

Prudential and Treasury Indicators (Compliance)

1 Gross Debt and the Capital Financing Requirement

- 1.1 In order to ensure that borrowing levels are prudent over the medium term and only for a capital purpose, the Council should ensure that its gross external debt does not, except in the short-term if borrowing in advance of need has been approved, exceed the total of the 2019/20 Capital Financing Requirement plus the estimates of any additional Capital Financing Requirement for 2020/21 and the next two financial years; this essentially demonstrates that the Council is not borrowing to support revenue expenditure. The table below shows that at 31 March 2020 the Council's gross external debt has not exceeded its Capital Financing Requirement:

Prudential Indicators (Capital)	Estimate 2019/20 £'m	Actual 31 Mar 20 £'m
Capital Expenditure (2019/20)	109.0	91.5
Capital Financing Requirement (i)	609.6	609.9
Gross External Debt; including short/long-Term Borrowing, PFI and Finance Leases (i)	583.8	581.2

(i) Revised estimates for 2019/20 Prudential Indicators approved as part of the 2020/21 Budget (February 2020).

2 Authorised Limit and Operational Boundary for External Debt

- 2.1 The Authorised Borrowing Limit is a statutory limit determined under Section 3 of the Local Government Act 2003 (referred to in the legislation as the "Affordable Limit"). This limit sets the maximum level of external debt on a gross basis (excluding all investments) for the Council. It is measured on a daily basis against all external debt items on the Council's Balance Sheet, including:

- Long-term borrowing
- Short-term borrowing
- Overdrawn bank balances
- Other long-term liabilities (PFI / Finance Leases)

Authorised Borrowing Limit	Original Estimate 2019/20 £'m (TMSS-19/20)	Revised Estimate 2019/20 £m (TMSS-20/21)	Actual 31 Mar 20 £'m
External Borrowing (Capital)	504.4	508.2	481.8
External Borrowing (Other)	45.5	45.5	5.0
PFI Schemes & Finance Leases	100.2	96.5	94.4
Authorised Borrowing Limit	650.1	650.1	581.2

- 2.2 The Operational Boundary (borrowing limit) links directly to the Council's estimates of the Capital Financing Requirement. This indicator is based on the same estimates as the Council's Authorised Borrowing Limit and reflects the maximum borrowing required to meet capital spending plans, without an additional £40m headroom included within the Authorised Limit required in meeting unusual (short-term) cash flow movements.

Operational Boundary	Original Estimate 2019/20 £'m (TMSS-19/20)	Revised Estimate 2019/20 £m (TMSS-20/21)	Actual 31 Mar 20 £'m
External Borrowing (Capital)	381.8	481.8	481.8
External Borrowing (Other)	5.5	5.5	5.0
PFI Schemes & Finance Leases	100.2	96.5	94.4
Operational Borrowing Limit	487.5	583.8	581.2

- 2.3 The Council confirms that there were no breaches of the Authorised Borrowing Limit during 2019/20.

3 Ratio of Financing Costs to Net Revenue Stream

- 3.1 This indicator identifies the trend in the corporately funded cost of capital (excluding costs met from income generating initiatives) against the net revenue stream.

Financing Costs	Original Estimate 2019/20 £'m (TMSS-19/20)	Revised Estimate 2019/20 £m (TMSS-20/21)	Actual 31 Mar 20 £'m
Capital Financing Costs	27.3	28.2	28.2
Net Revenue Expenditure	574.9	575.5	600.7
% Ratio	4.8%	4.9%	4.7%

4 Upper Limits for Fixed and Variable Interest Rate Exposure

- 4.1 This indicator allows the Council to manage the extent to which it is exposed to changes in interest rates; the Council calculates these limits on principal outstanding borrowed sums. The upper limits for variable interest rate exposure have been set with regard to current economic forecasts, to ensure that the Council is not exposed to interest rate rises which could adversely impact the revenue budget.

Interest Rate Exposure	Approved Limits 2019/20	Actual Position 31 Mar 20
Maximum % Borrowing at Fixed Rates	100%	99%
Maximum % Borrowing at Variable Rates	25%	1%

- 4.2 The Council confirms that there were no breaches of these limits during 2019/20.

5 Maturity Structure of External Borrowing

- 5.1 This indicator highlights the existence of any large concentrations of external debt needing to be replaced at times of uncertainty over interest rates, and is designed to protect against excessive exposures to interest rate changes in any one period, in particular over the course of the next ten years.

Maturity Structure	Lower Limit 2019/20 (%)	Upper Limit 2019/20 (%)	Actual Borrowing 31-Mar-20 (£'m)	Fixed Rate Borrowing 31-Mar-20 (%)
Over 30 Years	0%	40%	125.0	26%
Over 25 to 30 Years	0%	25%	0.0	0%
Over 20 to 25 Years	0%	25%	15.0	3%
Over 15 to 20 Years	0%	25%	0.0	0%
Over 10 to 15 Years	0%	65%	199.2	41%
Over 5 to 10 Years	0%	45%	122.0	25%
Over 1 to 5 Years	0%	35%	13.6	3%
Under 12 Months (i)	0%	25%	12.0	2%
Total	n/a	n/a	486.8	100%

(i) Includes short-term (Non-PWLB) borrowing.

- 5.2 The Council confirms that there were no breaches of these limits during 2019/20.

6 Upper Limit for Principal Sums Invested over 365 Days

- 6.1 The purpose of this limit is to contain exposure to the possibility of loss that may arise as a result of the Council having to seek early repayment of the sums invested.

	Upper Limit 2019/20	Actual Position 31 Mar 20
Maximum invested for longer than a year (£)	£75m	£72.2m

- 6.2 The above limit reports on investments with expected maturities in excess of one year on commencement of the investment. This limit may therefore differ to the "greater than one year" investment total shown in paragraph 6.16 of the Annual Report which details the remaining period until actual maturity dates. The Council confirms that there were no breaches of this limit during 2019/20.