

## **PRUDENTIAL AND TREASURY INDICATORS**

### **1. Capital Expenditure and Financing**

This indicator shows the capital expenditure plans for the year and demonstrates how those plans are financed.

	<b>2020/21 Actual £</b>	<b>2021/22 Budget £</b>	<b>2021/22 Actual £</b>
<b>Capital Expenditure</b>			
S106-backed schemes	550,303	631,877	388,162
Other schemes	2,304,661	4,404,867	1,758,700
<b>Total Capital Programme</b>	<b>2,854,964</b>	<b>5,036,744</b>	<b>2,146,862</b>
<b>Financed by:</b>			
Capital receipts	(274,841)	(741,357)	(285,983)
Capital grants and contributions	(980,885)	(2,409,869)	(983,853)
Capital reserves	(44,662)	(701,398)	(357,455)
Revenue contributions	(50,540)	(126,888)	(75,452)
<b>Total Financing</b>	<b>(1,350,928)</b>	<b>(3,979,512)</b>	<b>(1,702,743)</b>
<b>Borrowing Requirement</b>	<b>1,504,036</b>	<b>1,057,232</b>	<b>444,119</b>

### **2. Capital Financing Requirement**

The Capital Financing Requirement (CFR) is a measure of the Council's underlying need to borrow for capital purposes. It will increase as the Council incurs capital expenditure which cannot be met from other resources, but this will be partially offset by revenue repayments for the year (the Minimum Revenue Provision).

	<b>2020/21 Actual £</b>	<b>2021/22 Budget £</b>	<b>2021/22 Actual £</b>
CFR as at 1 <sup>st</sup> April	14,184,794	14,666,611	14,666,611
Capital Expenditure in Year	2,854,964	4,714,770	2,146,862
Financing in Year	(1,350,928)	(3,785,054)	(1,702,744)
Minimum Revenue Provision	(1,022,219)	(1,145,597)	(1,145,597)
<b>CFR as at 31<sup>st</sup> March</b>	<b>14,666,611</b>	<b>14,450,730</b>	<b>13,965,132</b>

### **3. 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.

	<b>2020/21 Actual</b>	<b>2021/22 Budget</b>	<b>2021/22 Actual</b>
Ratio	8.82%	10.72%	10.54%

#### 4. The Portfolio Position

The table below compares the Council's actual external debt, including other long-term liabilities such as finance leases, with the CFR. This indicator also acts as a limit to borrowing activity. Gross external debt should not, except in the short term, exceed the total of CFR in the preceding year plus the estimated additional CFR for 2021/22 and the next two financial years. This allows some limited flexibility for borrowing in advance of need. No difficulties are envisaged in complying with this indicator for the current or future financial years.

	2020/21 Actual £	2021/22 Budget £	2021/22 Actual £
<b>External Debt</b>			
Debt at 1 <sup>st</sup> April	8,551,902	8,349,066	8,349,066
Finance Leases at 1 <sup>st</sup> April	455,819	455,619	455,619
Borrowing	0	1,300,000	0
Repayments	(203,036)	(207,506)	(207,506)
<b>Debt at 31<sup>st</sup> March</b>	<b>8,804,685</b>	<b>9,897,179</b>	<b>8,597,179</b>
<b>CFR (as above)</b>	<b>14,666,611</b>	<b>14,450,730</b>	<b>13,965,132</b>
<b>Under/(Over) Borrowing</b>	<b>(5,861,926)</b>	<b>(4,553,551)</b>	<b>(5,367,953)</b>

#### 5. Operational Boundary for External Debt

This is the limit which external debt is not normally expected to exceed. In most cases this would be a similar figure to the CFR but may be lower or higher depending on the levels of actual debt.

	2020/21 Actual £	2021/22 Budget £	2021/22 Actual £
Borrowing	8,349,066	15,790,000	8,141,780
Other Long-Term Liabilities	455,619	500,000	455,399
<b>Total</b>	<b>8,804,685</b>	<b>16,290,000</b>	<b>8,597,179</b>

#### 6. Authorised Limit for External Debt

A further key prudential indicator represents a control on the maximum level of borrowing. This is the limit beyond which external debt is prohibited. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

	2020/21 Actual £	2021/22 Budget £	2021/22 Actual £
Borrowing	8,349,066	17,544,444	8,141,780
Other Long-Term Liabilities	455,619	555,556	455,399
<b>Total</b>	<b>8,804,685</b>	<b>18,100,000</b>	<b>8,597,179</b>

## 7. Treasury Management Limits on Activity

There are three debt related treasury activity limits. The purpose of these is to manage risk and reduce the impact of any adverse movement in interest rates. However, if these are too restrictive, they will impair the opportunities to reduce costs and/or improve performance. The indicators are:

- Upper limits on variable interest rate exposure. This identifies a maximum limit for variable interest rates based upon the debt position net of investments.
- Upper limits on fixed interest rate exposure. This is similar to the previous indicator and covers a maximum limit on fixed interest rates.
- 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.

	2020/21 Actual	2021/22 Budget	2021/22 Actual
Maturity structure of fixed interest rate borrowing:			
Under 12 months	2.48%	100.00%	27.17%
12 months to 2 years	26.49%	100.00%	2.66%
2 years to 5 years	23.12%	100.00%	21.04%
5 years to 10 years	0.00%	100.00%	0.00%
10 years and above	47.91%	100.00%	49.13%

## 8. Investments Greater Than 365 Days

This limit is set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment and is based on the availability of investments after each year-end.

	2020/21 Actual £	2021/22 Budget £	2021/22 Actual £
Principal sums invested > 365 days	954,820	6,000,000	1,093,910