

PRUDENTIAL INDICATORS - 2019/20 OUTTURN

The tables below detail the four prudential indicators applicable to 2019/20 which have been derived from the 2019/20 City Fund published accounts. These 'actual' indicators have been compared to the appropriate 'estimate' indicators. The **Original** estimate indicators were prepared in February 2019 at the time of setting the 2019/20 budget and the **Revised** estimate indicators were prepared to inform the setting of the 2020/21 budget in February 2020.

1. Actual capital expenditure 2019/20

	HRA	Non-HRA	Total
Estimate of capital expenditure (Original)	£37.142 m	£173.903 m	£211.045 m
Estimate of capital expenditure (Revised)	£16.219 m	£74.824 m	£91.043 m
Actual Capital Expenditure	£10.867 m	£41.874 m	£52.741 m

The variation between the revised and actual indicators is mainly due to capital projects deferred to later years.

2. Actual capital financing requirement 2019/20

	HRA	Non-HRA	Total
Estimate of Capital Financing Requirement (Original)	£9.460 m	£117.830 m	£127.290 m
Estimate of Capital Financing Requirement (Revised)	£0.000 m	£43.592 m	£43.592 m
Actual Capital Financing Requirement	£0.000 m	£45.337 m	£45.337 m

The capital financing requirement (CFR) is an indicator of the underlying need to borrow, including 'internal borrowing'. The original estimate assumed borrowing for the major projects in 2019/20 which has not been required due to slippage. The majority of the £43.592m revised estimate relates to internal borrowing in previous years reflecting the use of cash received from the sale of long leases (treated as deferred income in accordance with accounting standards) to finance capital expenditure, including most notably an element of the 2016/17 Crossrail payment. The increase of £1.745m over the revised estimate relates to the leasing of cleansing vehicles embedded within the new cleansing contract.

The zero CFR for the HRA reflects its current debt-free status, pending further planned borrowing to fund the decent homes improvement programme. The borrowing assumed in the original estimate was not required due to slippage in the HRA capital programme.

The method of calculating the HRA and non-HRA elements is prescribed under statute, with the overall figures derived directly from the balance sheet.

3. Actual External Debt as at 31.03.2020

	Borrowing	Other Long Term Liabilities	Total
Actual External Debt	£0	£0	£0

The City Fund currently remains free of external debt.

4. Actual Ratio of Financing Costs to Net Revenue Stream 2019/20

	HRA	Non-HRA	Total
Ratio of Financing Costs to Net Revenue Stream (Original)	0.68	-0.39	-0.30
Ratio of Financing Costs to Net Revenue Stream (Revised)	0.66	-0.41	-0.39
Actual Ratio of Financing Costs to Net Revenue Stream	0.00	-0.46	-0.42

This ratio aims to demonstrate the extent to which the net revenue consequences of borrowing impact on the net revenue stream.

The actual HRA ratio of zero means that no capital financing costs were met direct from the HRA revenue stream in 2019/20. The decrease over the estimate is due to slippage in the HRA capital programme resulting in the borrowing being deferred.

The City Fund is a net lender in its treasury operations and is in receipt of significant rental income from investment properties and therefore the Non-HRA and Total ratios are negative. The increase over the estimate arises from higher than anticipated net income.