

2020/21 PRUDENTIAL AND TREASURY INDICATORS

During 2020/21, 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	2019/20 Actual £'000	2020/21 Estimated £'000	2020/21 Actual £'000
Capital expenditure			
• General Fund	6.494	3.041	2.230
• HRA	7.142	3.377	3.167
• Commercial activities/non-financial activities*	2.471	0	0
• Total	16.107	6.418	5.397
Capital Financing Requirement:			
• General Fund	11.606	11.412	11.464
• HRA	99.626	96.404	96.404
• Total	111.232	107.816	107.868
External debt	95.878	92.656	92.656
Investments			
• Longer than 1 year	3,820	n/a	3,000
• Under 1 year	51,330	n/a	64,460
• Total	55.150	n/a	67,460

*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.

	2019/20	2020/21
Authorised limit	£156.765m	£141.765m
Operational boundary	£138.765m	£115.000m

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	31 March 2020 actual	2020/21 Revised limits	31 March 2021 Actual
General Fund	(2.07%)	(1.53%)	(0.87%)
HRA	12.56%	13.72%	13.67%

HRA Ratio – net debt per dwelling

	2019/20 Actual £'000	2020/21 Estimated £'000	2020/21 Actual £'000
HRA Debt £m	95.878	92.656	92.656
Number of HRA Dwellings	5,949	5,925	5,927
Debt per Dwelling £	16,117	15.638	15,633

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 2020/21 plus the expected changes to the CFR over 2020/21 and 2021/22 from financing the capital programme. This indicator allows the Council some flexibility to borrow in advance of its immediate capital needs in 2020/21.

	31 March 2020 Principal	Rate/ Return	31 March 2021 Principal	Rate/ Return
Total debt	£95.878m	2.45%	£92.656m	2.33%
CFR	£111.232m		£107.868m	
Over/ (under) borrowing	(£15.354m)		(£15.211m)	
Total investments	£55.150m	0.99%	£68.261m	0.40%
Net debt	£40.728m		£24.395m	

The maturity structure of the debt portfolio was as follows:

	31 March 2020 Actual	31 March 2021 Actual
Under 12 months	£3.221m	£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	£16.108m
10 years and above	£63.661m	£60.439m

The exposure to fixed and variable rates was as follows:

	31 March 2020 Actual	31 March 2021 Actual
Fixed rate (principal or interest)	£17.000m	18.500m
Variable rate (principal or interest)	£38.150m	49.761m