PRUDENTIAL INDICATORS **Appendix 1**

INDICATORS	2022/23 Actual	2023/24 Estimate	2023/24 Outturn
1) Prudence indicators		Per TMSS 23/24	
i) Capital Expenditure			
General Fund	£153.1m	£226.7m	£108.6
HRA	£51.7m	£83.65m	£47.1m
	£204.8m	**£310.4**	**£155.8m**
ii) CFR at 31 March			
General Fund	£1,019.3m	£989.5m	£975.6m
HRA	£296.1m	£309.9m	£301.1m
	£1,315.4m	**£1,299.4m**	**£1,276.7m**
iii) External Debt at 31 March			
Borrowing	£878.0m	£864.0m	£800.6m
PFI & leasing notional 'debt'	£158.3m	£146.2m	£146.2m
Gross debt	**£1,036.3m**	**£1,010.2m**	**£946.8m**
Less treasury investments	-£308.0m	N/A	-£333.9m
Net Debt	**£728.3m**	N/A	**£612.9m**
2) Affordability indicators			
i) Financing costs ratio			
General Fund	16.3%	14.2%	14.1%
General Fund (Inc PFI costs)	29.0%	N/A	26.6%
HRA	9.1%	16.2%	9.9%
	Max in year		**Max in year**
ii) Authorised limit for external debt	£1,071.1m	£1,329.9m	£1,036.3m
iii) Operational limit for ext. debt	£1,071.1m	£1,299.5m	£1,036.3m
iv) HRA limit on indebtedness			
HRA Debt Cap (abolished)	£319.8m	£319.8m	£319.8m
HRA CFR	£296.4m	£299.1m	£286.5m
3) Treasury Management indicators			
i) Limit on variable interest rates	£38.3m	£300.0m	£76.7m
ii) Fixed Debt maturity structure			
- Under 12 months	6%	0-25%	8%
- 12 months to 2 years	3%	0-25%	6%
- 2 to 5 years	10%	0-25%	14%
- 5 to 10 years	14%	0-25%	19%
- 10 to 25 years	6%	0-50%	6%
- 25 to 40 years	40%	0-50%	26%
- 40 years and above	21%	0-50%	21%
	Max in year		**Max in year**
iii) Max sum invested for >365 days	£10.0m	£100.0m	£13.2m

NOTES TO THE SCHEDULE OF PRUDENTIAL INDICATORS

1) **Prudence Indicators**

i) *'Estimate of total capital expenditure'* – a "reasonable" estimate of total capital expenditure to be incurred, split between the General Fund and the HRA.

- This estimate takes into account the current approved asset management and capital investment strategies.

ii) *'Capital financing requirement' (CFR)* – this figure constitutes the aggregate amount of capital spending which has not yet been financed by capital receipts, capital grants or contributions from revenue, and represents the underlying need to borrow money long-term. An actual figure at 31 March each year is required.

- This approximates to the previous Credit Ceiling calculation and provides an indication of the total long-term debt requirement.
- The figure includes an estimation of the total debt brought 'on-balance sheet' in respect of PFI schemes and finance leases.

iii) *'External debt'* - the actual level of gross borrowing (plus other long-term liabilities, including the notional debt relating to on-balance sheet PFI schemes and leases) calculated from the balance sheet.

2) **Affordability Indicators**

i) '*Ratio of financing costs to net revenue stream'* – expresses the revenue costs of the Council's borrowing (interest payments and provision for repayment) as a percentage of the total sum to be raised from government grants, business rates, council and other taxes (General Fund) and rent income (HRA). From 1 April 2012, the General fund income figure includes revenue raised from the Workplace Parking Levy.

- These indicators show the impact of borrowing on the revenue accounts and enable a comparison between years to be made. The increase in the General Fund ratio reflects the falling grant from government and the impact of the extension of the NET capital scheme, funded from specific Government grant and the Workplace Parking Levy income streams.

ii) *'Authorised limit for external debt'* – this represents the maximum amount that may be borrowed at any point during the year.

- This figure allows for the possibility that borrowing for capital purposes may be undertaken early in the year, with a further sum to reflect any temporary borrowing as a result of adverse cash flow. This represents a 'worst case' scenario.

iii) *'Operating boundary for external debt'* – this indicator is a working limit and represents the highest level of borrowing is expected to be reached at any time during the year - It is recognised that this operational boundary may be breached in exceptional circumstances.

iv) *'HRA limit on indebtedness'* – from 1 April 2012, a separate debt portfolio has been established for the HRA. The MHCLG have now abolished the 'cap' on the maximum level of HRA debt, but this indicator shows the notional difference between this limit and the actual HRA CFR i.e. notional headroom available for future new borrowing.

3) **Treasury Management Indicators**

i) *'Upper limit on variable interest rate exposure' - is set to control the Authority's exposure to interest rate risk. The upper limits on variable rate interest rate exposures, expressed as the amount of principal borrowed*.

- A high level of variable rate debt presents a risk from increases in interest rates. This figure represents the maximum permitted exposure to such debt.

ii) *'Upper and lower limits with respect to the maturity structure of the authority's borrowing'* – this shows the amount of fixed rate borrowing maturing in each period, expressed as a percentage of total fixed rate borrowing.

- This indicator is designed to be a control over having large amounts of fixed rate debt falling to be replaced at the same time.

iii) *'Total sums invested for periods of greater than 365 days* – a limit on investments for periods longer than 1 year.

- This indicator is designed to protect the liquidity of investments, ensuring that large proportions of the cash reserves are not invested for long periods.