

APPENDIX A

Treasury Indicators 2021/22

Capital Expenditure – This prudential indicator is a summary of the Council's capital expenditure plans, and financing requirements. Any shortfall of resources results in a funding borrowing need.

Capital Expenditure	2020/21 Actual £000s	2021/22 Estimate £000s	2021/22 Revised £000s	2021/22 Actual £000s
HRA	3,271	7,916	10,156	5,696
General Fund	35,489	67,367	62,508	29,688
Non-Financial Investments				
- Investment Properties	8,143	470	442	0
- Capital Loans	150	14,431	6,445	0
Total	47,053	90,184	46,737	35,384
Financed by:				
Capital Receipts	1,799	20,049	15,606	2,279
Earmarked Reserves	2,847	1,238	3,430	331
Capital Grants & Contributions	199	545	4,986	1,203
Revenue	3,259	6,716	9,331	5,029
Total	8,104	28,548	33,353	8,842
Net financing need for the year	38,949	61,636	46,198	26,542

The net financing need for non-financial investments included in the above table against expenditure is shown below:

	2020/21 Actual £000s	2021/22 Estimate £000s	2021/22 Revised £000s	2021/22 Actual £000s
Capital expenditure	8,293	14,091	6,887	0
Financing costs met	150	14,431	6,445	0
Net financing need for the year	8,143	470	442	0
Percentage of total net financing need	21%	1%	1%	0%

The Council's borrowing need (the Capital Financing Requirement) - The Council's Capital Financing Requirement (CFR), is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need. Any capital expenditure, which has not immediately been paid for, will increase the CFR.

	2020/21 Actual £000s	2021/22 Estimate £000s	2021/22 Revised £000s	2021/22 Actual £000s
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CFR:				
- HRA	101,956	101,956	101,956	101,956
- General Fund	100,684	124,380	143,881	144,322
- Non-Financial Investments	441,171	446,537	433,102	432,661
CFR at 1 April	643,811	672,876	678,939	678,939
Net financing need for the year	38,948	61,636	46,198	26,542
Less MRP/VRP and other financing movements	(3,820)	(3,973)	(4,275)	(4,275)
CFR at 31 March	678,939	730,539	720,862	701,206

The CFR does not increase indefinitely, as the Minimum Revenue Provision (MRP) is a statutory annual revenue charge which broadly reduces the borrowing need in line with each asset's life and so charges the economic consumption of capital assets as they are used.

The CFR includes any other long term liabilities (e.g. PFI schemes, finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of schemes include a borrowing facility and so the Council is not required to separately borrow for these schemes. The Council currently has no such schemes, however the introduction of International Financial Reporting Standard 16: Leases during 2022/23 will change that as assets embedded into contracts are brought on to the Council's balance sheet as finance leases.

Current Portfolio Position - The Council's treasury portfolio position is summarised below. The table shows the actual external debt (the treasury management operations), against the underlying capital borrowing need (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

	2020/21 Actual £000s	2021/22 Estimate £000s	2021/22 Revised £000s	2021/22 Actual £000s
External Debt at 1 April	-	660,431	627,629	-
Expected change in Debt	-	59,680	46,198	-
Actual gross debt at 31 March	627,629	720,111	673,827	654,084
Capital Financing Requirement	678,939	730,539	720,862	701,206
Under / (over) borrowing	51,310	10,428	47,035	47,122

The under borrowed position is due to internal borrowing. This is temporary funding of capital expenditure using positive cash flows and internal balances. A small part of this difference (approximately £450,000) represents the value of balances held on behalf of local trusts (e.g. Cabrera Recreation Ground Trust, Runnymede Pleasure Ground Trust etc). This gives the Trusts certainty of income and quick access if needed.

Within the Actual gross debt at 31 March figures shown above, the level of debt relating to non-financial investments is:

	2020/21 Actual £000s	2021/22 Estimate £000s	2021/22 Revised £000s	2021/22 Actual £000s
Debt at 31 March	432,661	489,675	464,940	442,178

Percentage of total external debt	69%	68%	69%	68%
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The Operational Boundary – This is the limit beyond 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. **The authorised limit for external borrowing.** – A further key prudential indicator represents a control on the maximum level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by the Full Council. 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. This is the statutory limit determined under Section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all Councils' plans, or those of a specific Council, although this power has not yet been exercised.

	2021/22 £000s
Operational Boundary	737,857
Authorised Limit	759,704
Actual Borrowings	653,731

This limit includes a “cushion” to allow for the non repayment of any borrowing at the required time and headroom for rescheduling of debts (i.e. borrowing new money in advance of repayment of existing). This was not required during the year.

Interest Rate exposure - The upper limits on variable interest rate exposure indicator is set to control the Council's net exposure (taking borrowings and investments together) to interest rate risk. Its intention is to ensure that the Council is not exposed to interest rate rises which could adversely impact the revenue budget.

	2020/21 Actual £000s	2021/22 Estimate £000s	2021/22 Revised £000s	2021/22 Actual £000s
Upper limits on fixed interest rates based on net debt	573,250	690,907	669,744	586.309
Upper limits on variable interest rates based on net debt	0	0	0	0

The Upper Limit on fixed interest rates is calculated using the maximum allowed debt (The Authorised Borrowing Limit/Actual borrowing) less Fixed Term investments.

As the Council does not borrow at variable rates of interest, the Upper limits on variable interest rates are zero.

Investment Treasury Indicator and Limit - total principal funds invested for greater than 364 days. These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment and are based on the availability of funds after each year-end.

	2020/21 Actual £000s	2021/22 Estimate £000s	2021/22 Revised £000s	2021/22 Actual £000s
Upper limits on Principal sums invested for over 364 days	0	3,000	1,000	0

There were no investments made for a period of greater than 364 days at the 31 March 2022.

Maturity structure of fixed interest rate borrowing (Upper Limit)

	2020/21 Actual %	2021/22 Estimate %	2021/22 Revised %	2021/22 Actual %
Under 12 months	0	25	25	2
12 months to 2 years	1	25	25	2
2 years to 5 years	9	25	25	5
5 years to 10 years	8	50	50	12
10 years to 20 years	13	100	100	12
20 years to 30 years	7	100	100	3
30 years to 40 years	0	100	100	8
40 years to 50 years	62	100	100	56

As the Council does not borrow at variable rates of interest, the upper limit on this type of debt will always be nil, therefore no table has been produced for variable interest rate borrowing.