

Prudential Indicators - *draft*

PRUDENTIAL INDICATORS		2020-21 Actual	2021-2022 Original Estimate	2021-2022 Updated Estimate	2022-23 Estimate	2023-24 Forecast	2024-25 Forecast
PRUDENCE INDICATORS:							
CAPITAL EXPENDITURE							
1) Capital Expenditure							
The Council will set for the forthcoming year and the following two financial years estimates of its capital expenditure plans and financing:							
Gross Capital Expenditure	£m	168.173	208.655	229.688	142.706	50.042	16.154
Net Capital Expenditure	£m	52.235	111.283	104.748	116.710	47.049	16.154
Capital Financing							
Borrowing	£m	28.313	111.213	87.153	116.595	46.888	15.954
Grants & Contributions	£m	115.938	97.372	124.939	25.996	2.994	0.000
Capital Receipts, Reserves & Revenue	£m	23.922	0.071	17.595	0.115	0.161	0.201
Total Capital Financing	£m	168.173	208.655	229.688	142.706	50.042	16.154
2) Capital Financing Requirement							
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	616.220	660.697	624.298	675.717	766.931	781.790
Add Additional Borrowing	£m	28.313	111.213	70.681	116.595	46.888	15.954
Add Additional Credit Liabilities (PFI & Finance Leases)	£m	0.000	1.613	1.613	0.000	0.000	0.000
Less Revenue Provision for Debt Repayment (MRP)	£m	20.235	22.654	20.875	25.380	32.029	33.705
Capital Financing Requirement	£m	624.298	750.869	675.717	766.931	781.790	764.039
EXTERNAL DEBT							
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:							
3) Authorised Limit for External Debt							
Borrowing	£m	715.305	681.075	587.526	659.808	670.046	662.464
Other Long Term Liabilities	£m	11.488	10.673	10.688	11.017	9.718	8.543
Total Authorised Limit	£m	726.793	691.748	598.214	670.825	679.764	671.007
4) Operational Boundary for External Debt							
Borrowing	£m	700.305	666.075	572.526	644.808	655.046	647.464
Other Long Term Liabilities	£m	9.488	8.673	8.688	9.017	7.718	6.543
Total Operational Boundary	£m	709.793	674.748	581.214	653.825	662.764	654.007
5) Gross Borrowing and the Capital Financing Requirement							
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	697.327	816.796	781.790	764.039	792.818	814.141
Forecast of Long Term External Borrowing and Credit Arrangements	£m	497.052	587.114	486.386	577.506	592.271	574.437
Headroom	£m	200.275	229.684	295.404	186.533	200.547	239.704

		2020-21 Actual	2021-2022 Original Estimate	2021-2022 Updated Estimate	2022-23 Estimate	2023-24 Forecast	2024-25 Forecast
PRUDENTIAL INDICATORS							
AFFORDIBILITY INDICATORS:							
6) Financing Costs & Net Revenue Stream							
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)	%	4.88%	5.38%	4.99%	5.44%	6.30%	6.35%
Proportion of MRP & Interest Costs to NRS (Incl DSG) -Limit 10% (Voluntary Indicator)	%	4.98%	5.33%	5.00%	5.46%	6.35%	6.41%
PROPORTIONALITY INDICATORS:							
7) Net Income from Commercial and Service Investments to Net Revenue Stream							
The Council will set for the forthcoming financial year and the following two years a limit of 3% for Net Income from Commercial and Service investments as a proportion of Net Revenue Stream (NRS) including Dedicated School Grant (DSG). This is to manage financial exposure to the Council from potential loss of income from these investments.							
Net Income from Non-Treasury Investments (Including County Farms)	£m	2.447	2.189	2.367	2.238	2.123	2.015
Net Revenue Stream	£m	778.134	775.368	775.368	804.436	808.939	823.020
Proportion of Net Commercial and Service Investment Income to Net Revenue Stream -Limit 3%	%	0.31%	0.28%	0.31%	0.28%	0.26%	0.24%
8) Limit for Maximum Usable Reserves at Risk from Potential Loss of Investments							
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	16.200	16.400	16.400	16.400	16.400	16.400
Sums at Risk (Based on Expected Credit Loss Model)	£m	0.077	0.326	0.040	0.068	0.060	0.056
Proportion of Usable Reserves at Risk from Potential Loss of Investments -Limit 10%	%	0.48%	1.99%	0.25%	0.41%	0.36%	0.34%
TREASURY INDICATORS:							
9) Liability Benchmark							
The Council will estimate and measure the liability benchmark (or Gross Loans Requirement) for the period that covers the debt maturity profile. This will include a chart showing the Net Loans Requirement, compared to Existing Debt outstanding and the Loans CFR. The liability benchmark will be analysed as part of the annual treasury management strategy and differences to actual debt outstanding will be explained and managed.							
10) Maturity Structure of borrowing							
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).							
Upper limit							
Under 12 months	%	2.30%	25.00%	25.00%	25.00%	25.00%	25.00%
12 months and within 24 months	%	1.80%	25.00%	25.00%	25.00%	25.00%	25.00%
24 months and within 5 years	%	5.20%	50.00%	50.00%	50.00%	50.00%	50.00%
5 years and within 10 years	%	12.20%	75.00%	75.00%	75.00%	75.00%	75.00%
10 years and above	%	78.50%	100.00%	100.00%	100.00%	100.00%	100.00%
Lower limit							
All maturity periods	%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
11) Long Term Treasury Management Investments							
The Council will set an upper limit for each forward year period for the maturing of long term treasury investments, longer than 365 days and including longer term instruments with no fixed maturity date.							
Upper limit for total principal sums invested for over 365 days and no fixed maturity (per maturity date)	£m	6.419	40.000	40.000	40.000	40.000	40.000
12) Interest Rate Exposures (Variable)							
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).							
Upper limit for variable interest rate exposures							
Borrowing	%	0.00%	30.00%	30.00%	30.00%	30.00%	30.00%
Investments	%	44.00%	100.00%	100.00%	100.00%	100.00%	100.00%
13) Borrowing in Advance of Need							
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 (Voluntary Indicator)	%	0.00%	25.00%	25.00%	25.00%	25.00%	25.00%
	£m	0.000	16.482	26.518	-0.723	2.757	12.525