

PRUDENTIAL INDICATORS

CAPITAL EXPENDITURE

This is an estimate of the amount of investment planned over the period. As can be seen, not all investment necessarily has an impact on the Council Tax, schemes funded by grants, capital receipts or external contributions mean that the effect on the Council Tax is greatly reduced.

Capital Expenditure - General Fund £000s	2022/23			Notes	2023/24 as	Amended
	2021/22 Actual	Approved budget	2022/23 Actual		agreed by full Council 2 March 2023	2023/24 for carry forwards
Total Capital Expenditure	4,308	16,498	3,931		827	12,798
Financing - General Fund						
External contributions	(141)	(902)	(505)		-	(397)
Section 106	(1)	(163)	(80)		-	(81)
Coast protection grant	(451)	-	-		-	-
Other Government grants	(13)	(951)	(242)		-	(709)
Disabled Facilities Grant	(666)	(8,730)	(993)		(757)	(8,494)
Capital receipts	-	(1,000)	-		-	(1,000)
Direct revenue contributions	(222)	(905)	(178)		(70)	(778)
Earmarked reserves	(2,814)	(3,847)	(1,933)		-	(1,339)
Total Capital Financing	(4,308)	(16,498)	(3,931)	-	(827)	(12,798)
Net Financing need (External Borrowing)	0	0	0		0	0

Housing Revenue Account Capital Schemes £000	2022/23			Notes	2023/24 as	Amended
	2021/22 Actual	Approved budget	2022/23 Actual		agreed by full Council 2 March 2023	2023/24 for carry forwards
Total Capital Expenditure	4,317	11,049	7,351		7,978	11,882
Financing - Housing Revenue Account						
Major repairs reserve	(3,089)	(4,178)	(3,940)		(3,314)	(3,764)
Direct revenue contributions	(187)	(1,570)	(43)		(614)	(2,141)
Section 106	(774)	(333)	(328)		-	-
Capital receipts	(68)	(65)	-		(4,050)	(4,114)
External contributions	(199)	(4,197)	(2,745)		-	(1,452)
Government grant	-	(706)	(295)		-	(411)
Total Capital Financing	(4,317)	(11,049)	(7,351)		(7,978)	(11,882)
Net Financing need (External Borrowing)	0	0	0		0	0

CAPITAL FINANCING REQUIREMENT

Each year, the Council finances the capital programme by a number of means, one of which could be borrowing. The Capital Financing Requirement (CFR) represents the cumulative amount of borrowing that has been incurred to pay for the Council's capital assets, less amounts that have been set aside for the repayment of debt over the years. The Council is only allowed to borrow long term to support its capital programme. It is not allowed to borrow long term to support its revenue budget.

CAPITAL FINANCING REQUIREMENT	2022/23			Notes	2023/24 as
	2021/22	2022/23	2022/23		agreed by full
	Actual	Estimate	Actual		Council 2 March 2023
	£000	£000	£000		£000
General Fund	5,021	4,820	4,820		4,627
Housing Revenue Account	36,777	35,363	35,363		33,949
Total	41,798	40,183	40,183		38,576

GROSS DEBT AND THE CAPITAL FINANCING REQUIREMENT

This indicator compares the Capital Financing Requirement to the level of external debt and shows how much of the capital programme is financed from internal resources. The capital programme is partially funded in the short to medium term by internal resources when investment interest rates are significantly lower than long term borrowing rates. Net interest payments are, therefore, optimised.

PRUDENTIAL INDICATOR	2021/22	2022/23	2022/23	Notes	2023/24 as
	Actual	Estimate	Actual		agreed by full
	£000	£000	£000		Council 2
Capital Financing Requirement	41,798	40,183	40,183		March 2023
External debt	36,921	34,699	34,699		£000
Internal borrowing	4,877	5,484	5,484		38,576
					33,277
					5,299

OPERATIONAL BOUNDARY AND AUTHORISED LIMIT

The Council must set an operational boundary and authorised limit for external debt. The operational boundary is based on the Council's estimate of most likely, i.e. prudent, but not worst case scenario for external debt. It reflects the decision on the amount of debt needed for the Capital Programme for the relevant year. It also takes account of other long term liabilities, which comprise finance leases, Private Finance Initiative and other liabilities that are not borrowing but form part of the Council's debt. The Council has none of these at present.

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 Council can legally owe. The authorised limit provides headroom over and above the operational boundary for unusual cash movements.

PRUDENTIAL INDICATOR	2021/22	2022/23	2022/23	Notes	2023/24 as
	Actual	Estimate	Actual		agreed by full
	£000	£000	£000		Council 2
Operational boundary - borrowing	67,180	67,723	67,723		March 2023
Authorised limit - borrowing	75,820	76,333	76,333		£000
					65,584
					75,609

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, but this is no longer net of investment income.

ESTIMATE OF THE RATIO OF FINANCING COSTS TO NET REVENUE	2021/22	2022/23	2022/23	Notes	2023/24 as
	Actual	Estimate	Actual		agreed by full
	£000	£000	£000		Council 2
General Fund	1.63	1.65	1.81		March 2023
Housing Revenue Account	40.13	45.65	42.14		£000
					1.41
					42.95

RATIO OF COMMERCIAL AND SERVICE INVESTMENTS TO NET REVENUE STREAM

This is a new indicator from 2023/24 and highlights how much of the Council's net revenue spend is financed by income from commercial and service investments. The Council has one commercial investment and no service investments

ESTIMATE OF THE RATIO OF COMMERCIAL INVESTMENTS TO NET REVENUE	2021/22	2022/23	2022/23	Notes	2023/24 as
	Actual	Estimate	Actual		agreed by full
	%	%	%		Council 2
General Fund	n/a	-1.78	-1.93		March 2023
					%
					-1.60

INTEREST RATE EXPOSURE

Tendring District Council currently has all its borrowings at fixed rate and usually has a mixture of fixed and variable rate investments. This indicator is set to control the Council's exposure to interest rate risk.

PRUDENTIAL INDICATOR	2021/22	2022/23	2022/23	Notes	2023/24 as
	Actual	Estimate	Actual		agreed by full
	£000	£000	£000		Council 2
Upper limit for Fixed Interest Rates on debt	41,798	40,183	40,183		March 2023 £000 38,576
Upper limit for Variable Interest Rates on debt (based on 30% of the fixed rate limit)	12,539	12,055	12,055		11,573

TOTAL PRINCIPAL SUMS INVESTED FOR PERIODS LONGER THAN 364 DAYS (excluding property)

Interest rate risk is also affected by the proportion of the investments invested at fixed rates for longer periods, especially in a period when rates are expected to rise.

PRUDENTIAL INDICATOR	2021/22	2022/23	2022/23	Notes	2023/24 as
	Actual	Estimate	Actual		agreed by full
	£000	£000	£000		Council 2
Limits on the total principal sum invested to final maturities longer than 364 days	3,500	3,500	3,500		March 2023 £000 3,500

MATURITY STRUCTURE OF FIXED RATE BORROWING

This indicator is set to control the Council's exposure to refinancing risk. The limits are set for each age range to ensure that the Council avoids too many fixed rate loans being matured at one time and spreads the maturity across several periods. The percentages for the upper and lower limits do not add up to 100% as they do not represent an actual allocation.

PRUDENTIAL INDICATOR	Upper limit	Lower limit	Actual	2023/24 as	
			outstanding	agreed by full	
			debt maturity	Council 2	
	%	%	% at	March 2023	
			31/03/2023	31/03/2024	
Under 12 months	25	0	4.10%	7.88%	
12 months and within 24 months	30	0	7.56%	7.28%	
24 months and within 5 years	60	0	17.10%	13.83%	
5 years and within 10 years	75	0	14.60%	14.07%	
10 years and above	95	25			
10-20 years			13.41%	11.86%	
20-30 years			25.49%	33.06%	
>30 years			17.29%	12.02%	

TREASURY INDICATOR - EXPOSURE TO CREDIT RISK

The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average score of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) using the rating applicable when it is taken out and taking the arithmetic average, weighted by the size of each investment. Investments in government instruments such as DMO, treasury bills and in local authorities are scored as 1.

TREASURY INDICATOR	2021/22	2022/23	2022/23
	Actual	Actual	Upper limit
Average credit score for investments	1.18	1.17	2.00