

# Appendix 1

## 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 2019-2020 report.

	Approved by Council 6 March 2019			For approval by Council 4 March 2020		
	2019-2020 Forecast £000	2020-2021 Forecast £000	2021-2022 Forecast £000	2019-2020 Forecast £000	2020-2021 Forecast £000	2021-2022 Forecast £000
General *	170,756	59,398	7,152	111,998	168,620	56,009
HRA	99,350	90,770	77,660	63,596	79,708	82,828
	270,106	150,168	84,812	175,594	248,328	138,837
* 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.	17,000	17,350	-	25,662	27,257	10,000

### 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.

	Approved by Council 6 March 2019			For approval by Council 4 March 2020		
	2019-2020 Forecast £000	2020-2021 Forecast £000	2021-2022 Forecast £000	2019-2020 Forecast £000	2020-2021 Forecast £000	2021-2022 Forecast £000
General *	729,726	745,447	729,723	679,931	740,334	730,838
HRA	308,896	356,087	392,946	263,734	297,250	335,264
	1,038,622	1,101,534	1,122,669	943,665	1,037,584	1,066,102
* 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.	36,286	25,763	25,068	18,712	26,399	15,078
<b>Movement in capital financing requirement represented by:</b>						
New borrowing for capital expenditure	166,189	100,479	57,866	91,720	127,037	65,759
Less minimum revenue provision/voluntary minimum revenue provision	(36,481)	(37,567)	(36,731)	(41,441)	(33,118)	(37,241)
Movement in capital financing requirement	129,708	62,912	21,135	50,279	93,919	28,518

### 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).

	For approval by Council 4 March 2020		
	2019-2020 Limit £000	2020-2021 Limit £000	2021-2022 Limit £000
Borrowing	1,054,931	1,049,311	1,100,137
Other Long Term Liabilities	86,553	87,249	84,637
Total Authorised Limit *	1,141,484	1,136,560	1,184,774
Actual and Forecast External Debt as at 31 December 2019	896,876	1,032,794	1,063,389
Variance (Under) / Over Authorised limit	(244,608)	(103,766)	(121,385)
* Commercial activities / non-financial investments included within this figure.	40,438	45,893	43,867

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

<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.			
	For approval by Council 4 March 2020		
	2019-2020 Limit £000	2020-2021 Limit £000	2021-2022 Limit £000
Borrowing	1,013,398	1,018,328	1,083,775
Other Long Term Liabilities	86,545	85,247	82,635
Total Operational Boundary Limit *	1,099,943	1,103,575	1,166,410
Actual and Forecast External Debt as at 31 December 2019	896,876	1,032,794	1,063,389
Variance (Under) / Over Operational Boundary Limit	(203,067)	(70,781)	(103,021)
* Commercial activities / non-financial investments included within this figure.	35,760	43,867	43,867

<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			For approval by Council 4 March 2020		
	2019-2020 Forecast £000	2020-2021 Forecast £000	2021-2022 Forecast £000	2019-2020 Forecast £000	2020-2021 Forecast £000	2021-2022 Forecast £000
Forecast Capital Financing Requirement at end of Second Year	1,122,670	1,123,546	1,123,546	1,066,104	1,086,737	1,102,383
Gross Debt	1,038,222	1,101,133	1,122,269	896,876	1,032,794	1,063,389
Capital Financing Requirement Greater than Gross Debt	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 General and HRA.						
	Approved by Council 6 March 2019			For approval by Council 4 March 2020		
	2019-2020 Forecast	2020-2021 Forecast	2021-2022 Forecast	2019-2020 Forecast	2020-2021 Forecast	2021-2022 Forecast
General *	14.3%	17.2%	17.5%	14.2%	14.9%	18.1%
HRA	34.5%	35.5%	35.8%	28.8%	30.3%	30.9%
* 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.	0.7%	0.7%	0.6%	0.7%	0.9%	0.9%

## 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.

	Approved by Council 6 March 2019		
	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 31 December 2019	-	-	-
Variance (Under) / Over Limit	(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.

	Approved by Council 6 March 2019		For approval by Council 4 March 2020
	Upper Limit	Lower Limit	2019-2020 Forecast Borrowing
Under 12 months	25%	0%	2.16%
12 months and within 24 months	25%	0%	-
24 months and within 5 years	40%	0%	2.13%
5 years and within 10 years	50%	0%	7.57%
10 years and within 20 years	50%	0%	17.65%
20 years and within 30 years	50%	0%	24.09%
30 years and within 40 years	50%	0%	20.87%
40 years and within 50 years	50%	0%	25.53%
50 years and within 60 years	50%	0%	-