

ANNEX 1 - THE CAPITAL PRUDENTIAL AND TREASURY INDICATORS 2019-20 – 2021-22 AND MRP STATEMENT

The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

1. Capital expenditure

Capital expenditure £m	2017-18 Actual	2018-19 Estimate	2019-20 Estimate	2020-21 Estimate	2021-22 Estimate
General Fund	6.234	13.512	12.456	13.436	4.014
HRA	4.492	7.408	15.909	7.579	6.582
Total	10.726	20.920	28.365	21.015	10.596

2. Affordability prudential indicators

The previous section covers the overall capital and control of borrowing prudential indicators but, within this framework, prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances. The Council is asked to approve the following indicators:

a. Ratio of financing costs to 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.

%	2017-18 Actual	2018-19 Estimate	2019-20 Estimate	2020-21 Estimate	2021-22 Estimate
General Fund	6.0%	8.6%	10.9%	13.7%	14.8%
HRA	5.8%	6.0%	5.7%	5.2%	5.9%

The estimates of financing costs include current commitments and the proposals in this budget report.

b. HRA ratios

£	2017-18 Actual	2018-19 Estimate	2019-20 Estimate	2020-21 Estimate	2021-22 Estimate
HRA debt £m*	20.040	20.040	25.857	25.723	28.687
HRA rents £m	13.006	12.925	12.499	12.854	13.327
Ratio of debt to rents %	154.1%	155.0%	206.9%	200.1%	215.3%

£	2017-18 Actual	2018-19 Estimate	2019-20 Estimate	2020-21 Estimate	2021-22 Estimate
HRA debt £m	20.040	20.040	25.857	25.723	28.687
Number of HRA dwellings	3,015	3,017	3,022	3,044	3,034
Debt per dwelling £	6,647	6,642	8,556	8,451	9,455

3. Maturity structure of borrowing

These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.

The Council is asked to approve the following treasury indicators and limits:

Maturity structure of fixed interest rate borrowing 2019-20		
	Lower	Upper
Under 12 months	0%	50%
12 months to under 2 years	0%	50%
2 years to under 5 years	0%	50%
5 years to under 10 years	0%	55%
10 years to under 20 years	0%	50%
20 years to under 30 years	0%	50%
30 years to under 40 years	0%	50%
40 years to under 50 years	0%	50%
50 years and above	0%	50%

Maturity structure of variable interest rate borrowing 2019-20		
	Lower	Upper
Under 12 months	0%	50%
12 months to under 2 years	0%	50%
2 years to under 5 years	0%	50%
5 years to under 10 years	0%	55%
10 years to under 20 years	0%	50%
20 years to under 30 years	0%	50%
30 years to under 40 years	0%	50%
40 years to under 50 years	0%	50%
50 years and above	0%	50%

5. Control of interest rate exposure

Please see paragraphs 3.3, 3.4 and 4.4 of the main report.