

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 2018-2019 report.

	As at 20 February 2019			
	2018-2019 Forecast £000	2019-2020 Forecast £000	2020-2021 Forecast £000	2021-2022 Forecast £000
General *	100,525	170,756	59,398	7,152
HRA	49,772	99,350	90,770	77,660
	150,297	270,106	150,168	84,812
* Commercial activities / non-financial investments included in General figure. These relate to areas such as capital expenditure on investment properties and loans to third parties etc.	15,515	17,000	17,350	-

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 20 February 2019			
	2018-2019 Forecast £000	2019-2020 Forecast £000	2020-2021 Forecast £000	2021-2022 Forecast £000
General *	651,714	729,726	745,447	729,723
HRA	257,200	308,896	356,087	392,946
Total capital financing requirement	908,914	1,038,622	1,101,534	1,122,669
* Commercial activities / non-financial investments included in General figure. These relate to areas such as capital expenditure on investment properties and loans to third parties etc.	25,325	36,286	25,763	25,068
Movement in capital financing requirement represented by:				
New borrowing for capital expenditure	65,336	166,189	100,479	57,866
Less minimum revenue provision/voluntary minimum revenue provision	(32,944)	(36,481)	(37,567)	(36,731)
Movement in capital financing requirement	32,392	129,708	62,912	21,135

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).

	As at 20 February 2019			
	2018-2019 Limit £000	2019-2020 Limit £000	2020-2021 Limit £000	2021-2022 Limit £000
Borrowing	996,745	1,054,931	1,138,865	1,185,714
Other Long Term Liabilities	90,754	86,553	82,275	79,663
Total Authorised Limit *	1,087,499	1,141,484	1,221,140	1,265,377
Actual and Forecast External Debt as at 20 February 2019	881,513	1,038,222	1,101,133	1,122,269
Variance (Under) / Over Authorised limit	(205,986)	(103,262)	(120,007)	(143,108)
* Commercial activities / non-financial investments included within this figure.	28,934	40,042	37,155	37,155

Prudential Indicators (PI) required by The Prudential Code

PI 4 - Operational boundary for external debt.

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.

	As at 20 February 2019			
	2018-2019 Limit £000	2019-2020 Limit £000	2020-2021 Limit £000	2021-2022 Limit £000
Borrowing	964,873	1,013,398	1,113,771	1,171,325
Other Long Term Liabilities	90,731	86,545	82,268	79,656
Total Operational Boundary Limit *	1,055,604	1,099,943	1,196,039	1,250,981
Actual and Forecast External Debt as at 20 February 2019	881,513	1,038,222	1,101,133	1,122,269
Variance (Under) / Over Operational Boundary Limit	(174,091)	(61,721)	(94,906)	(128,712)
* Commercial activities / non-financial investments included within this figure.	25,605	37,155	37,155	37,155

PI 5 - Gross debt and the capital financing requirement.

"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 20 February 2019			
	2018-2019 Forecast £000	2019-2020 Forecast £000	2020-2021 Forecast £000	2021-2022 Forecast £000
Forecast Capital Financing Requirement at end of Second Year	1,101,535	1,122,670	1,123,546	1,123,546
Gross Debt	881,513	1,038,222	1,101,133	1,122,269
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 impact of these decisions are considered with regard to acceptable council tax and housing rent levels.

PI 6 - Estimates and actual ratio of financing costs to net revenue stream.

This represents the cost of financing capital expenditure as a % of net revenue for both the General and HRA.

	As at 20 February 2019			
	2018-2019 Forecast	2019-2020 Forecast	2020-2021 Forecast	2021-2022 Forecast
General *	12.5%	14.3%	17.2%	17.5%
HRA	33.8%	34.5%	35.5%	35.8%
* Commercial activities / non-financial investments included in General figure. These relate to areas such as capital expenditure on investment properties and loans to third parties etc.	0.4%	0.7%	0.7%	0.6%

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

TMI 1 - 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 20 February 2019			
	2018-2019	2019-2020	2020-2021	2021-2022
	Limit £000	Limit £000	Limit £000	Limit £000
Upper limit for more than 365 days	35,000	35,000	35,000	35,000
Actual and Forecast Invested at 20 February 2019	-	-	-	-
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. Upto 2018-2019 this indicator only included fixed rate debt, the new Code of Practice issued December 2017 changed this requirement to include variable debt from 2018-2019.

	As at 20 February 2019		
	Upper Limit	Lower Limit	March 2019 Forecast
Under 12 months	25%	0%	5.82%
12 months and within 24 months	25%	0%	1.58%
24 months and within 5 years	40%	0%	2.19%
5 years and within 10 years	50%	0%	6.63%
10 years and within 20 years	50%	0%	16.68%
20 years and within 30 years	50%	0%	19.57%
30 years and within 40 years	50%	0%	21.39%
40 years and within 50 years	50%	0%	26.14%
50 years and within 60 years	50%	0%	-