

APPENDIX 1 – PRUDENTIAL AND TREASURY INDICATORS 2019/20

During 2019/20, the Council complied with its legislative and regulatory requirements. The key actual prudential and treasury indicators detailing the impact of capital expenditure activities during the year, with comparators, are as follows:

Actual prudential and treasury indicators	2018/19 Actual £000	2019/20 Estimated £000	2019/20 Actual £000
Capital expenditure			
• General Fund	£16.050m	£6.718m	£6.494m
• HRA	£4.948m	£7.648m	£7.142m
• Commercial activities/non-financial activities*	£0.00m	£2.451m	£2.471m
• Total	£20.998m	£16.817m	£16.107m
Capital Financing Requirement:			
• General Fund	£11.754m	£11.445m	£11.606m
• HRA	£102.848m	£99.626m	£99.626m
• Total	£114.602m	£111.071m	£111.232m
External debt	£99.100m	£99.626m	£95.878m
Investments			
• Longer than 1 year	£4.000m	n/a	£3.820m
• Under 1 year	£56.414m	n/a	£51.330m
• Total	£60.414m	n/a	£55.150m

*Commercial activities/non-financial investments relate to areas such as investment properties, loan to third parties etc

The authorised limit - the authorised limit is the “affordable borrowing limit” required by S3 of the Local Government Act 2003. The Council does not have the power to borrow above this level.

The operational boundary – the operational boundary is the expected borrowing position of the Council during the year. Periods where the actual position is either below or over the boundary is acceptable subject to the authorised limit not being breached.

	2018/19	2019/20
Authorised limit	£146.765m	£156.765m
Operational boundary	£109.765m	£138.765m

Actual financing costs as a proportion of net revenue stream - this indicator identifies the trend in the cost of capital (borrowing and other long-term obligation costs net of investment income) against the net revenue stream.

Ratio of financing costs to net revenue stream	2018/19 Actual	2019/20 Estimated	2019/20 Actual
General Fund	(2.07%)	(1.14%)	(1.95%)
HRA	12.56%	14.50%	17.06%

HRA Ratio – net debt per dwelling

	2018/19 Actual	2019/20 Estimated	2019/20 Actual
HRA Debt £m	102.848	99.626	95.878
Number of HRA Dwellings	6,017	6,004	5,949
Dent per Dwelling £	17,093	16,593	16,117

Net borrowing and the CFR - in order to ensure that borrowing levels are prudent over the medium term, the Council's external borrowing net of investments, must only be for a capital purpose. This essentially means that the Council is not borrowing to support revenue expenditure. Net borrowing should not therefore, except in the short term, have exceeded the CFR for 2019/20 plus the expected changes to the CFR over 2019/20 and 2020/21 from financing the capital programme. This indicator allows the Council some flexibility to borrow in advance of its immediate capital needs in 2019/20.

	31 March 2019 Principal	Rate/ Return	31 March 2020 Principal	Rate/ Return
Total debt	£99.100m	2.35%	£95.878m	2.45%
CFR	£114.602m		£111.232m	
Over/ (under) borrowing	(£15.502m)		(£15.354m)	
Total investments	£60.414m	0.97%	£55.150m	0.99%
Net debt	£38.686m		£40.728m	

The maturity structure of the debt portfolio was as follows:

	31 March 2019 Actual	31 March 2020 Actual
Under 12 months	£28.221m*	£3.222m
12 months and within 24 months	£3.222m	£3.222m
24 months and within 5 years	£9.665m	£9.665m
5 years and within 10 years	£16.109m	£16.109m
10 years and above	£41.883m	£63.660m

*£25m was payable March 2020

The exposure to fixed and variable rates was as follows:

	31 March 2019 Actual	31 March 2020 Actual
Fixed rate (principal or interest)	£31.000m	£17.000m**
Variable rate (principal or interest)	£29.414m	£38.150m**

**The Council has increased investments with MMF and Notice accounts due to interest rates that can be achieved and to ensure that it has sufficient funds available to fund capital projects.