

## 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.

<b>PI 1 - Estimates and actual capital expenditure.</b>								
Full details of capital expenditure plans and funding can be found in the quarter two capital budget monitoring 2019-2020 report.								
	Approved by Council 6 March 2019				As at 30 September 2019			
	2018-2019 Forecast £000	2019-2020 Forecast £000	2020-2021 Forecast £000	2021-2022 Forecast £000	2018-2019 Actual £000	2019-2020 Forecast £000	2020-2021 Forecast £000	2021-2022 Forecast £000
General *	100,525	170,756	59,398	7,152	76,471	139,184	133,445	42,536
HRA	49,772	99,350	90,770	77,660	42,832	63,932	110,122	92,796
	150,297	270,106	150,168	84,812	119,303	203,116	243,567	135,332
* 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	-	6,958	25,569	17,350	-

<b>PI 2 - Estimates and actual capital financing requirement General Fund and HRA.</b>								
The capital financing requirement measures the authority's underlying need to borrow for a capital purpose.								
	Approved by Council 6 March 2019				As at 30 September 2019			
	2018-2019 Forecast £000	2019-2020 Forecast £000	2020-2021 Forecast £000	2021-2022 Forecast £000	2018-2019 Actual £000	2019-2020 Forecast £000	2020-2021 Forecast £000	2021-2022 Forecast £000
General *	651,714	729,726	745,447	729,723	641,334	702,409	730,729	722,223
HRA	257,200	308,896	356,087	392,946	252,052	265,989	331,706	382,076
Total capital financing requirement	908,914	1,038,622	1,101,534	1,122,669	893,386	968,398	1,062,435	1,104,299
* 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	16,767	34,983	28,145	20,906
<b>Movement in capital financing requirement represented by:</b>								
New borrowing for capital expenditure	65,336	166,189	100,479	57,866	53,517	115,653	129,051	79,335
Less minimum revenue provision/voluntary minimum revenue provision	(32,944)	(36,481)	(37,567)	(36,731)	(36,653)	(40,641)	(35,014)	(37,471)
Movement in capital financing requirement	32,392	129,708	62,912	21,135	16,864	75,012	94,037	41,864

<b>PI 3 - Authorised limit for external debt.</b>					
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).					
	Approved by Council 6 March 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 30 September 2019	831,596	933,609	1,051,645	1,093,509	
Variance (Under) / Over Authorised limit	(255,903)	(207,875)	(169,495)	(171,868)	
* Commercial activities / non-financial investments included within this figure.	18,237	40,321	35,667	35,667	

<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.				
	Approved by Council 6 March 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 30 September 2019	831,596	933,609	1,051,645	1,093,509
Variance (Under) / Over Operational Boundary Limit	(224,008)	(166,334)	(144,394)	(157,472)
* Commercial activities / non-financial investments included within this figure.	17,048	35,667	35,667	35,667

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

<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*.								
	Approved by Council 6 March 2019				As at 30 September 2019			
	2018-2019 Forecast £000	2019-2020 Forecast £000	2020-2021 Forecast £000	2021-2022 Forecast £000	2018-2019 Actual £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	1,062,436	1,104,301	1,114,402	1,114,402
Gross Debt	881,513	1,038,222	1,101,133	1,122,269	831,596	933,609	1,051,645	1,093,509
Capital Financing Requirement Greater than Gross Debt	Yes	Yes	Yes	Yes	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.

<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 Fund and HRA.								
	Approved by Council 6 March 2019				As at 30 September 2019			
	2018-2019 Forecast	2019-2020 Forecast	2020-2021 Forecast	2021-2022 Forecast	2018-2019 Actual	2019-2020 Forecast	2020-2021 Forecast	2021-2022 Forecast
General *	12.5%	14.3%	17.2%	17.5%	12.6%	14.3%	16.5%	18.0%
HRA	33.8%	34.5%	35.5%	35.8%	29.4%	29.0%	30.1%	31.7%
* 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%	0.3%	0.7%	0.8%	0.6%

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

<b>TMI 1 - Upper limits to the total of principal sums invested over 365 days.</b>				
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.				
	Approved by Council 6 March 2019			
	2018-2019 Limit £000	2019-2020 Limit £000	2020-2021 Limit £000	2021-2022 Limit £000
Upper limit for more than 365 days		35,000	35,000	35,000
Actual and Forecast Invested at 30 September 2019		-	-	-
Variance (Under) / Over Limit		(35,000)	(35,000)	(35,000)

<b>TMI 2 - Upper and lower limits to the maturity structure of its borrowing.</b>				
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.				
	Approved by Council 6 March 2019		As at 30 September 2019	
	Upper Limit	Lower Limit	2018-2019 Actual Borrowing	2019-2020 Forecast Borrowing
Under 12 months	25%	0%	1.08%	-
12 months and within 24 months	25%	0%	1.69%	7.85%
24 months and within 5 years	40%	0%	2.33%	2.04%
5 years and within 10 years	50%	0%	7.08%	7.24%
10 years and within 20 years	50%	0%	17.80%	14.53%
20 years and within 30 years	50%	0%	19.28%	23.96%
30 years and within 40 years	50%	0%	22.83%	19.97%
40 years and within 50 years	50%	0%	27.91%	24.41%
50 years and within 60 years	50%	0%	-	-