

## Appendix 2

### Prudential Indicator Outturn Report 2019/20

**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 2019/20:

**Table 1**

| <b>Capital Expenditure and Funding</b> | <b>2019/20 Estimate<br/>£m</b> | <b>2019/20 Actual<br/>£m</b> | <b>Difference<br/>£m</b> |
|--|--------------------------------|------------------------------|--------------------------|
| <b>Capital Expenditure</b>             |                                |                              |                          |
| General Fund Services                  | 5.081                          | 3.350                        | (1.731)                  |
| Capital Investments                    | 53.294                         | 51.159                       | (2.135)                  |
| HRA                                    | 9.027                          | 4.769                        | (4.258)                  |
| <b>Total Expenditure</b>               | <b>67.402</b>                  | <b>59.278</b>                | <b>(8.124)</b>           |
| <b>Funded by:</b>                      |                                |                              |                          |
| External Resources                     | (1.662)                        | (1.828)                      | (166)                    |
| Internal Resources                     | (12.109)                       | (7.028)                      | 5.081                    |
| Debt                                   | (53.631)                       | (50.422)                     | 3.209                    |
| <b>Total Funding</b>                   | <b>(67.402)</b>                | <b>(59.278)</b>              | <b>8.124</b>             |

**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 2019/20:

**Table 2**

| <b>Capital Financing Requirement</b> | <b>31.03.20 Estimate<br/>£m</b> | <b>31.03.20 Actual<br/>£m</b> | <b>Difference<br/>£m</b> |
|--------------------------------------|---------------------------------|-------------------------------|--------------------------|
| General Fund Services                | 12.534                          | 10.935                        | (1.599)                  |
| Capital Investments                  | 61.117                          | 59.007                        | (2.110)                  |
| HRA                                  | 47.416                          | 47.416                        | -                        |
| <b>Total CFR</b>                     | <b>121.067</b>                  | <b>117.358</b>                | <b>(3.709)</b>           |

**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 3 below:

**Table 3**

| <b>Debt and CFR</b>           | <b>31.03.20<br/>Estimate<br/>£m</b> | <b>31.03.20<br/>Actual<br/>£m</b> | <b>Difference<br/>£m</b> |
|-------------------------------|-------------------------------------|-----------------------------------|--------------------------|
| Total debt                    | 86.2                                | 90.3                              | 4.1                      |
| Capital financing requirement | 121.1                               | 117.4                             | 3.7                      |
| <b>Headroom</b>               | <b>(34.9)</b>                       | <b>(27.1)</b>                     | <b>7.8</b>               |

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 4 below:

**Table 4**

| <b>Operational Boundary and Total Debt</b> | <b>31.03.20<br/>Boundary<br/>£m</b> | <b>31.03.20<br/>Actual<br/>Debt<br/>£m</b> | <b>Complied</b> |
|--|-------------------------------------|--|-----------------|
| Borrowing                                  | 122.1                               | 90.3                                       | ✓               |
| Other long-term liabilities                | -                                   | -  | ✓               |
| <b>Total Debt</b>                          | <b>122.1</b>                        | <b>90.3</b>                                | <b>✓</b>        |

**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 5 below:

**Table 5**

| <b>Authorised Limit and Total Debt</b> | <b>31.03.20 Boundary £m</b> | <b>31.03.20 Actual Debt £m</b> | <b>Complied</b> |
|--|-----------------------------|--------------------------------|-----------------|
| Borrowing                              | 152.9                       | 90.3                           | ✓               |
| Other long-term liabilities            | -                           | -                              | ✓               |
| <b>Total Debt</b>                      | <b>152.9</b>                | <b>90.3</b>                    | ✓               |

**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 ratio of financing costs to net revenue stream is shown in table 6 below:

**Table 6**

| <b>Ratio of Financing Costs to Net Revenue Stream</b> | <b>31.03.20 Estimate %</b> | <b>31.03.20 Actual %</b> | <b>Difference %</b> |
|---|----------------------------|--------------------------|---------------------|
| General Fund  | 8.4%                       | <b>2.0%</b>              | (6.4)%              |
| HRA   | 25.3%                      | <b>26.6%</b>             | 1.3%                |

The reduction to the General Fund ratio is mainly due to a reduction of £0.7m in the revenue funding of capital expenditure required in 2019/20.

The change to the HRA ratio is mainly due to an increase of £0.2m in the revenue funding of capital expenditure required in 2019/20.