

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	2019/20 Actual £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000
Total General Fund Capital Expenditure	40,621	65,121	20,177	12,035	6,617
Total HRA Capital Expenditure	15,733	25,189	24,186	17,355	10,148
Total Actual / Estimates of Capital Expenditure	56,354	90,310	44,363	29,390	16,765

Total Actual / Estimates of Financing Costs

Description	2019/20 Actual £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000
Total General Fund Financing Costs	13	1,131	1,419	1,573	1,673
Total HRA Financing Costs	1,682	2,078	2,284	2,284	2,283
Total Actual / Estimates of Financing Costs	1,695	3,209	3,703	3,857	3,956

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	2019/20 Actual £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000
General Fund Ratio of Financing Costs to Net Revenue Stream	0.0	0.1	0.1	0.1	0.1
HRA Ratio of Financing Costs to Net Revenue Stream	9.2	11.3	12.2	11.8	11.4

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	2019/20 Actual £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000
General Fund Capital Financing Requirement	71,320	120,894	130,512	138,452	141,820
HRA Capital Financing Requirement	57,882	65,260	69,845	70,845	70,845
Total Actual / Estimates of Capital Financing Requirement	129,202	186,154	200,357	209,297	212,665

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	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000
Borrowing	255,000	265,000	265,000
Other long term liabilities	0	0	0
Authorised Limit	255,000	265,000	265,000

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	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000
Borrowing	235,000	245,000	245,000
Other long term liabilities	0	0	0
Operational Boundary	235,000	245,000	245,000

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	2019/20 Actual £'000	To be repaid	
		within 12 months	after 12 months
Actual borrowing as at 31 March 2020	110,415	925	109,490
Actual long term liabilities as at 31 March 2020	2,010	303	1707
Actual External Debt as at 31 March 2020	112,425	1,228	111,197

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 2020	129,202

2020/21 Estimated Change in Capital Financing Requirement	
Capital expenditure	90,310
Application of useable capital receipts	(7,429)
Application of capital grants/contributions	(25,325)
The replacement for MRP	(604)
Additional voluntary contributions	0
Total Estimated Change in Capital Financing Requirement 2020/21	56,952

2021/22 Estimated Change in Capital Financing Requirement	
Capital expenditure	44,363
Application of useable capital receipts	(6,039)
Application of capital grants/contributions	(22,853)
The replacement for MRP	(1,269)
Additional voluntary contributions	0
Total Estimated Change in Capital Financing Requirement 2021/22	14,202

Prudential Indicator Calculations

2022/23 Estimated Change in Capital Financing Requirement	
Capital expenditure	29,390
Application of useable capital receipts	(5,569)
Application of capital grants/contributions	(13,430)
The replacement for MRP	(1,451)
Additional voluntary contributions	0
Total Estimated Change in Capital Financing Requirement 2022/23	8,940

Capital Financing Requirement:	
Opening Balance 2019/20	129,202
Estimated Closing Balance 2022/23	209,296
This is an increase over the three years of	80,094

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	2020/21 £'000	2021/22 £'000	2022/23 £'000
Total projected interest payable on borrowing	4,294	4,266	4,237
Total projected interest receivable on investments	(1,860)	(1,860)	(1,856)
Net Interest	2,434	2,406	2,381
Upper limit - fixed rates = 100%	(1,860)	(1,860)	(1,856)
Upper limit - variable rates = 20%	(372)	(372)	(371)

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 31/3/2020 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
Long-term investments	5,695	5,695	5,695	5,695
Short-term investments	45,192	10,000	5,000	5,000
Cash and cash equivalents	17,136	15,000	5,000	5,000
Total Investments	68,023	30,695	15,695	15,695