

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	2020/21 Actual £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000	2024/25 Estimate £'000
Total General Fund Capital Expenditure	27,613	89,286	46,469	6,892	7,350
Total HRA Capital Expenditure	16,168	24,545	21,829	15,811	10,051
Total Actual / Estimates of Capital Expenditure	43,781	113,831	68,298	22,703	17,401

Total Actual / Estimates of Financing Costs

Description	2020/21 Actual £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000	2024/25 Estimate £'000
Total General Fund Financing Costs	849	451	603	638	2,388
Total HRA Financing Costs	1,908	2,259	2,307	2,338	2,341
Total Actual / Estimates of Financing Costs	2,757	2,710	2,910	2,976	4,729

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	2020/21 Actual £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000	2024/25 Estimate £'000
General Fund Ratio of Financing Costs to Net Revenue Stream	0.1	0.0	0.0	0.1	0.2
HRA Ratio of Financing Costs to Net Revenue Stream	10.2	11.6	11.5	11.3	11.0

Prudential Indicator Calculations

The estimates of financing costs include current commitments and the proposals in this budget report.

Actual / Estimates of Capital Financing Requirement

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

Description	2020/21 Actual £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000	2024/25 Estimate £'000
General Fund Capital Financing Requirement	94,234	167,080	216,691	219,105	220,746
HRA Capital Financing Requirement	66,002	77,892	78,642	79,392	80,142
Total Actual / Estimates of Capital Financing Requirement	160,236	244,972	295,333	298,497	300,888

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	2022/23 Estimate £'000	2023/24 Estimate £'000	2024/25 Estimate £'000
Borrowing	345,000	360,000	365,000
Other long term liabilities	8,000	7,000	7,000
Authorised Limit	353,000	367,000	372,000

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	2022/23 Estimate £'000	2023/24 Estimate £'000	2024/25 Estimate £'000
Borrowing	325,000	340,000	345,000
Other long term liabilities	6,000	5,000	5,000
Operational Boundary	331,000	345,000	350,000

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	2020/21 Actual £'000	To be repaid	
		within 12 months	after 12 months
Actual borrowing as at 31 March 2021	124,941	941	124,000
Actual long term liabilities as at 31 March 2021	3,442	579	2,863
Actual External Debt as at 31 March 2021	128,383	1,520	126,863

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 2021	160,236

2021/22 Estimated Change in Capital Financing Requirement	
Capital expenditure	113,831
Application of useable capital receipts	(7,705)
Application of capital grants/contributions	(21,090)
The replacement for MRP	(965)
Additional voluntary contributions	664
Total Estimated Change in Capital Financing Requirement 2021/22	84,735

2022/23 Estimated Change in Capital Financing Requirement	
Capital expenditure	68,298
Application of useable capital receipts	(3,760)
Application of capital grants/contributions	(13,874)
The replacement for MRP	(1,783)
Additional voluntary contributions	1,480
Total Estimated Change in Capital Financing Requirement 2022/23	50,361

Prudential Indicator Calculations

2023/24 Estimated Change in Capital Financing Requirement	
Capital expenditure	22,703
Application of useable capital receipts	(2,958)
Application of capital grants/contributions	(16,221)
The replacement for MRP	(2,015)
Additional voluntary contributions	1,656
Total Estimated Change in Capital Financing Requirement 2023/24	3,165

Capital Financing Requirement:	
Opening Balance 2020/21	160,236
Estimated Closing Balance 2023/24	298,497
This is an increase over the three years of	138,261

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	2021/22 £'000	2022/23 £'000	2023/24 £'000
Total projected interest payable on borrowing	4,494	4,470	4,469
Total projected interest receivable on investments	(1,887)	(1,853)	(1,823)
Net Interest	2,607	2,617	2,646

Description	Upper Limit
Upper limit - fixed rates = 100%	100%
Upper limit - variable rates = 20%	20%

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	Estimated debt maturity %		
			2021/22	2022/23	2023/24
Under 12 months	100%	0%		5%	5%
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%	100%	95%	95%

Investments

Description	At 31/3/2021 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
Long-term investments	5,000	5,000	5,000	5,000
Short-term investments	5,000	10,000	5,000	5,000
Cash and cash equivalents	20,000	15,000	5,000	5,000
Total Investments	30,000	30,000	15,000	15,000