

ANNEX 1 - THE CAPITAL PRUDENTIAL AND TREASURY INDICATORS 2018-19 – 2022-23

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	2018-19 Actual	2019-20 Estimate	2020-21 Estimate	2021-22 Estimate	2022-23 Estimate
General Fund	9.945	16.216	12.507	7.671	5.312
HRA	5.435	20.112	13.189	15.551	2.324
Total	15.380	36.328	25.696	23.222	7.636

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.

%	2018-19 Actual	2019-20 Estimate	2020-21 Estimate	2021-22 Estimate	2022-23 Estimate
General Fund	6.1%	9.0%	13.2%	14.2%	14.6%
HRA	5.2%	4.0%	6.3%	7.0%	7.2%

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

b. HRA ratios

£	2018-19 Actual	2019-20 Estimate	2020-21 Estimate	2021-22 Estimate	2022-23 Estimate
HRA debt £m*	20.040	25.609	25.481	28.310	31.063
HRA rents £m	12.894	12.740	13.371	13.707	13.976
Ratio of debt to rents %	155.4%	201.0%	190.6%	206.5%	222.2%

£	2018-19 Actual	2019-20 Estimate	2020-21 Estimate	2021-22 Estimate	2022-23 Estimate
HRA debt £m	20.040	25.609	25.481	28.310	31.063
Number of HRA dwellings	3,033	3,012	3,008	3,043	3,043
Debt per dwelling £	6,607	8,502	8,471	9,303	10,208

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 2020-21		
	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%	50%
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 2020-21		
	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%	50%
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%

4. Control of interest rate exposure

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