

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 two capital budget monitoring 2021-2022 report.

	Approved by Council 3 March 2021			As at 30 September 2021		
	2021-2022	2022-2023	2023-2024	2021-2022	2022-2023	2023-2024
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	£000	£000	£000	£000	£000	£000
General *	173,116	32,264	13,003	112,930	116,767	43,566
HRA	95,287	86,260	84,280	62,094	91,553	90,540
	268,403	118,524	97,283	175,024	208,320	134,106
* 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.	23,057	10,000	10,000	20,700	13,057	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 3 March 2021			As at 30 September 2021		
	2021-2022	2022-2023	2023-2024	2021-2022	2022-2023	2023-2024
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	£000	£000	£000	£000	£000	£000
General *	754,006	728,584	706,460	699,920	718,373	697,488
HRA	316,385	357,387	396,495	284,252	331,103	376,582
	1,070,391	1,085,971	1,102,955	984,172	1,049,476	1,074,070
* 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.	23,789	15,744	14,816	13,170	16,175	11,939
<b>Movement in capital financing requirement represented by:</b>						
New borrowing for capital expenditure	145,604	60,572	60,336	74,981	104,365	66,795
Less minimum revenue provision/voluntary minimum revenue provision	(34,474)	(44,992)	(43,352)	(32,892)	(39,061)	(42,201)
Movement in capital financing requirement	111,130	15,580	16,984	42,089	65,304	24,594

**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 30 September 2021		
	2021-2022	2022-2023	2023-2024
	Limit	Limit	Limit
	£000	£000	£000
Borrowing	1,086,578	1,121,741	1,182,515
Other Long Term Liabilities	79,626	81,928	78,960
Total Authorised Limit	1,166,204	1,203,669	1,261,475
Forecast External Debt as at 30 September 2021	874,833	975,137	1,034,731
Variance (Under) / Over Authorised limit	(291,371)	(228,532)	(226,744)
<b>Authorised limit for commercial activities / non-financial investments included in the above figures</b>			
Authorised Limit	47,014	45,874	45,874
Forecast External Debt as at 30 September 2021	43,120	46,125	44,889
Variance (Under) / Over Authorised limit	(3,894)	251	(985)

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.

	As at 30 September 2021		
	2021-2022 Limit £000	2022-2023 Limit £000	2023-2024 Limit £000
Borrowing	1,050,255	1,107,444	1,167,501
Other Long Term Liabilities	79,626	79,928	76,960
<b>Total Operational Boundary Limit</b>	<b>1,129,881</b>	<b>1,187,372</b>	<b>1,244,461</b>
Forecast External Debt as at 30 September 2021	874,833	975,137	1,034,731
Variance (Under) / Over Operational Boundary Limit	(255,048)	(212,235)	(209,730)
<b>Operational boundary for commercial activities / non-financial investments included in the above figures</b>			
Total Operational Boundary Limit	45,874	45,874	45,874
Forecast External Debt as at 30 September 2021	43,120	46,125	44,889
Variance (Under) / Over Operational Boundary Limit	(2,754)	251	(985)

**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 3 March 2021			As at 30 September 2021		
	2021-2022 Forecast £000	2022-2023 Forecast £000	2023-2024 Forecast £000	2021-2022 Forecast £000	2022-2023 Forecast £000	2023-2024 Forecast £000
Forecast Capital Financing Requirement at end of Second Year	1,102,955	1,102,955	1,102,955	1,074,069	1,091,069	1,094,543
Gross Debt	1,004,740	1,044,320	1,061,304	874,833	975,137	1,034,731
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 3 March 2021			As at 30 September 2021		
	2021-2022 Forecast	2022-2023 Forecast	2023-2024 Forecast	2021-2022 Forecast	2022-2023 Forecast	2023-2024 Forecast
General *	14.5%	18.6%	16.5%	14.2%	16.4%	16.4%
HRA	29.3%	29.5%	30.1%	30.0%	30.3%	30.6%
* 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%	0.9%	1.1%	1.1%	1.2%

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		
	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
Actual and Forecast Invested at 30 September 2021	-	-	-
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		As at 30 September 2021 2021-2022 Forecast Borrowing
	Upper Limit	Lower Limit	
Under 12 months	25%	0%	-
12 months and within 24 months	25%	0%	2.17%
24 months and within 5 years	40%	0%	2.63%
5 years and within 10 years	50%	0%	9.10%
10 years and within 20 years	50%	0%	13.96%
20 years and within 30 years	50%	0%	26.11%
30 years and within 40 years	50%	0%	25.04%
40 years and within 50 years	50%	0%	20.99%
50 years and within 60 years	50%	0%	-