2025 Forecast £000	2025-2026 Forecast £000	2026-2027 Forecast £000
Forecast Capital Financing Requirement at end of Second Year	1,279,592	1,324,557	1,338,736	1,338,736
Gross Debt	894,069	1,041,814	1,149,175	1,204,139
Capital Financing Requirement Greater than Gross Debt	Yes	Yes	Yes	Yes

**PI for Affordability** - These indicators are used to ensure the total capital investment of the Council is within a sustainable limit and the

<b>PI 6 - Estimates and actual ratio of financing costs to net revenue stream.</b>				
This represents the cost of financing capital expenditure as a % of net revenue for both the General and HRA.				
	As at 21 February 2024			
	2023-2024 Forecast	2024-2025 Forecast	2025-2026 Forecast	2026-2027 Forecast
General Fund *	14.7%	14.7%	15.0%	14.0%
HRA	31.8%	35.9%	38.5%	40.6%
* Service investments included in General Fund figure. These relate to areas such as capital expenditure on investment properties and loans to third parties etc. for service and regeneration delivery purposes.	0.7%	0.7%	0.8%	0.8%

<b>PI 7 - Estimates and actual ratio of net income from commercial and service investments to net revenue stream.</b>				
This represents the financial exposure of the Council to the loss of income from commercial and service investments. Only costs directly attributable to the investments are netted off, so unlike PI 6, the costs of borrowing (interest and MRP) cannot be deducted as they are not directly attributable to managing the investments and will continue regardless of the existence or performance of the investments.				
	As at 21 February 2024			
	2023-2024 Forecast	2024-2025 Forecast	2025-2026 Forecast	2026-2027 Forecast
Commercial	-	-	-	-
Service	0.5%	0.9%	1.2%	1.3%

Treasury Management Indicators (TMI) required by The Treasury Management Code

**TMI 1 - Upper limits for long-term treasury management investments (previously called 'upper limits to the total of principal sums invested over 365 days').**

This details the maximum amount which can be invested for up to 5 years (as per paragraph 1.5 of the Annual Investment Strategy). It has been determined that a maximum of 50% of total investments with a cap of £35.0 million could be prudently committed to long term investments should the Director of Finance decide it is appropriate to.

	As at 21 February 2024			
	2023-2024	2024-2025	2025-2026	2026-2027
	Limit	Limit	Limit	Limit
	£000	£000	£000	£000
Upper limit for long-term treasury management investments	35,000	35,000	35,000	35,000
Actual and Forecast Invested at 21 February 2024	-	-	-	-
Variance (Under) / Over Limit	(35,000)	(35,000)	(35,000)	(35,000)

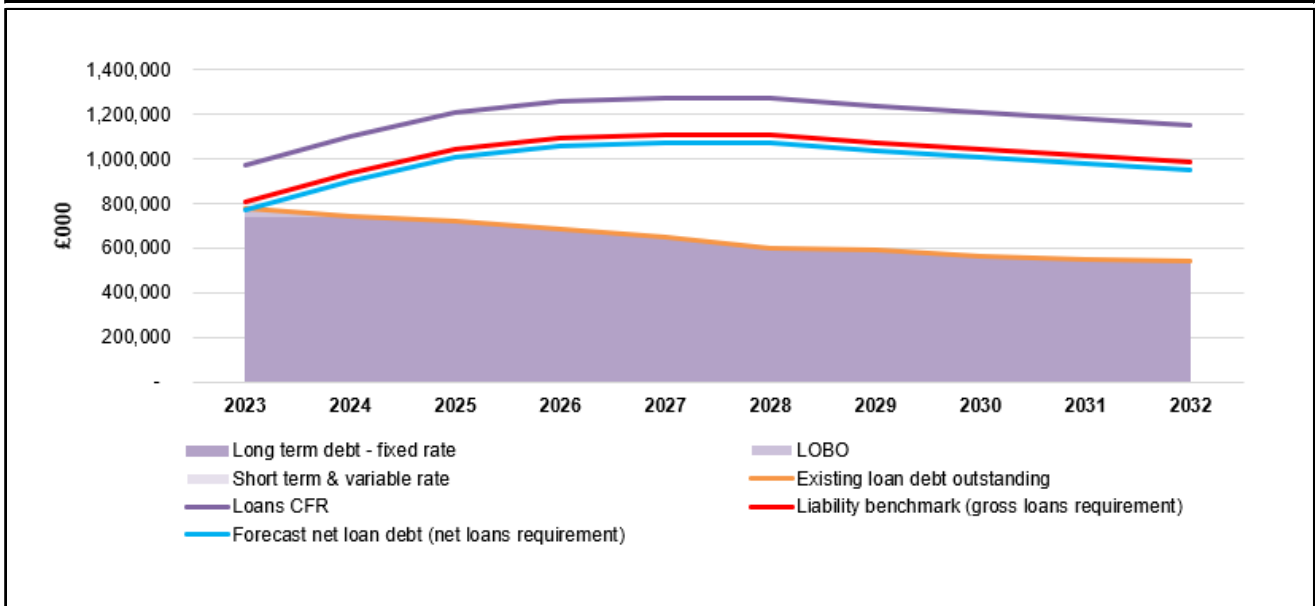
**TMI 2 - Upper and lower limits to the maturity structure of its borrowing.**

These limits relate to the % of fixed and variable rate debt maturing.

	As at 21 February 2024		
	Upper Limit	Lower Limit	March 2024 Forecast
Under 12 months	25%	0%	3.66%
12 months and within 24 months	25%	0%	3.08%
24 months and within 5 years	40%	0%	14.41%
5 years and within 10 years	50%	0%	9.86%
10 years and within 20 years	50%	0%	15.17%
20 years and within 30 years	50%	0%	26.95%
30 years and within 40 years	50%	0%	17.02%
40 years and within 50 years	50%	0%	9.85%
50 years and within 60 years	50%	0%	-

**TMI 3 - Liability benchmark**

A liability benchmark is a measure of how well the Council's existing loans portfolio matches its planned borrowing needs. It is a projection of the amount of loan debt outstanding that the Council needs each year into the future to fund its existing debt liabilities, planned prudential borrowing and other cash flows. This indicator highlights any mismatches between actual loan debt outstanding and the planned borrowing needs. Where actual loans are less than the benchmark, this is an indication of a future borrowing requirement. Whereas actual loans exceeding the benchmark indicate an overborrowed position which will result in excess cash balances requiring investment



**Non-treasury management investment indicators**

The statutory guidance on local government investments encourages local authorities to develop qualitative indicators that allow the reader to assess the Council's total risk exposure as a result of commercial investment decisions.

**NTM 1 - Estimates and actual non-treasury management investment expenditure.**

This identifies the level of any non-treasury management investments ( e.g. service and commercial investments).

	As at 21 February 2024			
	2023-2024	2024-2025	2025-2026	2026-2027
	Forecast	Forecast	Forecast	Forecast
	£000	£000	£000	£000
Service investments	2,609	6,344	6,940	9,000
Commercial investments	-	-	-	-
	2,609	6,344	6,940	9,000

**NTM 2 - Estimates and actual net debt for service and commercial investment to net service expenditure ratio.**

This indicator measures the level of net debt for service and commercial investments in comparison to the Council's forecast net service expenditure, where net service expenditure is a proxy for the size and financial strength of a local authority.

	As at 21 February 2024			
	2023-2024	2024-2025	2025-2026	2026-2027
	Forecast	Forecast	Forecast	Forecast
	£000	£000	£000	£000
Net debt for service and commercial investments	34,436	38,086	38,163	39,304
Net service expenditure	306,414	332,024	338,041	348,354
Debt to net service expenditure ratio	11.2%	11.5%	11.3%	11.3%

**NTM 3 - Estimates and actual service and commercial income to net service expenditure ratio.**

This indicator measures the level of service and commercial investment generated income in comparison to the Council's net service expenditure, where net service expenditure is a proxy for the size and financial strength of a local authority. The % indicates the Council's financial resilience and how reliant on the service/commercial investment income it is. A low % indicates the Council is not heavily reliant on service/commercial investment income.

	As at 21 February 2024			
	2023-2024	2024-2025	2025-2026	2026-2027
	Forecast	Forecast	Forecast	Forecast
	£000	£000	£000	£000
Service and commercial investment income	1,685	3,191	4,105	4,659
Net service expenditure	306,414	332,024	338,041	348,354
Service and commercial income to net service expenditure ratio	0.6%	1.0%	1.2%	1.3%

**NTM 4 - Estimates and actual loan to value ratio**

This indicator measures the net debt for service and commercial investments compared to the forecast total asset value. A decrease in the ratio over the medium term indicates a reducing level of borrowing due to repayments, whereas an increase indicates an increase in the level of borrowing due to new loans being issued.

	As at 21 February 2024			
	2023-2024	2024-2025	2025-2026	2026-2027
	Forecast	Forecast	Forecast	Forecast
Loan to value ratio	59.9%	61.9%	61.1%	60.9%