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Appendix 2

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 outt.	ırn 2022-2023 q	uarter one capi	tal budget moni	toring 2023-202	24 report.			
	App	proved by Cou	ncil 1 March 2	As at 30 June 2023				
	2022-2023	2023-2024	2024-2025	2025-2026	2022-2023	2023-2024	2024-2025	2025-2026
	Forecast	Forecast	Forecast	Forecast	Actual	Forecast	Forecast	Forecast
	£000	£000	£000	£000	£000	£000	£000	£000
General Fund *	97,474	168,372	69,053	9,810	67,557	141,049	142,975	36,008
HRA	72,240	131,111	142,117	106,290	72,538	112,575	140,506	109,150
	169,714	299,483	211,170	116,100	140,095	253,624	283,481	145,158
* Service investments included in General Fund figure. These relate to areas such as capital expenditure on investment properties and loans to third parties etc. for service and regeneration delivery purposes.	67	13,000	11,900	3,000	71	5,860	10,000	6,900

PI 2 - Estimates and actual capital financing requirement General Fund and HRA. The capital financing requirement measures the authority's underlying need to borrow for a capital purpose Approved by Council 1 March 2023 23 2023-2024 2024-2025 20 As at 30 June 2023 2023-2024 2024-2025 2025-2026 2022-2023 2025-2026 2022-2023 Forecast Forecast £000 Forecast Forecast £000 Actual £000 Forecast Forecast Forecast £000 £000 £000 £000 £000 General Fund 717,765 HRA 303,596 391,937 493,346 561,714 302.388 372.605 472.146 542.689 Total capital financing requirement 988,648 1,111,398 1,212,541 1,246,948 969,595 1,066,945 1,189,911 1,243,409 * Service investments included in General Fund figure. These relate to areas such as capital expenditure on investment properties and loans to 32,474 44,792 42,692 32,776 32,478 37,687 41,829 37,793 third parties etc. for service and regeneration delivery purposes. Movement in capital financing requirement represented by: 67,862 156,049 138,600 71,882 50,132 New borrowing for capital expenditure 129.666 159.104 90.144 Less minimum revenue provision/voluntary minimum revenue provision (33,684) (33,299) (37,457) (37,475) (35,007) (32,316) (36,138) (36,646) Movement in capital financing requirement 34,178 34,407 53,498

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

		Approved by Council 1	March 2023	
	2022-2023	2023-2024	2024-2025	2025-2026
	Limit	Limit	Limit	Limit
	£000	£000	£000	£000
Borrowing	1,080,693	1,137,035	1,284,348	1,336,593
Other Long Term Liabilities	82,628	75,960	76,416	72,939
Total Authorised Limit	1,163,321	1,212,995	1,360,764	1,409,532
Actual and Forecast External Debt as at 30 June 2023:				
Borrowing	710,248	855,566	1,023,076	1,125,050
Other Long Term Liabilities	76,928	73,960	74,416	70,939
	787,176	929,526	1,097,492	1,195,989
Variance (Under) / Over Authorised limit	(376,145)	(283,469)	(263,272)	(213,543
Authorised limit for service investments included in the above fig	gures			
Authorised Limit	66,049	57,928	72,778	71,762
Actual and Forecast External Debt as at 30 June 2023:	42,361	47,570	51,712	50,706
Variance (Under) / Over Authorised limit	(23,688)	(10,358)	(21,066)	(21,056)

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 1 N	larch 2023	
	2022-2023 Limit	2023-2024 Limit	2024-2025 Limit	2025-2026 Limit
D a manufactura	£000	£000	£000	£000
Borrowing Other Long Term Liabilities	1,054,388 80,628	1,098,093 73,960	1,251,917 74,416	1,318,658 70,939
Total Operational Boundary Limit	1,135,016	1,172,053	1,326,333	1,389,597
Actual and Forecast External Debt as at 30 June 2023:				
Borrowing	710,248	855,566	1,023,076	1,125,050
Other Long Term Liabilities	76,928	73,960	74,416	70,939
	787,176	929,526	1,097,492	1,195,989
Variance (Under) / Over Operational Boundary Limit	(347,840)	(242,527)	(228,841)	(193,608
Operational boundary for service investments included in the above	figures			
Operational Boundary Limit	65,035	54,678	72,778	71,762
Actual and Forecast External Debt as at 30 June 2023:	42,361	47,570	51,712	50,706
Variance (Under) / Over Operational Boundary Limit	(22,674)	(7,108)	(21,066)	(21,056

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Appendix 2

Prudential Indicators (PI) required by The Prudential Code

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".

	Арр	proved by Cou	ncil 1 March 2	023	As at 30 June 2023				
	2022-2023	22-2023 2023-2024 2		2025-2026	2022-2023	2023-2024	2024-2025	2025-2026	
	Forecast	Forecast	Forecast	Forecast	Actual	Forecast	Forecast	Forecast	
	£000	£000	£000	£000	£000	£000	£000	£000	
Forecast Capital Financing Requirement at end of Second Year	1,212,541	1,212,541	1,257,210	1,257,915	1,189,910	1,243,407	1,277,067	1,277,067	
Gross Debt	879,251	1,028,001	1,138,144	1,174,550	787,176	929,526	1,097,492	1,195,989	
Capital Financing Requirement Greater than Gross Debt	Yes	Yes	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

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 Fund and HRA.

	App	roved by Cou	ncil 1 March 2	023	As at 30 June 2023				
	2022-2023	2023-2024	2023-2024 2024-2025		2022-2023	2023-2024	2024-2025	2025-2026	
	Forecast	Forecast	Forecast	Forecast	Actual	Forecast	Forecast	Forecast	
General Fund *	16.7%	15.8%	16.3%	16.4%	16.8%	15.0%	16.0%	16.8%	
HRA	32.2%	34.8%	37.0%	40.4%	32.4%	32.6%	35.3%	39.5%	
* Service investments included in General Fund figure. These relate to									
areas such as capital expenditure on investment properties and loans to	0.8%	0.8%	0.9%	0.8%	0.8%	0.7%	0.8%	0.8%	
third parties etc. for service and regeneration delivery purposes.									

PI7 - 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 P16, 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.

	App	roved by Cou	ncil 1 March 2	As at 30 June 2023				
	2022-2023	2023-2024	2024-2025	2025-2026	2022-2023	2023-2024	2024-2025	2025-2026
	Forecast	Forecast	Forecast	Forecast	Actual	Forecast	Forecast	Forecast
Commercial				-	-	-	-	-
Service	0.6%	0.5%	0.5%	0.5%	0.6%	0.5%	0.5%	0.5%
					1			

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.

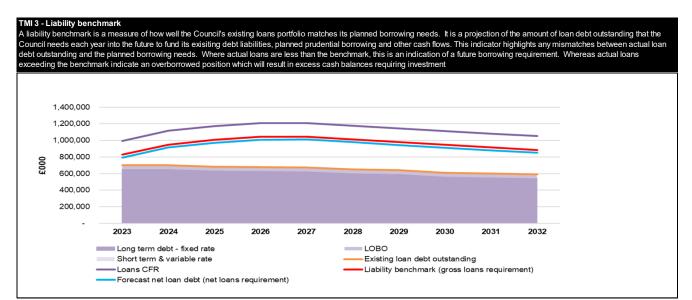
	Approved by Council 1 March 2023									
	2022-2023	2023-2024	2024-2025	2025-2026						
	Limit	Limit	Limit	Limit						
	£000	£000	£000	£000						
Upper limit for long-term treasury management investments	35,000	35,000	35,000	35,000						
Actual and Forecast Invested at 30 June 2023	-	-	-	-						
Variance (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.

	Approved by Cou	ncil 1 March 2023	As at 30 J	lune 2023
	Upper	Lower	2022-2023	2023-2024
	Limit	Limit	Actual	Forecast
			Borrowing	Borrowing
Under 12 months	25%	0%	1.00%	-
2 months and within 24 months	25%	0%	-	6.52%
4 months and within 5 years	40%	0%	3.95%	5.46%
years and within 10 years	50%	0%	12.01%	7.11%
0 years and within 20 years	50%	0%	18.44%	15.82%
0 years and within 30 years	50%	0%	20.58%	32.16%
0 years and within 40 years	50%	0%	22.66%	15.18%
0 years and within 50 years	50%	0%	21.36%	17.75%
i0 years and within 60 years	50%	0%	II -	-

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Appendix 2



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Appendix 2

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

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)

	Арр	proved by Cou	ıncil 1 March 2	023		As at 30 J	une 2023	
	2022-2023 Forecast £000	2023-2024 Forecast £000	2024-2025 Forecast £000	2025-2026 Forecast £000	2022-2023 Actual £000	2023-2024 Forecast £000	2024-2025 Forecast £000	2025-2026 Forecast £000
Service investments	67	13,000	11,900	3,000	71	5,860	10,000	6,900
Commercial investments	-	-	-	-	-	-	-	-
	67	13,000	11,900	3,000	71	5,860	10,000	6,900
				_				

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.

	Арр	proved by Cou	ncil 1 March 20	023	As at 30 June 2023				
	2022-2023	2023-2024	2024-2025	2025-2026	2022-2023	2023-2024	2024-2025	2025-2026	
	Forecast	Forecast	Forecast	Forecast	Actual	Forecast	Forecast	Forecast	
	£000	£000	£000	£000	£000	£000	£000	£000	
Net debt for service and commercial investments	32,474	44,792	42,692	32,776	32,478	37,687	41,829	37,793	
Net service expenditure	267,159	306,414	316,409	315,580	267,159	306,414	316,409	315,580	
Debt to net service expenditure ratio	12.2%	14.6%	13.5%	10.4%	12.2%	12.3%	13.2%	12.0%	

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.

	Арр	proved by Cou	ncil 1 March 20	023	As at 30 June 2023				
	2022-2023 Forecast	2023-2024 Forecast	2024-2025 Forecast	2025-2026 Forecast	2022-2023 Actual	2023-2024 Forecast	2024-2025 Forecast	2025-2026 Forecast	
	£000	£000	£000	£000	£000	£000	£000	£000	
Service and commercial investment income	1,647	1,573	1,666	1,666	1,647	1,555	1,648	1,648	
Net service expenditure	267,159	306,414	316,409	315,580	267,159	306,414	316,409	315,580	
Service and commercial income to net service expenditure ratio	0.6%	0.5%	0.5%	0.5%	0.6%	0.5%	0.5%	0.5%	

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.

	Approved by Council 1 March 2023				As at 30 June 2023			
	2022-2023	2023-2024	2024-2025	2025-2026	2022-2023	2023-2024	2024-2025	2025-2026
	Forecast	Forecast	Forecast	Forecast	Actual	Forecast	Forecast	Forecast
Loan to value ratio	67.0%	72.9%	70.7%	63.7%	58.5%	62.3%	63.8%	60.5%