APPENDIX 3

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 2021-2022 report.

	As at 23 February 2022			
	2021-2022 Forecast £000	2022-2023 Forecast £000	2023-2024 Forecast £000	2024-2025 Forecast £000
General *	99,995	139,412	59,970	36,048
HRA	54,900	84,663	88,488	84,560
	154,895	224,075	148,458	120,608
* Service investments included in General figure. These relate to areas such as capital expenditure on investment properties and loans to third parties etc. for service delivery purposes.	21,030	13,057	10,000	4,900

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 23 February 2022			
	2021-2022 Forecast £000	2022-2023 Forecast £000	2023-2024 Forecast £000	2024-2025 Forecast £000
General *	691,887	723,620	707,006	691,987
HRA	275,967	316,145	359,879	396,978
Total capital financing requirement	967,854	1,039,765	1,066,885	1,088,965
* Service investments included in General figure. These relate to areas such as capital expenditure on investment properties and loans to third parties etc. for service delivery purposes.	42,350	45,165	40,730	34,206
Movement in capital financing requirement represented by:				
New borrowing for capital expenditure	58,536	109,302	68,029	70,016
Less minimum revenue provision/voluntary minimum revenue provision	(32,765)	(37,391)	(40,909)	(47,936)
Movement in capital financing requirement	25,771	71,911	27,120	22,080

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 23 February 2022			
	2021-2022 Limit £000	2022-2023 Limit £000	2023-2024 Limit £000	2024-2025 Limit £000
Borrowing	1,086,578	1,080,693	1,139,076	1,208,188
Other Long Term Liabilities	79,626	82,628	79,660	76,416
Total Authorised Limit	1,166,204	1,163,321	1,218,736	1,284,604
Forecast External Debt as at 23 February 2022:				
Borrowing	770,830	872,611	940,699	996,023
Other Long Term Liabilities	79,626	80,628	77,660	74,416
	850,456	953,239	1,018,359	1,070,439
Variance (Under) / Over Authorised limit	(315,748)	(210,082)	(200,377)	(214,165)
Authorised limit for service investments included in the above figures				
Authorised Limit	47,014	66,049	63,600	62,176
Forecast External Debt as at 23 February 2022:	43,120	45,935	44,500	43,076
Variance (Under) / Over Authorised limit	(3,894)	(20,114)	(19,100)	(19,100)

APPENDIX 3

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 23 February 2022			
	2021-2022 Limit £000	2022-2023 Limit £000	2023-2024 Limit £000	2024-2025 Limit £000
Borrowing	1,050,255	1,054,388	1,122,138	1,191,978
Other Long Term Liabilities	79,626	80,628	77,660	74,416
Total Operational Boundary Limit	1,129,881	1,135,016	1,199,798	1,266,394
Forecast External Debt as at 23 February 2022:				
Borrowing	770,830	872,611	940,699	996,023
Other Long Term Liabilities	79,626	80,628	77,660	74,416
	850,456	953,239	1,018,359	1,070,439
Variance (Under) / Over Operational Boundary Limit	(279,425)	(181,777)	(181,439)	(195,955)
Operational boundary for service investments included in the above figures				
Operational Boundary Limit	45,874	65,035	63,600	62,176
Forecast External Debt as at 23 February 2022:	43,120	45,935	44,500	43,076
Variance (Under) / Over Operational Boundary Limit	(2,754)	(19,100)	(19,100)	(19,100)

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 23 February 2022			
	2021-2022 Forecast £000	2022-2023 Forecast £000	2023-2024 Forecast £000	2024-2025 Forecast £000
Forecast Capital Financing Requirement at end of Second Year	1,066,885	1,088,964	1,088,964	1,094,833
Gross Debt	850,456	953,239	1,018,359	1,070,439
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

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 23 February 2022			
	2021-2022 Forecast	2022-2023 Forecast	2023-2024 Forecast	2024-2025 Forecast
General *	17.7%	18.1%	18.6%	18.4%
HRA	30.4%	31.4%	31.7%	32.2%
* Service investments included in General figure. These relate to areas such as capital expenditure on investment properties and loans to third parties etc. for service delivery purposes.	1.1%	1.1%	1.2%	1.0%

PI 7 - Estimates and actual ratio of net income from commercial and service investments to net revenue stream.
This represents the financial exposure of the Council to the loss of income from commercial and service investments. Only costs directly attributable to the investments are netted off, so unlike PI 6, the costs of borrowing (interest and MRP) cannot be deducted as they are not directly attributable to managing the investments and will contine regardless of the existence or performance of the investments.

	As at 23 February 2022			
	2021-2022 Forecast	2022-2023 Forecast	2023-2024 Forecast	2024-2025 Forecast
Commercial	-	-	-	-
Service	0.7%	0.6%	0.8%	0.7%

APPENDIX 3

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

TMI 1 - Upper limits for long-term treasury management investments (previously called '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 deteremined 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 23 February 2022			
	2021-2022 Limit £000	2022-2023 Limit £000	2023-2024 Limit £000	2024-2025 Limit £000
Upper limit for long-term treasury management investments	35,000	35,000	35,000	35,000
Actual and Forecast Invested at 23 February 2022	-	-	-	-
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 23 February 2022		
	Upper Limit	Lower Limit	March 2022 Forecast
Under 12 months	25%	0%	1.32%
12 months and within 24 months	25%	0%	0.92%
24 months and within 5 years	40%	0%	3.17%
5 years and within 10 years	50%	0%	10.23%
10 years and within 20 years	50%	0%	13.11%
20 years and within 30 years	50%	0%	23.77%
30 years and within 40 years	50%	0%	25.84%
40 years and within 50 years	50%	0%	21.64%
50 years and within 60 years	50%	0%	-

APPENDIX 3

Non-treasury management investment indicators

The statutory guidance on local government investments encourages local authorities to develop qualitative indicators that allow the reader to assess the Council's total risk exposure as a result of commercial investment decisions.

NTM 1 - Estimates and actual non-treasury management investment expenditure.
This identifies the level of any non-treasury management investments (e.g. service and commercial investments).

	As at 23 February 2022			
	2021-2022 Forecast £000	2022-2023 Forecast £000	2023-2024 Forecast £000	2024-2025 Forecast £000
Service investments	21,030	13,057	10,000	4,900
Commercial investments	-	-	-	-
	21,030	13,057	10,000	4,900

NTM 2 - Estimates and actual net debt for service and commercial investment to net service expenditure ratio.
This indicator measures the level of net debt for service and commercial investments in comparison to the Council's forecast net service expenditure, where net service expenditure is a proxy for the size and financial strength of a local authority.

	As at 23 February 2022			
	2021-2022 Forecast £000	2022-2023 Forecast £000	2023-2024 Forecast £000	2024-2025 Forecast £000
Net debt for service and commercial investments	42,350	45,165	40,730	34,206
Net service expenditure	258,497	267,150	268,326	277,311
Debt to net service expenditure ratio	16.4%	16.9%	15.2%	12.3%

NTM 3 - Estimates and actual service and commercial income to net service expenditure ratio.
This indicator measures the level of service and commercial investment generated income in comparison to the Council's net service expenditure, where net service expenditure is a proxy for the size and financial strength of a local authority. The % indicates the Council's financial resilience and how reliant on the service/commercial investment income it is. A low % indicates the Council is not heavily reliant on service/commercial investment income.

	As at 23 February 2022			
	2021-2022 Forecast £000	2022-2023 Forecast £000	2023-2024 Forecast £000	2024-2025 Forecast £000
Service and commercial investment income	2,061	1,819	2,115	2,033
Net service expenditure	258,497	267,150	268,326	277,311
Service and commercial income to net service expenditure ratio	0.8%	0.7%	0.8%	0.7%

NTM 4 - Estimates and actual loan to value ratio
This indicator measures the net debt for service and commercial investments compared to the forecast total asset value. A decrease in the ratio over the medium term indicates a reducing level of borrowing due to repayments, whereas an increase indicates an increase in the level of borrowing due to new loans being issued.

	As at 23 February 2022			
	2021-2022 Forecast	2022-2023 Forecast	2023-2024 Forecast	2024-2025 Forecast
Loan to value ratio	72.2%	72.1%	68.3%	62.7%