

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 2020-2021 report.				
	As at 17 February 2021			
	2020-2021 Forecast £000	2021-2022 Forecast £000	2022-2023 Forecast £000	2023-2024 Forecast £000
General *	96,395	173,116	32,264	13,003
HRA	49,386	95,287	86,260	84,280
	145,781	268,403	118,524	97,283
* 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.	17,710	23,057	10,000	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.				
	As at 17 February 2021			
	2020-2021 Forecast £000	2021-2022 Forecast £000	2022-2023 Forecast £000	2023-2024 Forecast £000
General *	692,048	754,006	728,584	706,460
HRA	267,213	316,385	357,387	396,495
Total capital financing requirement	959,261	1,070,391	1,085,971	1,102,955
* 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.	20,138	23,789	15,744	14,816
Movement in capital financing requirement represented by:				
New borrowing for capital expenditure	65,412	145,604	60,572	60,336
Less minimum revenue provision/voluntary minimum revenue provision	(32,323)	(34,474)	(44,992)	(43,352)
Movement in capital financing requirement	33,089	111,130	15,580	16,984

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 17 February 2021			
	2020-2021 Limit £000	2021-2022 Limit £000	2022-2023 Limit £000	2023-2024 Limit £000
Borrowing	1,049,311	1,086,578	1,121,741	1,182,515
Other Long Term Liabilities	87,249	79,626	81,928	78,960
Total Authorised Limit	1,136,560	1,166,204	1,203,669	1,261,475
Forecast External Debt as at 17 February 2021	863,551	1,004,740	1,044,320	1,061,304
Variance (Under) / Over Authorised limit	(273,009)	(161,464)	(159,349)	(200,171)
Authorised limit for commercial activities / non-financial investments included in the above figures				
Total Authorised Limit	45,893	47,014	45,874	45,874
Forecast External Debt as at 17 February 2021	41,317	45,874	45,874	45,874
Variance (Under) / Over Authorised limit	(4,576)	(1,140)	-	-

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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. This is a self determined level reviewed and set each budget setting cycle.

	As at 17 February 2021			
	2020-2021 Limit £000	2021-2022 Limit £000	2022-2023 Limit £000	2023-2024 Limit £000
Borrowing	1,018,328	1,050,255	1,107,444	1,167,501
Other Long Term Liabilities	85,247	79,626	79,928	76,960
Total Operational Boundary Limit	1,103,575	1,129,881	1,187,372	1,244,461
Forecast External Debt as at 17 February 2021	863,551	1,004,740	1,044,320	1,061,304
Variance (Under) / Over Operational Boundary Limit	(240,024)	(125,141)	(143,052)	(183,157)
Operational boundary for commercial activities / non-financial investments included in the above figures				
Total Operational Boundary Limit	43,867	45,874	45,874	45,874
Forecast External Debt as at 17 February 2021	41,317	45,874	45,874	45,874
Variance (Under) / Over Operational Boundary Limit	(2,550)	-	-	-

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 17 February 2021			
	2020-2021 Forecast £000	2021-2022 Forecast £000	2022-2023 Forecast £000	2023-2024 Forecast £000
Forecast Capital Financing Requirement at end of Second Year	1,085,972	1,102,955	1,102,955	1,102,955
Gross Debt	863,551	1,004,740	1,044,320	1,061,304
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 17 February 2021			
	2020-2021 Forecast	2021-2022 Forecast	2022-2023 Forecast	2023-2024 Forecast
General *	13.9%	14.5%	18.6%	16.5%
HRA	29.4%	29.3%	29.5%	30.1%
* 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.	1.0%	1.0%	1.0%	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.

	As at 17 February 2021			
	2020-2021 Limit £000	2021-2022 Limit £000	2022-2023 Limit £000	2023-2024 Limit £000
Upper limit for more than 365 days	35,000	35,000	35,000	35,000
Actual and Forecast Invested at 17 February 2021	-	-	-	-
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 17 February 2021		
	Upper Limit	Lower Limit	March 2021 Forecast
Under 12 months	25%	0%	-
12 months and within 24 months	25%	0%	1.31%
24 months and within 5 years	40%	0%	3.25%
5 years and within 10 years	50%	0%	9.61%
10 years and within 20 years	50%	0%	14.21%
20 years and within 30 years	50%	0%	24.79%
30 years and within 40 years	50%	0%	25.49%
40 years and within 50 years	50%	0%	21.34%
50 years and within 60 years	50%	0%	-