

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	2016/17 Actual £'000	2017/18 Estimate £'000	2018/19 Estimate £'000	2019/20 Estimate £'000	2020/21 Estimate £'000
KEEP PLACE LOOKING GOOD	400	354	0	0	0
IMPROVE THE ENVIRONMENT AND MY NEIGHBOURHOOD	701	1,516	1,479	510	140
HELP ME FIND SOMEWHERE SUITABLE TO LIVE	590	1,697	450	450	450
WELL RUN COUNCIL	433	995	3,155	957	738
PROVIDE GREAT THINGS FOR ME TO SEE, DO & VISIT	82	392	319	56	0
MAINTAIN THE ASSETS OF OUR CITY	0	69	0	0	0
DELIVER GOOD DEVELOPMENT	2,116	991	19,647	13,255	0
Total General Fund Capital Expenditure	4,322	6,014	25,050	15,228	1,328

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	2016/17 Actual £'000	2017/18 Estimate £'000	2018/19 Estimate £'000	2019/20 Estimate £'000	2020/21 Estimate £'000
Interest payable with respect to short term borrowing	320	320	300	522	540
Interest payable under 'irredeemable' long term liabilities	0	0	0	0	0
Interest and investment income	(170)	(170)	(200)	(200)	(220)
Replacement for Minimum Revenue Provision (England and Wales)	766	648	720	982	958
Voluntary contribution to financing costs in respect of short-life assets	747	1,000	1,000	1,000	1,000
Total General Fund Financing Costs	1,663	1,798	1,820	2,304	2,278

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	2016/17 Actual £'000	2017/18 Estimate £'000	2018/19 Estimate £'000	2019/20 Estimate £'000	2020/21 Estimate £'000
Financing costs	1,663	1,798	1,820	2,304	2,278
Net revenue stream (General Fund Expenditure - Budget Book/Financial Strategy)	11,874	11,531	11,853	11,649	10,256
Ratio of financing costs to net revenue stream % Negative for a debt free authority	14.0%	15.6%	15.4%	19.8%	22.2%

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	2018/19 Estimate £'000	2019/20 Estimate £'000	2020/21 Estimate £'000
Total budgetary requirements for the authority with existing capital programme	10,386	10,736	9,932
Total budgetary requirements for the authority with proposed capital programme	11,853	11,649	10,256
Difference	1,467	913	324
Incremental Impact on Band D Council Tax	£40.14	£25.04	£8.82

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 2017

	£'000
Property, Plant and Equipment	174,735
Investment Properties	39,256
Heritage Assets	22,643
Intangible Assets / Other Long term Assets	4,175
Revaluation Reserve	(78,692)
Capital Adjustment Account	(129,731)
General Fund Capital Financing Requirement 31 March 2017	32,386

Estimated General Fund Capital Financing Requirement at 31 March 2018

Estimate of General Fund Capital Financing Requirement 31 March 2017	32,386
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	3,622
Estimate of General Fund Capital Financing Requirement 31 March 2018	36,008

Estimated General Fund Capital Financing Requirement at 31 March 2019

Estimate of General Fund Capital Financing Requirement 31 March 2018	36,008
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	10,083
Estimate of General Fund Capital Financing Requirement 31 March 2019	46,091

Estimated General Fund Capital Financing Requirement at 31 March 2020

Estimate of General Fund Capital Financing Requirement 31 March 2019	46,091
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	(1,312)
Estimate of General Fund Capital Financing Requirement 31 March 2020	44,779

Estimated General Fund Capital Financing Requirement at 31 March 2021

Estimate of General Fund Capital Financing Requirement 31 March 2020	44,779
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	(1,741)
Estimate of General Fund Capital Financing Requirement 31 March 2021	43,038

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	2016/17 Actual £'000	2017/18 Estimate £'000	2018/19 Estimate £'000	2019/20 Estimate £'000	2020/21 Estimate £'000
MAINTAIN OUR PROPERTY ASSETS	3,436	6,534	12,487	9,634	7,377
HELP ME FIND SOMEWHERE SUITABLE TO LIVE	2,184	3,895	5,690	5,610	406
Total HRA Capital Expenditure	5,620	10,429	18,177	15,244	7,783

HRA Financing costs

Description	2016/17 Actual £'000	2017/18 Estimate £'000	2018/19 Estimate £'000	2019/20 Estimate £'000	2020/21 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	(193)	(201)	(150)	(171)	(171)
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
Total HRA Financing Costs	1,787	1,779	1,830	1,809	1,809

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	2016/17 Actual £'000	2017/18 Estimate £'000	2018/19 Estimate £'000	2019/20 Estimate £'000	2020/21 Estimate £'000
Financing costs	1,787	1,779	1,830	1,809	1,809
Net revenue stream	19,547	18,860	18,600	18,414	19,151
Ratio of financing costs to net revenue stream %	9.1	9.4	9.8	9.8	9.4
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	2018/19 Estimate £'000	2019/20 Estimate £'000	2020/21 Estimate £'000
Forecast HRA budgetary requirements for the authority with existing HRA capital programme	20,430	20,223	20,960
Forecast HRA budgetary requirements for the authority with proposed HRA capital programme	20,430	20,223	20,960
Difference	0	0	0
Incremental Impact on average weekly housing rents	£0.00	£0.00	£0.00

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 2017

Description	£'000
Property, Plant and Equipment	250,694
Investment Properties	0
Revaluation Reserve	(51,517)
Capital Adjustment Account	(141,295)
Actual HRA Capital Financing Requirement 31 March 2017	57,882

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	5,620
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	(5,620)
Estimate of HRA Capital Financing Requirement 31 March 2018	57,882

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	10,429
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	(10,429)
Estimate of HRA Capital Financing Requirement 31 March 2019	57,882

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	18,177
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	(18,177)
Estimate of HRA Capital Financing Requirement 31 March 2020	57,882

Estimated HRA Capital Financing Requirement at 31 March 2021

Estimate of HRA Capital Financing Requirement 31 March 2020	57,882
Estimate of change in Property, Plant and Equipment	15,244
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	(15,244)
Estimate of HRA Capital Financing Requirement 31 March 2021	57,882

DCLG 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	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
Incremental Impact on Band D Council Tax	£40.14	£25.04	£8.82

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	2018/19 Estimate	2019/20 Estimate	2020/21 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	2016/17 Actual £'000	2017/18 Estimate £'000	2018/19 Estimate £'000	2019/20 Estimate £'000	2020/21 Estimate £'000
Total General Fund Capital Expenditure	4,322	6,014	25,050	15,228	1,328
Total HRA Capital Expenditure	5,620	10,429	18,177	15,244	7,783
Total Actual / Estimates of Capital Expenditure	9,942	16,443	43,227	30,472	9,111

Prudential Indicator CalculationsTotal Actual / Estimates of Financing Costs

Description	2016/17 Actual £'000	2017/18 Estimate £'000	2018/19 Estimate £'000	2019/20 Estimate £'000	2020/21 Estimate £'000
Total General Fund Financing Costs	1,663	1,798	1,820	2,304	2,278
Total HRA Financing Costs	1,787	1,779	1,830	1,809	1,809
Total Actual / Estimates of Financing Costs	3,450	3,577	3,650	4,113	4,087

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	2016/17 Actual £'000	2017/18 Estimate £'000	2018/19 Estimate £'000	2019/20 Estimate £'000	2020/21 Estimate £'000
General Fund Ratio of Financing Costs to Net Revenue Stream	0.1	0.2	0.2	0.2	0.2
HRA Ratio of Financing Costs to Net Revenue Stream	9.1	9.4	9.8	9.8	9.4

Prudential Indicator CalculationsActual / Estimates of Capital Financing Requirement

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

Description	2016/17 Actual £'000	2017/18 Estimate £'000	2018/19 Estimate £'000	2019/20 Estimate £'000	2020/21 Estimate £'000
General Fund Capital Financing Requirement	32,386	36,008	46,091	44,779	43,038
HRA Capital Financing Requirement	57,882	57,882	57,882	57,882	57,882
Total Actual / Estimates of Capital Financing Requirement	90,268	93,890	103,973	102,661	100,920

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	2018/19 Estimate £'000	2019/20 Estimate £'000	2020/21 Estimate £'000
Borrowing	125,000	125,000	125,000
Other long term liabilities	0	0	0
Authorised Limit	125,000	125,000	125,000

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	2018/19 Estimate £'000	2019/20 Estimate £'000	2020/21 Estimate £'000
Borrowing	120,000	120,000	120,000
Other long term liabilities	0	0	0
Operational Boundary	120,000	120,000	120,000

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	2016/17 Actual £'000
Actual borrowing as at 31 March 2017	66,906
Actual long term liabilities as at 31 March 2017	0
Actual External Debt as at 31 March 2017	66,906

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 2017	90,268

2017/18 Estimated Change in Capital Financing Requirement	
Capital expenditure	16,443
Application of useable capital receipts	(6,795)
Application of capital grants/contributions	(4,378)
The replacement for MRP	(648)
Additional voluntary contributions	(1,000)
Total Estimated Change in Capital Financing Requirement 2017/18	3,622

2018/19 Estimated Change in Capital Financing Requirement	
Capital expenditure	43,227
Application of useable capital receipts	(1,438)
Application of capital grants/contributions	(29,986)
The replacement for MRP	(720)
Additional voluntary contributions	(1,000)
Total Estimated Change in Capital Financing Requirement 2018/19	10,083

Prudential Indicator Calculations

2019/20 Estimated Change in Capital Financing Requirement	
Capital expenditure	30,472
Application of useable capital receipts	(6,188)
Application of capital grants/contributions	(23,613)
The replacement for MRP	(982)
Additional voluntary contributions	(1,000)
Total Estimated Change in Capital Financing Requirement 2019/20	(1,311)

Capital Financing Requirement:	
Opening Balance 2016/17	90,268
Estimated Closing Balance 2019/20	102,662
This is an increase over the three years of	12,394

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	2,280	2,502	2,520
Total projected interest receivable on investments	(350)	(371)	(391)
Net Interest	1,930	2,131	2,129
Upper limit - fixed rates = 100%	(350)	(371)	(391)
Upper limit - variable rates = 20%	(70)	(74)	(78)

This means that the Chief Finance Officer 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 31/3/2017
	£'000
Longer-term investments	7,534
Less - Held for operational purposes	0
Current Assets - Investments	5,000
Current Assets - Cash and at Bank	0
Total available for investment longer term	12,534

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