

Prudential Indicator Outturn Report 2017/18

Introduction: The *Local Government Act 2003* requires the Authority to have regard to the Chartered Institute of Public Finance and Accountancy's *Prudential Code for Capital Finance in Local Authorities* (the Prudential Code) when determining how much money it can afford to borrow. The objectives of the Prudential Code are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice. To demonstrate that the Authority has fulfilled these objectives, the Prudential Code sets out the following indicators that must be set and monitored each year.

This report compares the approved indicators with the outturn position for 2017/18. Actual figures have been taken from or prepared on a basis consistent with, the Authority's statement of accounts. *(Where applicable certain figures used may be subject to formal audit amendment as a part of the statutory process).*

Capital Expenditure: The Authority's capital expenditure and financing may be summarised as follows.

Capital Expenditure and Financing	2017/18 Revised Estimate £m	2017/18 Actual £m	Difference £m
General Fund	22.25	17.84	(4.41)
HRA	49.73	49.45	(0.28)
Total Expenditure	71.98	67.29	(4.69)
Capital Receipts	4.55	1.71	(2.84)
Grants and Contributions	17.39	16.92	(0.47)
Reserves	0.46	0.68	0.22
Revenue	12.96	12.96	0.00
Borrowing	36.62	35.02	(1.60)
Total Financing	71.98	67.29	(4.69)

Capital Financing Requirement: The Capital Financing Requirement (CFR) measures the Authority's underlying need to borrow for a capital purpose.

Capital Financing Requirement	31.03.18 Revised Estimate £m	31.03.18 Actual £m	Difference £m
General Fund	157.42	157.31	(0.11)
HRA	254.37	253.43	(0.94)
Total CFR	411.79	410.74	(1.05)

The CFR fell by £1.05m as capital expenditure financed by debt was outweighed by resources put aside for debt repayment.

Actual Debt: The Authority's actual debt at 31st March 2018 was as follows:

Debt	31.03.18 Revised Estimate £m	31.03.18 Actual £m	Difference £m
Borrowing	349.38	364.38	15.00
Finance leases	1.57	2.07	0.50
PFI liabilities	25.61	25.61	0.00
Total Debt	376.56	392.06	15.50

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.

Debt and CFR	31.03.18 Revised Estimate £m	31.03.18 Actual £m	Difference £m
Total debt	376.56	392.06	15.50
Capital financing requirement	411.79	410.74	(1.05)
Headroom	35.23	18.68	

Total debt remained below the CFR during the year.

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.

Operational Boundary and Total Debt	31.03.18 Boundary £m	31.03.18 Actual Debt £m	Complied (Yes/No)
Borrowing	401.8	364.38	Yes
Other long-term liabilities	28.20	27.68	Yes
Total Debt	430.00	392.06	

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.

Authorised Limit and Total Debt	31.03.18 Limit £m	31.03.18 Actual Debt £m	Complied (Yes/No)
Borrowing	416.80	364.38	Yes
Other long-term liabilities	28.20	27.68	Yes
Total Debt	445.00	392.06	

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.

Ratio of Financing Costs to Net Revenue Stream	31.03.18 Revised Estimate %	31.03.18 Actual %	Difference %
General Fund	3.48	3.49	0.01
HRA	26.02	25.98	(0.04)

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 December 2011.

HRA Limit on Indebtedness: The Authority's HRA CFR should not exceed the limit imposed by the Welsh Government.

HRA CFR	31.03.18 Limit £m	31.03.18 Actual £m	Complied (Yes/No)
HRA Capital Financing Requirement	294.90	253.43	Yes