

## PRUDENTIAL INDICATORS

| PRUDENTIAL INDICATORS                                                                                                                                                                                                                                                                                                                                                                             |    | 2017-18<br>Actual | 2018-19<br>Original<br>Estimate | 2018-19<br>Updated<br>Estimate | 2019-20<br>Estimate | 2020-21<br>Forecast | 2021-22<br>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:                                                                                                                                                                                                                                                     |    |                   |                                 |                                |                     |                     |                     |
| Capital Expenditure                                                                                                                                                                                                                                                                                                                                                                               | £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). |    |                   |                                 |                                |                     |                     |                     |
| Proportion of Financing Costs to NRS (Incl DSG)                                                                                                                                                                                                                                                                                                                                                   | %  | 5.19%             | 5.62%                           | 5.03%                          | 5.52%               | 6.70%               | 6.92%               |
| Proportion of MRP & Interest Costs to NRS (Incl DSG) -Limit 10% (Voluntary Indicator)                                                                                                                                                                                                                                                                                                             | %  | 5.26%             | 5.72%                           | 5.18%                          | 5.68%               | 6.94%               | 7.31%               |

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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            |                                 | 14.400                         | 14.600              | 14.800              | 15.000              |
| 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>2.60%</b>                   | <b>2.04%</b>        | <b>1.50%</b>        | <b>1.16%</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                        | 463.960             | 457.205             | 463.191             |
| <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>0.49%</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 limit 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 (per maturity date)</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>       |
| <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              |