

PRUDENTIAL INDICATORS (IN DRAFT)

APPENDIX D

PRUDENTIAL INDICATORS		2022-23 Actual	2023-2024 Original Estimate	2023-2024 Updated Estimate	2024-25 Estimate	2025-26 Forecast	2026-27 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	196.279	136.879	193.155	144.706	61.400	68.586
Net Capital Expenditure	£m	101.566	82.657	106.164	94.625	29.483	33.042
Capital Financing							
Borrowing	£m	61.316	77.496	60.275	89.425	24.284	27.885
Grants & Contributions	£m	94.713	54.223	86.991	50.081	31.917	35.544
Capital Receipts, Reserves & Revenue	£m	40.250	5.761	45.889	5.201	5.198	5.157
Total Capital Financing	£m	196.279	136.879	193.155	144.706	61.400	68.586
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	645.920	742.554	677.199	715.934	786.789	782.941
Add Additional Borrowing	£m	61.316	77.496	60.275	89.425	24.284	27.885
Add Additional Credit Liabilities (PFI & Finance Leases)	£m	0.000	0.000	0.000	2.500	0.000	0.000
Less Revenue Provision for Debt Repayment (MRP)	£m	20.694	26.551	21.540	21.070	28.132	29.730
Less Revenue Provision for Debt Repayment (VRP)	£m	9.343					
Capital Financing Requirement	£m	677.199	793.499	715.934	786.789	782.941	781.096
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	659.512	578.736	548.590	585.758	561.085	540.202
Other Long Term Liabilities	£m	11.017	11.018	8.931	7.756	9.259	8.094
Total Authorised Limit	£m	670.529	589.754	557.521	593.514	570.344	548.296
4) Operational Boundary for External Debt							
Borrowing	£m	644.521	563.736	533.590	570.758	546.085	525.202
Other Long Term Liabilities	£m	9.017	9.018	6.931	5.756	7.259	6.094
Total Operational Boundary	£m	653.538	572.754	540.521	576.514	553.344	531.296
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	684.965	790.903	782.941	781.096	780.289	797.969
Forecast of Long Term External Borrowing and Credit Arrangements	£m	475.962	528.900	464.428	535.200	531.279	529.356
Headroom	£m	209.003	262.003	318.513	245.896	249.010	268.613

		2022-23 Actual	2023-2024 Original Estimate	2023-2024 Updated Estimate	2024-25 Estimate	2025-26 Forecast	2026-27 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)	%	5.26%	4.08%	3.24%	3.40%	4.48%	4.51%
Proportion of MRP & Interest Costs to NRS (Incl DSG) -Limit 10% (Voluntary Indicator)	%	5.69%	4.93%	4.27%	4.05%	4.88%	4.93%
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	2,362	1,992	2,317	2,200	2,089	1,987
Net Revenue Stream (NRS) including Dedicated School Grant (DSG)	£m	836,234	909,999	905,832	976,549	987,695	1,008,764
Proportion of Net Commercial and Service Investment Income to Net Revenue Stream -Limit 3%	%	0.28%	0.22%	0.26%	0.23%	0.21%	0.20%
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	0,029	0,052	0,028	0,027	0,025	0,024
Proportion of Usable Reserves at Risk from Potential Loss of Investments -Limit 10%	%	0.18%	0.32%	0.17%	0.17%	0.16%	0.15%
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 (or 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 managed 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	100,000	100,000
Debt Liability Benchmark	£m	325,406	448,570	411,101	478,636	489,486	501,997
Existing External Borrowing	£m	469,030	458,672	458,672	450,083	443,508	436,970
Under / Over (-) Borrowed Position	£m	-143,624	-10,102	-47,571	28,553	45,978	65,027
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	%	9.50%	50.00%	50.00%	50.00%	50.00%	50.00%
5 years and within 10 years	%	5.70%	75.00%	75.00%	75.00%	75.00%	75.00%
10 years and above	%	80.70%	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	1,260	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	%	26.00%	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	-0,649	16,752	-1,423	-0,663	4,218

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