

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.

	Approved by Council 4 March 2020			Approved by Council 3 March 2021		
	2020-2021 Forecast £000	2021-2022 Forecast £000	2022-2023 Forecast £000	2020-2021 Forecast £000	2021-2022 Forecast £000	2022-2023 Forecast £000
General *	168,620	56,009	15,474	96,395	173,116	32,264
HRA	79,708	82,828	83,790	49,386	95,287	86,260
	248,328	138,837	99,264	145,781	268,403	118,524
* 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.	27,257	10,000	10,000	17,710	23,057	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 4 March 2020			Approved by Council 3 March 2021		
	2020-2021 Forecast £000	2021-2022 Forecast £000	2022-2023 Forecast £000	2020-2021 Forecast £000	2021-2022 Forecast £000	2022-2023 Forecast £000
General *	740,334	730,838	710,618	692,048	754,006	728,584
HRA	297,250	335,264	376,117	267,213	316,385	357,387
	1,037,584	1,066,102	1,086,735	959,261	1,070,391	1,085,971
* 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.	26,399	15,078	14,670	20,138	23,789	15,744
Movement in capital financing requirement represented by:						
New borrowing for capital expenditure	127,037	65,759	63,075	65,412	145,604	60,572
Less minimum revenue provision/voluntary minimum revenue provision	(33,118)	(37,241)	(42,442)	(32,323)	(34,474)	(44,992)
Movement in capital financing requirement	93,919	28,518	20,633	33,089	111,130	15,580

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.

	Approved by Council 3 March 2021		
	2020-2021 Limit £000	2021-2022 Limit £000	2022-2023 Limit £000
Borrowing	1,049,311	1,086,578	1,121,741
Other Long Term Liabilities	87,249	79,626	81,928
Total Authorised Limit	1,136,560	1,166,204	1,203,669
Forecast External Debt as at 31 December 2020	863,551	1,004,740	1,044,320
Variance (Under) / Over Authorised limit	(273,009)	(161,464)	(159,349)
Authorised limit for commercial activities / non-financial investments included in the above figures			
Authorised Limit	45,893	47,014	45,874
Forecast External Debt as at 31 December 2020	41,317	45,874	45,874
Variance (Under) / Over Authorised limit	(4,576)	(1,140)	0

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

	Approved by Council 3 March 2021		
	2020-2021 Limit £000	2021-2022 Limit £000	2022-2023 Limit £000
Borrowing	1,018,328	1,050,255	1,107,444
Other Long Term Liabilities	85,247	79,626	79,928
Total Operational Boundary Limit	1,103,575	1,129,881	1,187,372
Forecast External Debt as at 31 December 2020	863,551	1,004,740	1,044,320
Variance (Under) / Over Operational Boundary Limit	(240,024)	(125,141)	(143,052)
Operational boundary for commercial activities / non-financial investments included in the above figures			
Total Operational Boundary Limit	43,867	45,874	45,874
Forecast External Debt as at 31 December 2020	41,317	45,874	45,874
Variance (Under) / Over Operational Boundary Limit	(2,550)	0	0

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".

	Approved by Council 4 March 2020			Approved by Council 3 March 2021		
	2020-2021 Forecast £000	2021-2022 Forecast £000	2022-2023 Forecast £000	2020-2021 Forecast £000	2021-2022 Forecast £000	2022-2023 Forecast £000
Forecast Capital Financing Requirement at end of Second Year	1,086,737	1,102,383	1,102,383	1,085,972	1,102,955	1,102,955
Gross Debt	1,032,794	1,063,389	1,084,023	863,551	1,004,740	1,044,320
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.

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 General and HRA.

	Approved by Council 4 March 2020			Updated quarter three		
	2020-2021 Forecast	2021-2022 Forecast	2022-2023 Forecast	2020-2021 Forecast	2021-2022 Forecast	2022-2023 Forecast
General *	14.9%	18.1%	17.9%	13.9%	14.6%	18.8%
HRA	30.3%	30.9%	31.8%	29.4%	29.5%	29.7%
* 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.	0.9%	0.9%	0.8%	1.0%	1.0%	1.0%

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 3 March 2021		
	2020-2021 Limit £000	2021-2022 Limit £000	2022-2023 Limit £000
Upper limit for more than 365 days	35,000	35,000	35,000
Actual and Forecast Invested at 31 December 2020	-	-	-
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 3 March 2021		Approved by Council 3 March 2021
	Upper Limit	Lower Limit	2020-2021 Forecast Borrowing
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%	-