

### General Fund Prudential Indicator Calculations

The purpose of the prudential indicators is to demonstrate that the Council's financial plans meet the statutory requirement to be affordable, prudent and sustainable.

#### General Fund Capital Expenditure

The prudential indicator for capital expenditure should be based upon a capital programme that takes into account the Council's asset management and capital investment strategies.

Strategic Theme	2015/16 Actual £'000	2016/17 Estimate £'000	2017/18 Estimate £'000	2018/19 Estimate £'000	2019/20 Estimate £'000
KEEP PLACE LOOKING GOOD	252	534	0	0	0
KEEP ME/MY ENVIRONMENT SAFE & HEALTHY	618	1,221	1,627	400	400
HELP ME FIND SOMEWHERE TO LIVE	765	1,435	664	379	379
WELL RUN COUNCIL	2,319	1,021	2,084	184	154
PROVIDE GREAT THINGS FOR ME TO SEE & DO	1,499	355	56	56	56
MAINTAIN THE ASSETS OF OUR CITY	0	69	0	0	0
DELIVER GOOD DEVELOPMENT	1,748	2,662	18,851	6,537	0
HELP ME RUN A SUCCESSFUL BUSINESS	0	0	0	0	0
<b>Total General Fund Capital Expenditure</b>	<b>7,201</b>	<b>7,297</b>	<b>23,282</b>	<b>7,556</b>	<b>989</b>

#### General Fund Financing costs

The figures for the actual financing costs will be taken from the Council's financial statements using the definition of financing costs specified in the Prudential Code. Estimates for the current and future years should be calculated in a manner consistent with this definition.

Description	2015/16 Actual £'000	2016/17 Estimate £'000	2017/18 Estimate £'000	2018/19 Estimate £'000	2019/20 Estimate £'000
Interest payable with respect to short term borrowing	155	320	320	320	320
Interest payable under 'irredeemable' long term liabilities	0	0	0	0	0
Interest and investment income	(50)	(170)	(170)	(170)	(170)
Replacement for Minimum Revenue Provision (England and Wales)	818	766	764	1,051	988
Voluntary contribution to financing costs in respect of short-life assets	1,477	2,000	1,000	1,000	1,000
<b>Total General Fund Financing Costs</b>	<b>2,400</b>	<b>2,916</b>	<b>1,914</b>	<b>2,201</b>	<b>2,138</b>

**General Fund Estimates of the ratio of financing costs to net revenue stream**

The net revenue stream is the estimate of the amounts to be met from government grants and local taxpayers. An important theme of the Code is transparency. For this reason the authority's calculation of the net revenue stream should be consistent with the figure that can be identified in the Income and Expenditure Account for 'Net Operating Expenditure'.

Description	2015/16 Actual £'000	2016/17 Estimate £'000	2017/18 Estimate £'000	2018/19 Estimate £'000	2019/20 Estimate £'000
Financing costs	2,400	2,916	1,914	2,201	2,138
Net revenue stream (General Fund Expenditure - Budget Book/Financial Strategy)	12,227	11,882	11,865	11,701	11,561
<b>Ratio of financing costs to net revenue stream %</b>	<b>19.6</b>	<b>24.5</b>	<b>16.1</b>	<b>18.8</b>	<b>18.5</b>
Negative for a debt free authority	%	%	%	%	%

**Estimates of the incremental impact of capital investment decisions on the Council Tax**

A fundamental constraint on capital investment by a local authority is its scope to afford its financial implications. For local authorities it is ultimately determined by a judgement about acceptable council tax levels.

This prudential indicator shows the potential impact of the capital investment decisions on the Council Tax.

Description	2017/18 Estimate £'000	2018/19 Estimate £'000	2019/20 Estimate £'000
Total budgetary requirements for the authority with existing capital programme	10,661	11,701	11,561
Total budgetary requirements for the authority with proposed capital programme	11,865	11,701	11,561
Difference	1,204	0	0
<b>Incremental Impact on Band D Council Tax</b>	<b>£33.26</b>	<b>£0.00</b>	<b>£0.00</b>

**General Fund Capital Financing Requirement**

The Capital Financing Requirement will reflect the Council's underlying need to finance capital expenditure.

*Actual General Fund Capital Financing Requirement at 31 March 2016*

	<b>£'000</b>
Property, Plant and Equipment	131,004
Investment Properties	37,419
Heritage Assets	22,643
Intangible Assets / Other Long term Assets	4,622
Revaluation Reserve	(70,516)
Capital Adjustment Account	(91,024)
<b>General Fund Capital Financing Requirement 31 March 2016</b>	<b>34,148</b>

*Estimated General Fund Capital Financing Requirement at 31 March 2017*

Estimate of General Fund Capital Financing Requirement 31 March 2016	34,148
Estimate of change in Property, Plant and Equipment	0
Estimate of change in Investment Properties	0
Estimate of change in Intangible Assets / Other Long term Assets	0
Estimate of change in Revaluation Reserve	0
Estimate of change in Capital Adjustment Account	4,054
<b>Estimate of General Fund Capital Financing Requirement 31 March 2017</b>	<b>38,202</b>

*Estimated General Fund Capital Financing Requirement at 31 March 2018*

Estimate of General Fund Capital Financing Requirement 31 March 2017	38,202
Estimate of change in Property, Plant and Equipment	0
Estimate of change in Investment Properties	0
Estimate of change in Intangible Assets / Other Long term Assets	0
Estimate of change in Revaluation Reserve	0
Estimate of change in Capital Adjustment Account	14,365
<b>Estimate of General Fund Capital Financing Requirement 31 March 2018</b>	<b>52,567</b>

Estimated General Fund Capital Financing Requirement at 31 March 2019

Estimate of General Fund Capital Financing Requirement 31 March 2018	52,567
Estimate of change in Property, Plant and Equipment	0
Estimate of change in Investment Properties	0
Estimate of change in Intangible Assets / Other Long term Assets	0
Estimate of change in Revaluation Reserve	0
Estimate of change in Capital Adjustment Account	(3,159)
<b>Estimate of General Fund Capital Financing Requirement 31 March 2019</b>	<b>49,408</b>

Estimated General Fund Capital Financing Requirement at 31 March 2020

Estimate of General Fund Capital Financing Requirement 31 March 2019	49,408
Estimate of change in Property, Plant and Equipment	0
Estimate of change in Investment Properties	0
Estimate of change in Intangible Assets / Other Long term Assets	0
Estimate of change in Revaluation Reserve	0
Estimate of change in Capital Adjustment Account	(4,616)
<b>Estimate of General Fund Capital Financing Requirement 31 March 2020</b>	<b>44,792</b>

### HRA Prudential Indicator Calculations

Local authorities that have a Housing Revenue Account (HRA) are required to prepare separate calculations for their HRA and non-HRA elements.

#### HRA Capital Expenditure

The prudential indicator for capital expenditure should be based upon a capital programme that takes into account the Council's asset management and capital investment strategies.

Description	2015/16 Actual £'000	2016/17 Estimate £'000	2017/18 Estimate £'000	2018/19 Estimate £'000	2019/20 Estimate £'000
MAINTAIN OUR PROPERTY ASSETS	5,910	4,340	12,957	9,776	6,112
HELP ME FIND SOMEWHERE TO LIVE	1,976	3,871	5,945	6,320	0
<b>Total HRA Capital Expenditure</b>	<b>7,886</b>	<b>8,211</b>	<b>18,902</b>	<b>16,096</b>	<b>6,112</b>

#### HRA Financing costs

Description	2015/16 Actual £'000	2016/17 Estimate £'000	2017/18 Estimate £'000	2018/19 Estimate £'000	2019/20 Estimate £'000
Interest payable with respect to short term borrowing	0	0	0	0	0
Interest payable under 'irredeemable' long term liabilities	1,980	1,980	1,980	1,980	1,980
Interest and investment income	(103)	(164)	(120)	(64)	(64)
Voluntary Revenue Provision (England and Wales)	0	0	0	0	0
Voluntary contribution to financing costs in respect of short-life assets	0	0	0	0	0
<b>Total HRA Financing Costs</b>	<b>1,877</b>	<b>1,816</b>	<b>1,860</b>	<b>1,916</b>	<b>1,916</b>

**HRA Estimates of the ratio of financing costs to net revenue stream**

For the Housing Revenue Account the net revenue stream, for the purposes of the Code, is the amount to be met from rent income.

Description	2015/16 Actual £'000	2016/17 Estimate £'000	2017/18 Estimate £'000	2018/19 Estimate £'000	2019/20 Estimate £'000
Financing costs	1,877	1,816	1,860	1,916	1,916
Net revenue stream	20,939	19,095	21,167	19,234	18,490
<b>Ratio of financing costs to net revenue stream %</b>	<b>9.0</b>	<b>9.5</b>	<b>8.8</b>	<b>10.0</b>	<b>10.4</b>
Negative for a debt free authority	%	%	%	%	%

**Estimates of the incremental impact of capital investment decisions on the Housing Rents**

A fundamental constraint on HRA capital investment by a local authority is its scope to afford its financial implications. For local authorities it is ultimately determined by a judgement about acceptable rent levels.

This prudential indicator shows the potential impact of the HRA capital investment decisions on the average weekly rent.

Description	2017/18 Estimate £'000	2018/19 Estimate £'000	2019/20 Estimate £'000
Forecast HRA budgetary requirements for the authority with existing HRA capital programme	23,027	21,150	20,406
Forecast HRA budgetary requirements for the authority with proposed HRA capital programme	23,027	21,150	20,406
Difference	0	0	0
<b>Incremental Impact on average weekly housing rents</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£0.00</b>

**HRA Capital Financing Requirement**

The Capital Financing Requirement will reflect the Council's underlying need to finance capital expenditure.

*Actual HRA Capital Financing Requirement at 31 March 2016*

Description	£'000
Property, Plant and Equipment	215,776
Investment Properties	0
Revaluation Reserve	(18,841)
Capital Adjustment Account	(139,053)
<b>Actual HRA Capital Financing Requirement 31 March 2016</b>	<b>57,882</b>

*Estimated HRA Capital Financing Requirement at 31 March 2017*

Estimate of HRA Capital Financing Requirement 31 March 2016	57,882
Estimate of change in Property, Plant and Equipment	7,886
Estimate of change in Investment Properties	0
Estimate of change in Intangible Assets / Other Long term Assets	0
Estimate of change in Revaluation Reserve	0
Estimate of change in Capital Adjustment Account	(7,886)
<b>Estimate of HRA Capital Financing Requirement 31 March 2017</b>	<b>57,882</b>

*Estimated HRA Capital Financing Requirement at 31 March 2018*

Estimate of HRA Capital Financing Requirement 31 March 2017	57,882
Estimate of change in Property, Plant and Equipment	8,211
Estimate of change in Investment Properties	0
Estimate of change in Intangible Assets / Other Long term Assets	0
Estimate of change in Revaluation Reserve	0
Estimate of change in Capital Adjustment Account	(8,211)
<b>Estimate of HRA Capital Financing Requirement 31 March 2018</b>	<b>57,882</b>

Estimated HRA Capital Financing Requirement at 31 March 2019

Estimate of HRA Capital Financing Requirement 31 March 2018	57,882
Estimate of change in Property, Plant and Equipment	18,902
Estimate of change in Investment Properties	0
Estimate of change in Intangible Assets / Other Long term Assets	0
Estimate of change in Revaluation Reserve	0
Estimate of change in Capital Adjustment Account	(18,902)
<b>Estimate of HRA Capital Financing Requirement 31 March 2019</b>	<b>57,882</b>

Estimated HRA Capital Financing Requirement at 31 March 2020

Estimate of HRA Capital Financing Requirement 31 March 2019	57,882
Estimate of change in Property, Plant and Equipment	16,096
Estimate of change in Investment Properties	0
Estimate of change in Intangible Assets / Other Long term Assets	0
Estimate of change in Revaluation Reserve	0
Estimate of change in Capital Adjustment Account	(16,096)
<b>Estimate of HRA Capital Financing Requirement 31 March 2020</b>	<b>57,882</b>

**CLG Limit on indebtedness**

The limit on indebtedness for the HRA is £57.882 m



Prudential Indicator CalculationsPRUDENTIAL INDICATORS OF AFFORDABILITYEstimates of Incremental Impact of Capital Investments Decisions on the Council Tax

This prudential indicator shows the potential impact of the capital investment decisions on the Council Tax.

Description	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
Incremental Impact on Band D Council Tax	£33.26	£0.00	£0.00

Estimates of Incremental Impact of Capital Investments Decisions on the Housing Rents

This prudential indicator shows the potential impact of the HRA capital investment decisions on the average weekly rent.

Description	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
Incremental Impact on Average Weekly Housing Rents	£0.00	£0.00	£0.00

Total Actual / Estimates of Capital Expenditure

The prudential indicator for capital expenditure should be based upon a capital programme that takes into account the Council's asset management and capital investment strategies.

Description	2015/16 Actual £'000	2016/17 Estimate £'000	2017/18 Estimate £'000	2018/19 Estimate £'000	2019/20 Estimate £'000
Total General Fund Capital Expenditure	7,201	7,297	23,282	7,556	989
Total HRA Capital Expenditure	7,886	8,211	18,902	16,096	6,112
<b>Total Actual / Estimates of Capital Expenditure</b>	<b>15,087</b>	<b>15,508</b>	<b>42,184</b>	<b>23,652</b>	<b>7,101</b>

Prudential Indicator CalculationsTotal Actual / Estimates of Financing Costs

Description	2015/16 Actual £'000	2016/17 Estimate £'000	2017/18 Estimate £'000	2018/19 Estimate £'000	2019/20 Estimate £'000
Total General Fund Financing Costs	2,400	2,916	1,914	2,201	2,138
Total HRA Financing Costs	1,877	1,816	1,860	1,916	1,916
<b>Total Actual / Estimates of Financing Costs</b>	<b>4,277</b>	<b>4,732</b>	<b>3,774</b>	<b>4,117</b>	<b>4,054</b>

Actual / Estimates of Ratio of Financing Costs to Net Revenue Stream

The net revenue stream is the estimate of the amounts to be met from government grants and local taxpayers, and for the Housing Revenue Account, is the estimate of the amounts to be met from rent income.

Description	2015/16 Actual %	2016/17 Estimate %	2017/18 Estimate %	2018/19 Estimate %	2019/20 Estimate %
General Fund Ratio of Financing Costs to Net Revenue Stream	19.6	24.5	16.1	18.8	18.5
HRA Ratio of Financing Costs to Net Revenue Stream	9.0	9.5	8.8	10.0	10.4

Prudential Indicator CalculationsActual / Estimates of Capital Financing Requirement

The Capital Financing Requirement will reflect the Council's underlying need to finance capital expenditure.

Description	2015/16 Actual £'000	2016/17 Estimate £'000	2017/18 Estimate £'000	2018/19 Estimate £'000	2019/20 Estimate £'000
General Fund Capital Financing Requirement	34,148	38,202	52,567	49,408	44,792
HRA Capital Financing Requirement	57,882	57,882	57,882	57,882	57,882
<b>Total Actual / Estimates of Capital Financing Requirement</b>	<b>92,030</b>	<b>96,084</b>	<b>110,449</b>	<b>107,290</b>	<b>102,674</b>

Authorised Limit

In England and Wales the prudential indicator for the Authorised Limit for external debt for the current year is the statutory limit determined under Section 3 (1) of the Local Government Act 2003: 'A local authority shall determine and keep under review how much money it can afford to borrow'

The Authorised Limit should not be set so high that it would never in any possible circumstances be breached. It should reflect a level of borrowing which, while not desired, could be afforded but may not be sustainable. The Authorised Limit must therefore be set to establish the outer boundary of the Council's borrowing, based on a realistic assessment of the risks.

Description	2017/18 Estimate £'000	2018/19 Estimate £'000	2019/20 Estimate £'000
Borrowing	130,000	135,000	140,000
Other long term liabilities	0	0	0
<b>Authorised Limit</b>	<b>130,000</b>	<b>135,000</b>	<b>140,000</b>

**Prudential Indicator Calculations****Operational Boundary**

The Operational Boundary is the focus of day-to-day treasury management activity within the authority. It is a means by which the authority manages its external debt to ensure that it remains within the self-imposed Authorised Limit. The Operational Boundary may be breached temporarily on occasions due to variations in cashflow. However, a sustained or regular trend above the Operational Boundary would be significant and should lead to further investigation.

Description	2017/18 Estimate £'000	2018/19 Estimate £'000	2019/20 Estimate £'000
Borrowing	125,000	130,000	135,000
Other long term liabilities	0	0	0
<b>Operational Boundary</b>	<b>125,000</b>	<b>130,000</b>	<b>135,000</b>

**Actual External Debt**

The prudential indicator for actual external debt will not be directly comparable to the authorised limit and operational boundary, since the actual external debt will reflect the actual position at one point in time.

Description	2015/16 Actual £'000
Actual borrowing as at 31 March 2016	66,922
Actual long term liabilities as at 31 March 2016	0
<b>Actual External Debt as at 31 March 2016</b>	<b>66,922</b>

**Prudential Indicator Calculations**  
**PRUDENTIAL INDICATORS OF PRUDENCE**

**Gross Debt and Capital Financing Requirement**

The Code makes it necessary, if a financial strategy is to be prudent, that it is one in which in the medium term gross debt is only used for capital purposes. In the Code this requirement is to be demonstrated through a comparison of gross debt with the Capital Financing Requirement.

Description	£'000
Total Capital Financing Requirement at 31 March 2016	<b>92,030</b>

2016/17 Estimated Change in Capital Financing Requirement	
Capital expenditure	15,508
Application of useable capital receipts	(1,473)
Application of capital grants/contributions	(7,215)
The replacement for MRP	(766)
Additional voluntary contributions	(2,000)
<b>Total Estimated Change in Capital Financing Requirement 2016/17</b>	<b>4,054</b>

2017/18 Estimated Change in Capital Financing Requirement	
Capital expenditure	42,184
Application of useable capital receipts	(5,196)
Application of capital grants/contributions	(20,829)
The replacement for MRP	(764)
Additional voluntary contributions	(1,000)
<b>Total Estimated Change in Capital Financing Requirement 2017/18</b>	<b>14,395</b>

**Prudential Indicator Calculations**

<b>2018/19 Estimated Change in Capital Financing Requirement</b>	
Capital expenditure	23,652
Application of useable capital receipts	(1,000)
Application of capital grants/contributions	(23,760)
The replacement for MRP	(1,051)
Additional voluntary contributions	(1,000)
<b>Total Estimated Change in Capital Financing Requirement 2018/19</b>	<b>(3,159)</b>

<b>Capital Financing Requirement:</b>	
Opening Balance 2015/16	92,030
Estimated Closing Balance 2018/19	107,320
This is an increase over the three years of	15,290

**Prudential Indicators for Treasury Management**

The first prudential indicator for treasury management is not a numerical indicator, but a statement of good practice:

*'The Council adopts the 2011 edition of the CIPFA Code of Practice for Treasury Management in the Public Services'*

**Adopted by the Council 7 February 2012 (Executive Committee)**

**Prudential Indicator Calculations****Operational Boundaries to Exposure to Interest Rate Risks**

Interest rate risk management is a top priority for local authority management. The setting of upper limits has the effect of setting ranges within which the Council will limit its exposure to both fixed and variable interest rate movements.

Description	2017/18 £'000	2018/19 £'000	2019/20 £'000
Total projected interest payable on borrowing	2,300	2,300	2,300
Total projected interest receivable on investments	(290)	(234)	(234)
<b>Net Interest</b>	<b>2,010</b>	<b>2,066</b>	<b>2,066</b>
<b>Upper limit - fixed rates = 100%</b>	(290)	(234)	(234)
<b>Upper limit - variable rates = 20%</b>	(58)	(47)	(47)

This means that the Head of Treasury Services will manage fixed interest rate exposure within the range 0% to 100% and variable interest rate exposure within the range 0% to 20%

**Operational Boundary to the Exposure Inherent in the Maturity Structure of Borrowings**

This indicator is designed to be a control over the Council having a large concentration of fixed rate debt needing to be replaced at times of uncertainty over interest rates. The indicator is, in effect, a limit on longer term interest rate exposure and is set for the forthcoming year.

The analysis of borrowing by maturity used in the Code uses the same periods as that required in the local authority SORP.

Amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate.

Period	Upper Limit	Lower Limit
Under 12 months	100%	0%
12 months and within 24 months	20%	0%
24 months and within 5 years	20%	0%
5 years and within 10 years	20%	0%
10 years and above	100%	0%

Prudential Indicator CalculationsPrincipal Sums Invested for Periods Longer than 364 Days

The purpose of the prudential limit for principal sums invested for periods longer than 364 days is for the Council to contain its exposure to the possibility of loss that might arise as a result of having to seek early repayment or redemption of principal sums invested.

Description	At 31/3/2016
	<b>£'000</b>
Longer-term investments	7,102
Less - Held for operational purposes	0
Current Assets - Investments	10
Current Assets - Cash and at Bank	0
<b>Total available for investment longer term</b>	<b>7,112</b>

<b>Limits to be placed on investments to final maturities beyond year end:</b>	<b>£'000</b>
31/03/2017	3
31/03/2018	0
31/03/2019	0