Summary of Prudential Indicators

The Council is requested to approve the following Prudential Indicator for which are discussed in detail in the Capital Strategy (Annex N), the Investment Strategy (Annex O) and the Treasury Strategy (Annex P).

Indicators contained within the Capital Strategy

Estimates of capital expenditure in £m

	2022/23 Actual £m	2023/24 Forecast £m	2024/25 Forecast £m	2025/26 Forecast £m	2026/27 Forecast £m
Capital Expenditure	15.01	9.44	7.20	4.77	1.72

Sources of capital funding £m

	2022/23 Actual £m	2023/24 Forecast £m	2024/25 Forecast £m	2025/26 Forecast £m	2026/27 Forecast £m
External Sources	3.16	2.10	2.53	0.88	0.88
Own Resources	8.15	1.05	1.17	0.54	0.84
Internal & External Borrowing	3.70	6.29	3.50	3.35	0.00
	15.01	9.44	7.20	4.77	1.72

MRP

	2022/23 Actual £m	2023/24 Forecast £m	2024/25 Forecast £m	2025/26 Forecast £m	2026/27 Forecast £m
MRP on internal/external borrowing	1.19	1.34	1.55	1.74	2.22
Capital Receipts (exc Asset Disposal)	(0.77)	(0.84)	(0.99)	(1.06)	(1.54)
MRP provision applied	0.42	0.50	0.57	0.68	0.68

Capital Financing Requirement (CFR)

	2022/23 Actual £m	2023/24 Forecast £m	2024/25 Forecast £m	2025/26 Forecast £m	2026/27 Forecast £m
General fund services	17.78	20.14	22.98	24.59	22.63
Capital Investments	10.60	10.60	10.60	10.60	10.60
Total CFR	28.38	30.74	33.57	35.19	33.22

Capital Receipts

	2022/23 Actual £m	2023/24 Forecast £m	2024/25 Forecast £m	2025/26 Forecast £m	2026/27 Forecast £m
Asset Disposal	0	0	0	0	0
Leases and Loans	0.77	0.84	0.99	1.06	1.54
	0.77	0.84	0.99	1.06	1.54

Authorised limit and operational boundary for external debt £m

	2023/24 Budget £m	2024/25 Forecast £m	2025/26 Forecast £m	2026/27 Forecast £m	2027/28 Forecast £m
Capital Financing Requirement (CFR)	30.74	33.57	35.19	33.22	31.34
Operational Boundary	50.06	35.57	37.19	35.22	33.34
Authorised Borrowing Limit	55.06	40.57	42.19	40.22	38.34

Estimates of financing costs to net revenue stream

	2022/23 Actual £m	2023/24 Forecast £m	2024/25 Forecast £m	2025/26 Forecast £m	2026/27 Forecast £m
Interest Payable	0	0.013	0.079	0.212	0.246
MRP	0.420	0.502	0.569	0.682	0.682
Total borrowing costs	0.420	0.515	0.648	0.894	0.927
Net Revenue Stream (per MTFS)	13.91	15.15	15.23	15.47	15.16
Proportion of Net Revenue Stream	3.02%	3.40%	4.26%	5.78%	6.12%

Net income from commercial & service investments to net revenue stream

	2022/23 Actual £m	2023/24 Forecast £m	2024/25 Forecast £m	2025/26 Forecast £m	2026/27 Forecast £m
Capital Investments	4.06	3.33	3.66	3.66	3.66
Service Investments	0.19	0.19	1.40	1.40	1.40
	4.25	3.53	5.06	5.06	5.06
Net Revenue Stream (per MTFS)	13.91	15.15	15.23	15.47	15.16
Proportion of Net Revenue Stream	30.56%	23.29%	33.21%	32.71%	33.37%

Indicators contained in the Investment Strategy

Loans for service purposes £m

Category of Borrower	Actual at 31st March 2023 Balance Owing £	 Loss Allowance £	 Figure in Accounts £	Forecast at 31st March 2024 Balance Owing £	 Approved Limit £
Local Businesses	2.58	0.00	2.58	2.30	2.30
Town/Parish Councils	0.12	0.00	0.12	0.11	0.11
Housing Associations	7.66	0.00	7.66	7.47	7.47
Local Residents (Equity Loans)	0.23	0.00	0.23	0.23	0.23
Employees (Car loans)	0.00	0.00	0.00	0.00	0.00
Total	10.59	0.00	10.59	10.11	10.11

Shares held for service purposes

Category of Company	Amount Invested	Gains or losses	Value in Accounts	Approved Limit
Local Authority owned company	£1	£0	£1	£1

Properties held for investment purposes in £m

Type of Property	Inside District £m	Outside District £m	Inside County £m	Outside County £m
Commercial Investment Property	15.85	27.90	40.23	3.52
Industrial Estates	7.57	0.00	7.57	0.00
Subtotal	23.41	27.90	47.79	3.52
Total Held	**51.31**		**51.31**	

Proportionality of investments

	2022/23 Actual £m	2023/24 Forecast £m	2024/25 Budget £m	2025/26 Budget £m	2026/27 Budget £m
Gross Service Expenditure*	41.88	30.01	32.60	33.58	34.42
Treasury Investment Income	1.14	1.20	1.04	1.02	1.00
Loans Income	0.18	0.19	0.19	0.20	0.21
Commercial Investments: Property	4.06	3.33	3.66	3.66	3.66
Total	5.39	4.72	4.89	4.88	4.86
Investment income as a proportion of expenditure	12.86%	15.74%	15.00%	14.52%	14.13%

* excluding Housing Benefit payments

Total investment exposure £m

	31st Mar 2023 Actual £m	31st Mar 2024 Forecast £m	31st Mar 2025 Forecast £m
Treasury Management investments	31.60	29.84	29.84
Service Investments: Loans	10.59	10.11	9.81
Property investments	51.31	51.31	51.31
Total investments / exposure	93.50	91.26	90.96

Forecast borrowing requirement £m

	2023/24 Forecast £m	2024/25 Forecast £m	2025/26 Forecast £m	2026/27 Forecast £m	2027/28 Forecast £m
Capital Financing Requirement (CFR)	30.74	33.57	35.19	33.22	31.34
Less external borrowing	0.00	(3.50)	(6.11)	(5.13)	(4.15)
Internal borrowing	30.74	30.07	29.08	28.09	27.18
Usable reserves	(25.89)	(24.31)	(22.51)	(18.43)	(13.30)
Working capital	(22.00)	(16.00)	(14.00)	(14.00)	(14.00)
Cash available for investments	17.15	10.24	7.44	4.34	0.11

Investment net rate of return

	2022/23	2023/24	2024/25
Treasury Management	4.09%	4.85%	4.75%
<u>Service investments: Loans</u>			
Local Businesses	3.85%	3.85%	3.85%
Town & Parish Councils	1.40%	1.40%	1.40%
Housing Associations	2.56%	2.56%	2.56%
Local Residents (equity loans)	0.00%	0.00%	0.00%
Commercial investments	6.75%	6.50%	7.13%

Indicators contained in the Treasury Management Strategy

WODC Treasury investments – one year return

		December 2022 - December 2023		
Investments	Dec 2023	Capital Return	Income Return	Total Return
	£			
Money Market Funds	15,000,000	0.00%	5.35%	5.35%
Bank Account	1,821,812	0.00%	5.19%	5.19%
Short Term Deposit	4,000,000	0.00%	5.29%	5.29%
Internal Investments	20,821,812	0.00%	5.28%	5.28%

Strategic Pooled Funds:				
Aegon Diversified Monthly Income Fund	2,747,750	3.35%	6.30%	9.65%
CCLA Diversified Income Fund	2,891,185	4.78%	3.46%	8.24%
M & G Strategic Corporate Bond	1,835,671	5.88%	4.65%	10.53%
Royal London Short Dated Credit Fund	1,841,786	4.10%	4.04%	8.14%
Schroder Income Maximiser Fund	890,678	3.70%	7.67%	11.37%
Threadneedle UK Equity Income Fund	1,088,528	6.06%	3.73%	9.79%
UBS Multi Asset Income Fund	1,450,704	-0.86%	6.36%	5.50%
Fundamentum Social Housing REIT	970,000	3.19%	3.03%	6.22%
	13,716,302	3.84%	4.85%	8.69%

Total Investment	34,538,114	Annualised income return	6.73%
Pooled funds	13,716,302	Annualised income return	4.85%

WODC Treasury investments – five year return

		Dec 18 to Dec 23		
Investments	Dec 23	Capital Return	Income Return	Total Return
	£			
Strategic Pooled Funds:				
Aegon Diversified Monthly Income Fund	2,747,750	-8.41%	13.92%	5.51%
CCLA Diversified Income Fund	2,891,185	-2.55%	8.70%	6.15%
M & G Strategic Corporate Bond	1,835,671	-4.74%	17.43%	12.69%
Royal London Short Dated Credit Fund	1,841,786	-7.11%	12.43%	5.32%
Schroder Income Maximiser Fund	890,678	-10.19%	33.06%	22.87%
Threadneedle UK Equity Income Fund	1,088,528	20.82%	19.82%	40.64%
UBS Multi Asset Income Fund	1,450,704	-20.51%	24.88%	4.37%
Fundamentum Social Housing REIT	970,000	-3.00%	8.75%	5.75%
	13,716,302	-6.02%	15.81%	9.79%
Pooled Funds	13,716,302	Annualised income return		3.72%

Forecast borrowing requirement £m

Forecast borrowing requirement

	2023/24 Forecast £m	2024/25 Forecast £m	2025/26 Forecast £m	2026/27 Forecast £m	2027/28 Forecast £m
Capital Financing Requirement (CFR)	30.74	33.57	35.19	33.22	31.34
Less external borrowing	0.00	(3.50)	(6.11)	(5.13)	(4.15)
Internal borrowing	30.74	30.07	29.08	28.09	27.18
Usable reserves	(25.89)	(24.31)	(22.51)	(18.43)	(13.30)
Working capital	(22.00)	(16.00)	(14.00)	(14.00)	(14.00)
Cash available for investments	17.15	10.24	7.44	4.34	0.11

Authorised limit and operational boundary for external debt £m

	2023/24 Budget £m	2024/25 Forecast £m	2025/26 Forecast £m	2026/27 Forecast £m	2027/28 Forecast £m
Capital Financing Requirement (CFR)	30.74	33.57	35.19	33.22	31.34
Operational Boundary	50.06	35.57	37.19	35.22	33.34
Authorised Borrowing Limit	55.06	40.57	42.19	40.22	38.34

Liability Benchmark £m

Liability Benchmark

	2023/24 Forecast £m	2024/25 Forecast £m	2025/26 Forecast £m	2026/27 Forecast £m	2027/28 Forecast £m
Capital Financing Requirement (CFR)	30.74	33.57	35.19	33.22	31.34
Less usable reserves	(25.89)	(24.31)	(22.51)	(18.43)	(13.30)
Less working capital	(22.00)	(16.00)	(14.00)	(14.00)	(14.00)
Net loans requirement	(17.15)	(6.74)	(1.33)	0.80	4.04
Plus liquidity allowance	16.00	16.00	16.00	16.00	16.00
Liability Benchmark	-1.15	9.26	14.67	16.80	20.04

Interest rate exposures

	Limit £k
Upper limit on one year revenue impact of a 1% rise in interest rates	210
Upper limit on one year revenue impact of a 1% fall in interest rates	(210)

Maturity structure of borrowing	Upper Limit	Lower Limit
Under 12 months	100%	0%
12 months and within 24 months	100%	0%
24 months and within 5 years	100%	0%
5 years and within 10 years	100%	0%
10 years and within 30 years	100%	0%
30 years and above	100%	0%

Treasury investment counterparties and limits

Sector	Time Limit	Counterparty Limit	Sector Limit
The UK Government	50 years	Unlimited	n/a
Local Authorities	3 years	£15m	Unlimited
Other Government Entities	25 years	£4m	Unlimited
Secured investments*	25 years	£10m	Unlimited
Banks (unsecured)*	13 months	£3m	£10m
Building societies (unsecured)*	13 months	£2m	£5m
Registered providers (unsecured)*	5 years	£3m	£5m
Money market funds*	n/a	£5m	£25m
Strategic pooled funds	n/a	£5m	£25m
Real estate investment trusts	n/a	£3m	£5m
Other investments*	5 years	£5m	£10m

*Treasury Management investments will only be made with entities whose lowest published long term rating is no lower than A-

Investment limits

	Cash limit
Any single organisation, except the UK Central Govt	£5m each
UK Central Govt	unlimited
Any group of organisations under the same ownership	£5m per group
Any group of pooled funds under the same mgmt	£5m per manager
Real Estate Investment Trusts (REITS)	£3m max per REIT
Foreign countries	£1m per country
Registered providers	£5m in total
Unsecured investments with building societies	£2m in total per BS
Money Market Funds	£5m per MMF

Credit risk indicator

	Rating
Portfolio Average Credit Target	A-
Portfolio Credit Risk at 3oth November 2023	AA-

Liquidity Risk indicator	Target
Total cash available within 3 months	£2m

Interest rate exposure

	2023/24	2024/25	2025/26
Upper limit on fixed interest rate exposure	100%	100%	100%
Upper limit on variable interest rate exposure	100%	100%	100%

Principal sums invested for periods longer than 364 days

Principal sums invested for periods longer than a year

	2023/24	2024/25	2025/26
Limit on principal invested > year	£25m	£25m	£25m
Treasury invested with no fixed maturity date	£16m	£16m	£16m

Price risk indicator

Price risk indicator	2024/25	2025/26	2026/27	No fixed date
Limit on principal invested beyond year end	£25m	£25m	£25m	£25m