

**PRUDENTIAL INDICATORS - 2020/21 OUTTURN**

The tables below detail the four **Actual** prudential indicators applicable to 2020/21 which have been derived from the 2020/21 City Fund draft published accounts. These 'actual' indicators have been compared to the appropriate estimate indicators. The **Original** estimate indicators were prepared in February 2020 at the time of setting the 2020/21 budget and the **Revised** estimate indicators were prepared to inform the setting of the 2021/22 budget in February 2021.

**1. Actual capital expenditure 2020/21**

	HRA	Non-HRA	Total
Estimate of capital expenditure ( <b>Original</b> )	£48.741 m	£102.03 m	£150.767 m
Estimate of capital expenditure ( <b>Revised</b> )	£30.874 m	£93.04 m	£123.915 m
<b>Actual Capital Expenditure</b>	<b>£13.233 m</b>	<b>£48.524 m</b>	<b>£61.757 m</b>

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

**2. Actual capital financing requirement 2020/21**

	HRA	Non-HRA	Total
Estimate of Capital Financing Requirement ( <b>Original</b> )	£22,000 m	£56,458 m	£78,458 m
Estimate of Capital Financing Requirement ( <b>Revised</b> )	£0.000 m	£64.877 m	£64.877 m
<b>Actual Capital Financing Requirement</b>	<b>£0.000 m</b>	<b>£53.455 m</b>	<b>£53.455 m</b>

The capital financing requirement (CFR) is an indicator of the underlying need to borrow, including 'internal borrowing'. The majority of the CFR relates to internal borrowing 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. The reductions against the original and revised estimates are reflective of slippage in the capital programme.

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 31.03.2021**

	Borrowing	Other Long Term Liabilities	Total
<b>Actual External Debt</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>

The City Fund currently remains free of external debt.

**4. Actual Ratio of Financing Costs to Net Revenue Stream 2020/21**

	HRA	Non-HRA	Total
Ratio of Financing Costs to Net Revenue Stream ( <b>Original</b> )	0.43	-0.42	-0.30
Ratio of Financing Costs to Net Revenue Stream ( <b>Revised</b> )	0.24	-0.30	-0.26
<b>Actual Ratio of Financing Costs to Net Revenue Stream</b>	<b>0.25</b>	<b>-0.35</b>	<b>-0.30</b>

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

The actual HRA ratio *currently* represents the revenue contribution to capital financing as a proportion of the HRA revenue streams. The minimum amount of the contribution (via the Major Repairs Reserve) is set via legislation to equate to the depreciation charge. The original estimate was significantly higher than the actual as it assumed the need for additional funding through borrowing which was not required due to slippage in the HRA capital programme.

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 a combination of higher than anticipated income and lower than expected revenue expenditure.