

Prudential Indicator CalculationsPRUDENTIAL INDICATORS OF AFFORDABILITYTotal 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	2017/18 Actual £'000	2018/19 Estimate £'000	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000
Total General Fund Capital Expenditure	4,066	16,225	36,414	16,547	1,218
Total HRA Capital Expenditure	6,265	14,871	20,591	12,420	10,369
Total Actual / Estimates of Capital Expenditure	10,331	31,096	57,005	28,967	11,587

Total Actual / Estimates of Financing Costs

Description	2017/18 Actual £'000	2018/19 Estimate £'000	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000
Total General Fund Financing Costs	668	1,483	1,779	2,112	2,226
Total HRA Financing Costs	1,753	1,760	1,815	1,815	1,900
Total Actual / Estimates of Financing Costs	2,421	3,243	3,594	3,927	4,126

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	2017/18 Actual £'000	2018/19 Estimate £'000	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000
General Fund Ratio of Financing Costs to Net Revenue Stream	0.1	0.1	0.1	0.2	0.2
HRA Ratio of Financing Costs to Net Revenue Stream	9.2	9.5	9.9	9.6	9.7

Prudential Indicator Calculations**Actual / Estimates of Capital Financing Requirement**

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

Description	2017/18 Actual £'000	2018/19 Estimate £'000	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000
General Fund Capital Financing Requirement	30,193	41,518	69,611	74,569	73,272
HRA Capital Financing Requirement	57,882	57,882	57,882	57,882	57,882
Total Actual / Estimates of Capital Financing Requirement	88,075	99,400	127,493	132,451	131,154

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	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000
Borrowing	170,000	192,000	210,000
Other long term liabilities	0	0	0
Authorised Limit	170,000	192,000	210,000

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	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000
Borrowing	160,000	182,000	200,000
Other long term liabilities	0	0	0
Operational Boundary	160,000	182,000	200,000

The Authorised Limit and the Operational Boundary have been increased to include capacity to enable the establishment of a HRA development programme following removal of the debt cap.

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	2017/18 Actual £'000	To be repaid	
		within 12 months	after 12 months
Actual borrowing as at 31 March 2018	66,906	0	66,906
Actual long term liabilities as at 31 March 2018	0	0	0
Actual External Debt as at 31 March 2018	66,906	0	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 2018	88,075

2018/19 Estimated Change in Capital Financing Requirement	
Capital expenditure	31,096
Application of useable capital receipts	(2,372)
Application of capital grants/contributions	(15,791)
The replacement for MRP	(608)
Additional voluntary contributions	(1,000)
Total Estimated Change in Capital Financing Requirement 2018/19	11,325

2019/20 Estimated Change in Capital Financing Requirement	
Capital expenditure	57,005
Application of useable capital receipts	(8,996)
Application of capital grants/contributions	(18,178)
The replacement for MRP	(738)
Additional voluntary contributions	(1,000)
Total Estimated Change in Capital Financing Requirement 2019/20	28,093

Prudential Indicator Calculations

2020/21 Estimated Change in Capital Financing Requirement	
Capital expenditure	28,967
Application of useable capital receipts	(4,576)
Application of capital grants/contributions	(17,445)
The replacement for MRP	(988)
Additional voluntary contributions	(1,000)
Total Estimated Change in Capital Financing Requirement 2020/21	4,958

Capital Financing Requirement:	
Opening Balance 2017/18	88,075
Estimated Closing Balance 2020/21	132,451
This is an increase over the three years of	44,376

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	2018/19 £'000	2019/20 £'000	2020/21 £'000
Total projected interest payable on borrowing	2,221	2,304	2,390
Total projected interest receivable on investments	(365)	(365)	(280)
Net Interest	1,856	1,939	2,110
Upper limit - fixed rates = 100%	(365)	(365)	(280)
Upper limit - variable rates = 20%	(73)	(73)	(56)

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%

Prudential Indicator Calculations

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%

Investments

Description	At 31/3/2017 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000
Long-term investments	5,855	5,855	5,855	5,855
Short-term investments	17,976	24,000	0	0
Cash and cash equivalents	22,666	12,000	5,000	5,000
Total Investments	46,497	41,855	10,855	10,855