

**Prudential Indicators**

PRUDENTIAL INDICATORS		2017-18 Actual	2018-19 Original Estimate	2018-19 Updated Estimate	2019-20 Estimate	2020-21 Forecast	2021-22 Forecast
<b>Prudence Indicators:</b>							
<b>1) Capital Expenditure &amp; Financing</b>							
The Council will set for the forthcoming year and the following two financial years estimates of its capital expenditure plans and financing:							
<b>Capital Expenditure</b>	£m	131.218	158.689	188.308	178.500	127.556	30.056
<b>Capital Financing</b>							
Borrowing	£m	14.602	84.076	70.080	118.353	76.794	30.056
Grants & Contributions	£m	113.443	74.012	112.407	59.547	50.762	0.000
Capital Receipts, Reserves & Revenue	£m	3.172	0.600	5.822	0.600	0.000	0.000
<b>Total Capital Financing</b>	£m	131.218	158.689	188.308	178.500	127.556	30.056
<b>2) Capital Financing Requirement</b>							
The Council will make reasonable estimates of the total capital financing requirement at the end of the forthcoming financial year and the following two years:							
Opening CFR	£m	557.773	576.535	554.638	606.586	705.820	757.643
Add Additional Borrowing	£m	14.602	84.076	70.080	118.353	76.794	30.056
Add Additional Credit Liabilities (PFI & Finance Leases)	£m	0.000	0.000	0.000	0.000	0.000	0.000
Less Revenue Provision for Debt Repayment (MRP)	£m	17.737	20.578	18.131	19.119	24.971	27.004
<b>Capital Financing Requirement</b>	£m	554.638	640.034	606.586	705.820	757.643	760.695
<b>3) Gross Borrowing and the Capital Financing Requirement</b>							
The Council will ensure that gross long term borrowing does not, except in the short term, exceed the total capital financing requirement in the preceding year plus the estimates of any additional capital financial requirement for the current and next two financial years. This is to ensure that over the medium term borrowing will only be for a capital purpose.							
Medium Term Forecast of Capital Financing Requirement	£m	599.388	685.231	757.643	760.695	749.972	733.876
Forecast of Long Term External Borrowing and Credit Arrangements	£m	462.657	526.898	493.294	593.127	645.610	649.430
<b>Headroom</b>	£m	136.731	158.333	264.349	167.568	104.362	84.446
<b>4) External Debt</b>							
The Council will set for the forthcoming year and the following two financial years an authorised limit and operational boundary for its total gross external debt, gross of investments, separately identifying borrowing from other long term liabilities:							
<b>Authorised Limit for External Debt</b>							
Borrowing	£m	583.007	651.751	628.558	696.847	737.584	734.829
Other Long Term Liabilities	£m	13.701	12.984	12.771	12.026	11.260	10.495
<b>Total Authorised Limit</b>	£m	596.708	664.735	641.329	708.873	748.844	745.324
<b>Operational Boundary for External Debt</b>							
Borrowing	£m	559.007	636.751	613.558	681.847	722.584	719.829
Other Long Term Liabilities	£m	11.701	10.984	10.771	10.026	9.260	8.495
<b>Total Operational Boundary</b>	£m	570.708	647.735	624.329	691.873	731.844	728.324
<b>Affordability Indicators:</b>							
<b>5) Financing Costs &amp; Net Revenue Stream</b>							
The Council will estimate for the forthcoming year and the following two financial years the proportion of financing costs to net revenue stream (NRS), including dedicated schools grant (DSG). The Council will also set the following voluntary indicator limit: minimum revenue provision and interest not to exceed 10% of net revenue stream (NRS) including dedicated schools grant (DSG).							
<b>Proportion of Financing Costs to NRS (Incl DSG)</b>	%	5.19%	5.62%	5.04%	5.65%	6.78%	7.00%
<b>Proportion of MRP &amp; Interest Costs to NRS (Incl DSG) -Limit 10% (Voluntary Indicator)</b>	%	5.26%	5.72%	5.19%	5.81%	7.02%	7.39%

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<b>Proportionality Indicators</b>							
<b>6) Limit for Maximum Usable Reserves at Risk from Potential Loss of Investments</b>							
The Council will set for the forthcoming financial year and the following two years a limit of no more than 10% of General Reserves to be at risk from potential loss of total investments. (Voluntary Indicator).							
General Reserves	£m	15.300		15.200	14.600	14.200	14.000
Sums at Risk (Based on Expected Credit Loss Model)	£m	0.544		0.374	0.298	0.221	0.175
<b>Proportion of Usable Reserves at Risk from Potential Loss of Investments -Limit 10%</b>	%	<b>3.56%</b>		<b>2.46%</b>	<b>2.04%</b>	<b>1.56%</b>	<b>1.25%</b>
<b>7) Income from Non Treasury Investments &amp; Net Service Expenditure</b>							
The Council will set for the forthcoming financial year and the following two years a limit of 3% for income from non- treasury investments as a proportion of Net Service Expenditure. (Voluntary Indicator). This is to manage the risk of over dependency of non-treasury investment income to deliver core services.							
Income from Non-Treasury Investments (Including County Farms)	£m	2.533		2.479	2.364	2.234	2.112
Net Service Expenditure	£m	521.244		459.780	462.740	448.845	454.736
<b>Proportion of Non-Treasury Investment Income to Net Service Expenditure -Limit 3%</b>	%	<b>0.49%</b>		<b>0.54%</b>	<b>0.51%</b>	<b>0.50%</b>	<b>0.46%</b>
<b>Treasury Indicators</b>							
<b>8) Interest Rate Exposures (Variable)</b>							
The Council will set for the forthcoming year and the following two financial years, an upper limits to its exposure to effects of changes in interest rates on variable rate borrowing and investments. (Voluntary Indicator).							
<b>Upper limit for variable interest rate exposures</b>							
Borrowing	%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%
Investments	%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<b>9) Total Principal Sums Invested</b>							
The Council will set an upper limit for each forward year period for the maturing of investments (treasury and non-treasury) longer than 365 days.							
<b>Upper limit for total principal sums invested for over 365 days</b>	£m	<b>15.014</b>	<b>40.000</b>	<b>40.000</b>	<b>40.000</b>	<b>40.000</b>	<b>40.000</b>
(per maturity date)							
<b>10) Maturity Structure of borrowing</b>							
The Council will set for the forthcoming financial year and the following two years both upper and lower limits with respect to the maturity structure of its borrowing: (Fixed & Variable Rate Borrowing).							
<b>Upper limit</b>							
Under 12 months	%	7.70%	25.00%	25.00%	25.00%	25.00%	25.00%
12 months and within 24 months	%	3.10%	25.00%	25.00%	25.00%	25.00%	25.00%
24 months and within 5 years	%	9.50%	50.00%	50.00%	50.00%	50.00%	50.00%
5 years and within 10 years	%	13.60%	75.00%	75.00%	75.00%	75.00%	75.00%
10 years and above	%	66.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<b>Lower limit</b>							
All maturity periods	%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>11) Borrowing in Advance of Need</b>							
The Council will set for the forthcoming financial year and the following two years upper limits to any borrowing undertaken in advance of need.							
Borrowing in advance of need limited to percentage of the expected increase in CFR over 3 year budget period	%	0.00%	25.00%	25.00%	25.00%	25.00%	25.00%
(Voluntary Indicator)	£m	0.000	11.299	37.764	13.719	-1.918	-6.705