

Appendix 2

Prudential Indicator Outturn Report 2018/19

Capital Expenditure: The Authority's capital expenditure and financing, including the Housing Revenue Account, is summarised in table 1 below and is consistent with the draft statement of accounts for 2018/19:

Table 1

Capital Expenditure and Funding	2018/19 Estimate £'000	2018/19 Actual £'000	Difference £'000
Capital Expenditure			
General Fund Services	4,430	2,590	(1,840)
Capital Investments	3,286	2,809	(477)
HRA	6,476	5,349	(1,127)
Total Expenditure	14,192	10,748	(3,444)
Funded by:			
External Resources	(1,006)	(984)	22
Internal Resources	(9,636)	(7,139)	2,497
Debt	(3,550)	(2,625)	925
Total Funding	(14,192)	(10,748)	3,444

Capital Financing Requirement: The Capital Financing Requirement (CFR) shown in table 2 below, measures the Authority's underlying need to borrow for a capital purpose and the actual position is consistent with the draft statement of accounts for 2018/19:

Table 2

Capital Financing Requirement	31.03.19 Estimate £m	31.03.19 Actual £m	Difference £m
General Fund Services	12.342	11.752	(0.59)
Capital Investments	8.961	8.626	(0.335)
HRA	47.416	47.416	-
Total CFR	68.719	67.794	(0.925)

Gross Debt and the Capital Financing Requirement: In order to ensure that over the medium term debt will only be for a capital purpose, the Authority should ensure that

debt does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years. This is a key indicator of prudence and is shown in table 4 below:

Table 4

Debt and CFR	31.03.19 Estimate £m	31.03.19 Actual £m	Difference £m
Total debt	55.8	56.4	0.6
Capital financing requirement	68.7	67.8	0.9
Headroom	12.9	11.4	1.5

The total debt remained below the CFR during the forecast period.

Operational Boundary for External Debt: The operational boundary is based on the Authority's estimate of most likely (i.e. prudent but not worst case) scenario for external debt. It links directly to the Authority's estimates of capital expenditure, the capital financing requirement and cash flow requirements, and is a key management tool for in-year monitoring. Other long-term liabilities comprise finance lease, Private Finance Initiative and other liabilities that are not borrowing but form part of the Authority's debt. The operational boundary for external debt is shown in table 5 below:

Table 5

Operational Boundary and Total Debt	31.03.19 Boundary £m	31.03.19 Actual Debt £m	Complied
Borrowing	83.3	56.4	✓
Other long-term liabilities	-	-	✓
Total Debt	83.3	56.4	✓

Authorised Limit for External Debt: The authorised limit is the affordable borrowing limit determined in compliance with the Local Government Act 2003. It is the maximum amount of debt that the Authority can legally owe. The authorised limit provides headroom over and above the operational boundary for unusual cash movements. The authorised limit for external debt is shown in table 6 below:

Table 6

Authorised Limit and Total Debt	31.03.19 Boundary £m	31.03.19 Actual Debt £m	Complied
Borrowing	90.0	56.4	✓
Other long-term liabilities	-	-	✓
Total Debt	90.0	56.4	✓

Ratio of Financing Costs to Net Revenue Stream: This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs, net of investment income. The ration of financing costs to net revenue stream is shown in table 7 below:

Table 7

Ratio of Financing Costs to Net Revenue Stream	31.03.19 Estimate %	31.03.19 Actual %	Difference %
General Fund	10.0%	3.6%	6.4%
HRA	32.1%	24.1%	8.0%

The reduction to the General Fund ratio is due the net revenue stream from Council Tax and Business Rates income being almost £3.8m more than original forecast together.

The change to the HRA ratio is due to a reduction in the revenue funding of capital because of the reprofiling of the HRA capital programme from 2018/19 to 2019/20.