

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	2021/22 Actual £'000	2022/23 Estimate £'000	2023/24 Estimate £'000	2024/25 Estimate £'000	2025/26 Estimate £'000
Total General Fund Capital Expenditure	17,044	79,052	37,551	3,160	2,337
Total HRA Capital Expenditure	19,334	20,041	19,321	13,412	11,156
Total Actual / Estimates of Capital Expenditure	36,378	99,093	56,872	16,572	13,493

Total Actual / Estimates of Financing Costs

Description	2021/22 Actual £'000	2022/23 Estimate £'000	2023/24 Estimate £'000	2024/25 Estimate £'000	2025/26 Estimate £'000
Total General Fund Financing Costs	1,278	2,051	3,015	3,319	3,632
Total HRA Financing Costs	1,930	1,976	1,870	1,870	1,870
Total Actual / Estimates of Financing Costs	3,208	4,027	4,885	5,189	5,502

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	2021/22 Actual £'000	2022/23 Estimate £'000	2023/24 Estimate £'000	2024/25 Estimate £'000	2025/26 Estimate £'000
General Fund Ratio of Financing Costs to Net Revenue Stream	0.1	0.1	0.2	0.2	0.2
HRA Ratio of Financing Costs to Net Revenue Stream	10.0	10.0	8.9	8.6	8.4

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	2021/22 Actual £'000	2022/23 Estimate £'000	2023/24 Estimate £'000	2024/25 Estimate £'000	2025/26 Estimate £'000
General Fund Capital Financing Requirement	105,511	173,406	176,233	178,340	175,390
HRA Capital Financing Requirement	73,242	77,342	77,592	78,342	78,342
Total Actual / Estimates of Capital Financing Requirement	178,753	250,748	253,825	256,682	253,732

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	2023/24 Estimate £'000	2024/25 Estimate £'000	2025/26 Estimate £'000
Borrowing	300,000	305,000	305,000
Other long term liabilities	8,000	7,000	7,000
Authorised Limit	308,000	312,000	312,000

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	2023/24 Estimate £'000	2024/25 Estimate £'000	2025/26 Estimate £'000
Borrowing	280,000	285,000	285,000
Other long term liabilities	6,000	5,000	5,000
Operational Boundary	286,000	290,000	290,000

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	2021/22 Actual £'000	To be repaid	
		within 12 months	after 12 months
Actual borrowing as at 31 March 2022	168,205	1,510	166,695
Actual long term liabilities as at 31 March 2022	2,996	599	2,397
Actual External Debt as at 31 March 2021	171,201	2,109	169,092

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 2022	178,753

2022/23 Estimated Change in Capital Financing Requirement	
Capital expenditure	99,093
Application of useable capital receipts	(3,182)
Application of capital grants/contributions	(22,957)
The replacement for MRP	(2,438)
Additional voluntary contributions	1,480
Total Estimated Change in Capital Financing Requirement 2022/23	71,996

2023/24 Estimated Change in Capital Financing Requirement	
Capital expenditure	56,872
Application of useable capital receipts	(1,006)
Application of capital grants/contributions	(51,094)
The replacement for MRP	(2,495)
Additional voluntary contributions	800
Total Estimated Change in Capital Financing Requirement 2023/24	3,077

Prudential Indicator Calculations

2024/25 Estimated Change in Capital Financing Requirement	
Capital expenditure	16,572
Application of useable capital receipts	(204)
Application of capital grants/contributions	(11,773)
The replacement for MRP	(2,538)
Additional voluntary contributions	800
Total Estimated Change in Capital Financing Requirement 2024/25	2,857

Capital Financing Requirement:	
Opening Balance 2021/22	178,753
Estimated Closing Balance 2024/25	256,683
This is an increase over the three years of	77,930

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	2022/23 £'000	2023/24 £'000	2024/25 £'000
Total projected interest payable on borrowing	5,586	5,841	6,057
Total projected interest receivable on investments	(2,396)	(2,390)	(2,382)
Net Interest	3,190	3,451	3,675

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 %		
			2022/23	2023/24	2024/25
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 31/3/2022 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'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