

Appendix 2

Prudential Indicator Outturn Report 2017/18

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 2017/18:

Table 1

Capital Expenditure and Financing	2017/18 Estimate £'000	2017/18 Actual £'000	Difference £'000
General Fund	3,493	2,527	(966)
HRA	15,262	9,133	(6,129)
Total Expenditure	18,755	11,660	(7,095)
Capital Receipts	(3,932)	(2,054)	1,878
Government Grants	(1,120)	(875)	245
External Contributions	(7)	(1,375)	(1,368)
Revenue (GF)	(1,490)	(971)	519
Revenue (HRA)	(8,400)	(4,128)	4,272
Major Repairs Reserve	(3,417)	(2,195)	1,222
Borrowing	(389)	(62)	327
Total Financing	(18,755)	(11,660)	7,095

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:

Table 2

Capital Financing Requirement	31.03.18 Estimate £m	31.03.18 Actual £m	Difference £m
General Fund	18.452	18.125	(0.327)
HRA	47.417	47.417	-
Total CFR	65.869	65.542	(0.327)

The reduction to the CFR is consistent with the lower than anticipated borrowing requirement for new capital expenditure incurred in 2017/18.

Actual Debt: The Authority's actual debt at 31st March 2017 is shown in table 3 below:

Table 3

Debt	31.03.18 Estimate £m	31.03.18 Actual £m	Difference £m
Borrowing	57.8	57.8	-
Finance leases	-	-	
PFI liabilities	-	-	
Total Debt	57.8	57.8	-

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	31.03.18 Estimate £m	31.03.18 Actual £m	Difference £m
Total debt	57.8	57.8	-
Capital financing requirement	65.9	65.5	(0.3)
Headroom	8.1	7.7	(0.3)

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	31.03.18 Boundary £m	31.03.18 Actual Debt £m	Complied
Borrowing	65.0	57.8	✓
Other long-term liabilities	-	-	✓
Total Debt	65.0	57.8	✓

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	31.03.18 Boundary £m	31.03.18 Actual Debt £m	Complied
Borrowing	69.9	57.8	✓
Other long-term liabilities	-	-	✓
Total Debt	69.9	57.8	✓

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	31.03.18 Estimate %	31.03.18 Actual %	Difference %
General Fund	13.7	8.2	(5.5)
HRA	33.3	35.3	2.0

The reduction to the General Fund ratio is due the net revenue stream from Council Tax and Business Rates income being almost £2.9m more than original forecast together with a reduction in the revenue contribution to meet capital expenditure being about £1.3m lower than original anticipated.

The change to the HRA ratio is due to an increase in the revenue funding of capital because of the reprofiling of the HRA capital programme from 2016/17 to 2017/18.

Adoption of the CIPFA Treasury Management Code: The Authority adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2011 Edition* in February 2012.

HRA Limit on Indebtedness: The Authority's HRA CFR, shown in table 8 below, should not exceed the limit imposed by the Department for Communities and Local.

Table 8

HRA CFR	31.03.18 Limit £m	31.03.18 Actual £m	Complied
HRA Capital Financing Requirement	61.0	47.4	✓