

PRUDENTIAL AND TREASURY INDICATORS

PRUDENTIAL INDICATORS - A Brief Description

Capital Expenditure

This shows the capital programme as it currently stands. Members will note that the amount estimated within the programme for 2021/22 is £17.759 million.

This is an increase in value to the previous year, and is due to significant projects being undertaken including Pioneer Place.

It is not known exactly at this stage what the effects on revenue of sustaining a high level of capital investment will be in future years. It is however envisaged that there will continue to be a significant contribution from grants. This will minimise borrowing to within prudential levels and thus keep the resultant financing revenue budget within prudent limits.

Ratio of Financing Costs to Net Revenue

The net revenue stream is the estimated amount of spending to be met from Government Grants and Income Tax. It is used in projections and for estimating the need for budget savings. It is based upon the system of Government Grants support and assumes a 1.99% increase in Council Tax for 2021/22 and for the following two years.

Financing costs include interest on borrowing and the amount included in the budget for repayment of borrowing (Revenue Provision)

Net Borrowing Requirement

This is a key indicator of prudence. In order to ensure that over the medium term net borrowing will only be used for capital purpose, the Council should ensure that net external borrowing does not, except in the short term, exceed the capital financing requirement (CFR) in the previous year plus the estimates of any additional capital financing required in the current year and the next two financial years. At all times the level of borrowing will be monitored to ensure it does not exceed the estimated capital financing requirement in two years time.

Capital Financing Requirement as at 31 March

The capital financing requirement is an indication of how much the Council needs to borrow for capital projects as a result of not financing capital expenditure "up front" by means of capital receipts, grants etc. It is the amount of borrowing, which is ultimately repaid and then replaced if required.

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PRUDENTIAL AND TREASURY INDICATORS 2021/22 - 2023/24

TABLE 1 - PRUDENTIAL INDICATORS	2019/20 Actual £' 000	2020/21 Revised Estimate £' 000	2021/22 Estimate £' 000	2022/23 Estimate £' 000	2023/24 Estimate £' 000
Capital Expenditure	14,026	15,906	17,759	20,168	12,492
Ratio of financing costs to net revenue stream	12.1%	13.3%	15.6%	16.3%	16.2%
Net borrowing requirement brought forward 1 April			55,548	60,476	65,365
Capital Financing Requirement as at 31 March	38,597	44,293	50,498	54,978	59,423

TABLE 2 - TREASURY MANAGEMENT INDICATORS	2019/20 Actual £' 000	2020/21 Revised Estimate £' 000	2021/22 Estimate £' 000	2022/23 Estimate £' 000	2023/24 Estimate £' 000
Authorised Limit for external debt -			61,103	66,524	71,902
For 201/22, this is the Council's statutory limit for debt as determined under section 3(1) of the Local Government Act 2003. Limits have also been provisionally set for the following two financial years. These limits include provision for "unusual cash movements" as referred to in the Code.					
Operational Boundary for external debt -			55,548	60,476	65,365
This is lower than the authorised limit by the additional headroom provided for "unusual cash movements". It equates to the maximum level of external debt projected in estimates.					
Actual/Estimated external debt at year end	37,680	40,138			
Upper limit for fixed interest rate exposure expressed as :- Net interest re fixed rate borrowing / investments			100%	100%	100%
Upper limit for variable rate exposure expressed as :- Net interest re variable rate borrowing / investments			25%	25%	25%
Upper limit for total principal sums invested over 364 days	0	4,000	4,000	4,000	4,000

TABLE 3 - Maturity Structure of fixed rate borrowing during 2021/22		lower limit	upper limit
This indicator limits the period to repayment of overall expected debt outstanding and shows five bands. There are minimum and maximum proportions of overall debt within each band. This means that the amount of debt in each band will fall within this range as a proportion of overall debt.	under 12 months	0%	20%
	12 months - within 24 months	0%	20%
	24 months - within 5 years	0%	25%
	5 years - within 10 years	0%	30%
	10 years and above	0%	90%