

PRUDENTIAL INDICATORS - MID YEAR REVIEW

There are no policy changes required to the Treasury Management Strategy; the details in this annex provisionally updates relevant prudential indicators in light of capital expenditure and financing changes to date.

Prudential Indicator for Capital Expenditure

This table shows the current estimates for the General Fund and Housing Revenue Account capital programmes, compared to the original estimates.

Capital Expenditure by Service	2018/19	
	Original Estimate £m	Quarter 2 Position £m
Environmental Services	1.44	1.53
Health & Housing	3.18	3.44
Regeneration & Planning	3.32	6.59
Resources	3.46	3.69
Total for General Fund	11.40	15.25
Council Housing (HRA)	4.42	4.48
Total Capital Expenditure	15.82	19.73

Changes to the Financing of the Capital Programmes

This table shows the changes in the financing of the capital programmes, and the level of borrowing required. The latter has increased following Council's decision to facilitate £2m investment in the Canal Quarter financed by unsupported borrowing.

Capital Expenditure	2018/19	
	Original Estimate £m	Quarter 2 Position £m
Total capital expenditure	15.82	19.73
Financed by:		
Capital receipts	0.88	1.34
Capital grants	5.06	6.33
Capital reserves	4.99	5.38
Revenue	0.00	0.00
Total Financing	10.93	13.05
Borrowing Requirement	4.89	6.68

Changes to the Capital Financing Requirement

The following table shows that the capital financing requirement (CFR) is £1.93m higher than the original estimate due to Council's decision in respect of the Canal Quarter outlined above.

Capital Financing Requirement	2018/19	
	Original Estimate £m	Quarter 2 Position £m
General Fund	46.69	48.61
HRA	39.37	39.37
Total Capital Financing Requirement	86.06	87.99
Net movement in CFR	2.08	1.93

Limits to Borrowing Activity

A key control over treasury management activity is to ensure that over the medium term, net borrowing (borrowings less investments) will only be for capital purposes. Gross external borrowing should not, except in the short term, exceed the total capital financing requirement.

The tables below shows that no extra debt is being taken on, and therefore total debt will not exceed borrowing need (CFR), the operational boundary or authorised external debt limit. As a result, there are no formal changes being recommended to the original approved indicators.

External Debt v Borrowing Need (CFR)	2018/19	
	Original Estimate £m	Quarter 2 Position £m
External Debt	64.17	64.17
Other long term liabilities	-1.04	-1.04
Total Debt	63.13	63.13
Compared to current approved:		
Capital Financing Requirement	86.06	86.06
Operational Boundary	86.06	86.06
Authorised Limit	102.00	102.00

Definitions:

Operational Boundary

The limit beyond which external debt is not normally expected to exceed is known as the operational boundary.

Authorised Limit for External Debt

A further prudential indicator controls the overall level of borrowing. This is the authorised limit which represents the limit beyond which borrowing is prohibited. It reflects the level of borrowing which, whilst not desired, could be afforded in the short term, but it is not sustainable in the longer term. It is the expected maximum borrowing need with some headroom for unexpected movements. There are no proposals to change the limit.