

ANNEX 1 - THE CAPITAL PRUDENTIAL AND TREASURY INDICATORS 2020-21 – 2024-25

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	2020-21 Actual	2021-22 Budget	2022-23 Budget	2023-24 Budget	2024-25 Budget
General Fund	12.376	23.210	18.710	10.146	6.224
HRA	11.118	7.838	21.031	4.440	10.729
Total	23.494	31.048	39.741	14.586	16.953

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.

%	2020-2021 1 Actual	2021-22 Estimate	2022-23 Estimate	2023-24 Estimate	2024-25 Estimate
General Fund	5.7	9.4	11.6	11.6	12.3
HRA	4.8	5.0	6.7	6.5	7.0

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

b. HRA ratios

£	2020-21 Actual	2021-22 Estimate	2022-23 Estimate	2023-24 Estimate	2024-25 Estimate
HRA debt £m	15.899	19.199	30.138	31.317	35.956
HRA rents £m	13.244	13.519	14.198	14.606	15.024
Ratio of debt to rents %	120.0	142.0	212.3	214.4	239.3

£	2020-21 Actual	2021-22 Estimate	2022-23 Estimate	2023-24 Estimate	2024-25 Estimate
HRA debt £m	15.899	19.199	30.138	31.317	35.956

Number of HRA dwellings	3,061	3,057	3,065	3,073	3,081
Debt per dwelling £	5,194	6,280	9,833	10,191	11,670

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 2021-22		
	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 2021-22		
	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.