

Prudential Indicators - draft

PRUDENTIAL INDICATORS		2021-22 Actual	2022-2023 Original Estimate	2022-2023 Updated Estimate	2023-24 Estimate	2024-25 Forecast	2025-26 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	194.144	150.364	229.305	136.879	84.461	33.744
Net Capital Expenditure	£m	100.400	114.552	146.784	82.657	39.304	21.862
Capital Financing							
Borrowing	£m	60.339	114.436	115.308	77.496	34.104	16.664
Grants & Contributions	£m	93.744	35.812	82.522	54.223	45.157	11.882
Capital Receipts, Reserves & Revenue	£m	40.061	0.115	31.476	5.161	5.201	5.198
Total Capital Financing	£m	194.144	150.363	229.305	136.879	84.461	33.744
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	624.298	705.360	645.920	742.554	793.499	798.570
Add Additional Borrowing	£m	60.339	114.436	115.308	77.496	34.104	16.664
Add Additional Credit Liabilities (PFI & Finance Leases)	£m	0.000	0.000	2.500	0.000	0.000	0.000
Less Revenue Provision for Debt Repayment (MRP)	£m	12.540	25.009	21.173	26.551	29.032	24.331
Less Revenue Provision for Debt Repayment (VRP)	£m	26.177					
Capital Financing Requirement	£m	645.920	794.787	742.554	793.499	798.570	790.903
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	681.075	659.512	551.575	578.736	559.522	534.426
Other Long Term Liabilities	£m	10.673	11.017	9.817	11.018	9.843	8.846
Total Authorised Limit	£m	691.748	670.529	561.392	589.754	569.365	543.272
4) Operational Boundary for External Debt							
Borrowing	£m	666.075	644.521	536.575	563.736	544.522	519.426
Other Long Term Liabilities	£m	8.673	9.017	7.817	9.018	7.843	6.846
Total Operational Boundary	£m	674.748	653.538	544.392	572.754	552.365	526.272
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	711.924	790.931	798.570	790.903	783.615	783.799
Forecast of Long Term External Borrowing and Credit Arrangements	£m	485.186	575.719	478.048	528.900	533.887	526.147
Headroom	£m	226.738	205.212	320.522	262.003	249.728	257.652

		2021-22 Actual	2022-2023 Original Estimate	2022-2023 Updated Estimate	2023-24 Estimate	2024-25 Forecast	2025-26 Forecast
PRUDENTIAL INDICATORS							
AFFORDABILITY 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)	%	7.16%	5.05%	4.10%	4.13%	4.55%	4.96%
Proportion of MRP & Interest Costs to NRS (Incl DSG) -Limit 10% (Voluntary Indicator)	%	7.17%	5.16%	4.67%	5.01%	5.25%	5.49%
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	2.150	2.238	2.073	1.992	1.890	1.794
Net Revenue Stream (NRS) including Dedicated School Grant (DSG)	£m	789.826	843.099	828.961	897.905	925.338	938.287
Proportion of Net Commercial and Service Investment Income to Net Revenue Stream -Limit 3%	%	0.27%	0.27%	0.25%	0.22%	0.20%	0.19%
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	16.400	16.400	16.400	16.400	16.400	16.400
Sums at Risk (Based on Expected Credit Loss Model)	£m	0.042	0.068	0.054	0.052	0.052	0.051
Proportion of Usable Reserves at Risk from Potential Loss of Investments -Limit 10%	%	0.25%	0.41%	0.33%	0.32%	0.31%	0.31%
TREASURY INDICATORS:							
9) Liability Benchmark							
The Council will estimate and measure the debt liability benchmark (or Gross Loans Requirement), for the period that covers the debt maturity profile, for a given level of liquidity (Investment Liquidity Benchmark). This will be compared to Existing External Debt outstanding to show the Under or Over Borrowed position. This position will be explained and as required. A chart showing the Debt Liability Benchmark for the total debt maturity length will be included in the Treasury Management Strategy for 2023/24.							
Investment Liquidity Benchmark	£m	-	-	100.000	100.000	100.000	100.000
Debt Liability Benchmark	£m	-	-	386.407	444.240	450.099	446.951
Existing External Borrowing	£m	-	-	469.030	458.672	450.083	443.508
Under / Over (-) Borrowed Position	£m	-	-	-82.623	-14.432	0.016	3.443
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	%	1.80%	25.00%	25.00%	25.00%	25.00%	25.00%
12 months and within 24 months	%	2.20%	25.00%	25.00%	25.00%	25.00%	25.00%
24 months and within 5 years	%	6.60%	50.00%	50.00%	50.00%	50.00%	50.00%
5 years and within 10 years	%	10.10%	75.00%	75.00%	75.00%	75.00%	75.00%
10 years and above	%	79.30%	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. (Excludes Non Treasury Investments for Commercial and Service Reasons).							
Upper limit for total principal sums invested for over 365 days and no fixed maturity (per maturity date)	£m	6.500	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 limits 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	%	34.00%	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	1.941	14.004	-0.649	-3.739	-1.776