

Prudential Indicators - Forecast 2019-2022

Debt

Table 1: Capital financing requirement:	2018/19 Estimated Outturn £'000	2019/20 Budget £'000	2020/21 Budget £'000	2021/22 Budget £'000
Council's infrastructure capital				
Opening balance (estimated)	182,899	162,289	200,023	248,413
Capital expenditure funded by Borrowing	69,414	41,422	52,078	22,024
Transfer to commercial activities CFR	(87,113)	0	0	0
Sub Total	165,200	203,711	252,101	270,437
Less Minimum Revenue Provision				
MRP charge	(2,495)	(3,340)	(3,340)	(3,340)
PFI principal charge	(283)	(215)	(215)	(215)
Swap funding /repayment of forward funding	(133)	(133)	(133)	(133)
Loan repayment				(976)
Sub Total	(2,911)	(3,688)	(3,688)	(4,664)
Closing Balance	162,289	200,023	248,413	265,773
Movement	(20,610)	37,734	48,390	17,360

Table 2: Capital financing requirement:	2018/19 Estimated Outturn £'000	2019/20 Budget £'000	2020/21 Budget £'000	2021/22 Budget £'000
Commercial activities				
Opening balance (estimated)	0	87,113	182,979	194,145
Capital net expenditure funded by Borrowing	0	95,866	11,166	9,951
Transfer from Council's infrastructure capital	87,113			
Sub Total	87,113	182,979	194,145	204,096
Less Minimum Revenue Provision				
	0			
Sub Total	0	0	0	0
Closing Balance	87,113	182,979	194,145	204,096
Movement	87,113	95,866	11,166	9,951

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Table 3: % Ratio of financing costs to net revenue stream:

Council's infrastructure capital & Commercial activities

	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
	£'000	£'000	£'000	£'000
Financing Costs (including MRP & interest costs)	3,527	4,453	6,809	7,463
Divide By				
Net Revenue Stream	115,289	123,996	126,476	129,006
Total services	3.06%	3.59%	5.38%	5.79%

Note: These will be updated once the MTFP budget is set by council

HRA

Table 4: Capital financing requirement HRA

	2018/19 Estimated Outturn £'000	2019/20 Budget £'000	2020/21 Budget £'000	2021/22 Budget £'000
Opening balance (estimated)	88,650	85,552	85,372	81,890
Capital expenditure funded by Borrowing	0	1,808	0	0
Sub Total	88,650	87,360	85,372	81,890
Less Minimum Revenue Provision				
Loan repayment	(3,098)	(1,988)	(3,482)	(4,223)
Sub Total	(3,098)	(1,988)	(3,482)	(4,223)
Closing Balance	85,552	85,372	81,890	77,667
Movement	(3,098)	(180)	(3,482)	(4,223)

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General Fund & HRA

Table 5: Capital financing requirement – General fund and HRA

	2018/19 Estimated Outturn £'000	2019/20 Budget £'000	2021/22 Budget £'000	2021/22 Budget £'000
Wokingham Borough council (tables 1,2 &4)				
Opening balance (estimated)	271,549	334,954	468,375	524,448
Capital net expenditure funded by Borrowing	69,414	139,097	63,243	31,975
Sub Total	340,963	474,051	531,618	556,423
Less Minimum Revenue Provision				
MRP charge / loan repayment	(5,593)	(5,328)	(6,822)	(8,539)
PFI principal charge	(283)	(215)	(215)	(215)
Swap funding /repayment of forward funding	(133)	(133)	(133)	(133)
Sub Total	(6,009)	(5,676)	(7,170)	(8,887)
Closing Balance	334,954	468,375	524,448	547,536
Movement	63,405	133,421	56,073	23,088

Table 6: Borrowing – Internal/external split

	2018/19 Estimated Outturn £'000	2019/20 Budget £'000	2020/21 Budget £'000	2021/22 Budget £'000
External Borrowing c/fwd.	(145,256)	(181,908)	(295,170)	(348,182)
Loan Maturities	3,348	2,738	41,988	3,482
New Loans	(40,000)	(116,000)	(95,000)	(30,000)
External borrowing	(181,908)	(295,170)	(348,182)	(374,700)
Internal borrowing	(144,446)	(164,605)	(167,666)	(164,236)
External Borrowing	(181,908)	(295,170)	(348,182)	(374,700)
Total borrowing	(326,354)	(459,775)	(515,848)	(538,936)
Expenditure to be funded by borrowing	326,354	459,775	515,848	538,936
% of internal borrowing to CFR	42.04%	34.51%	31.45%	29.53%
Total borrowing broken down into CFR Categories				
Council's infrastructure capital	162,289	200,024	248,413	265,773
Housing Revenue Account (HRA)	85,552	85,372	81,890	77,667
Commercial activities	87,113	182,979	194,145	204,096
Less other long term liabilities	(8,600)	(8,600)	(8,600)	(8,600)
Total	326,354	459,775	515,848	538,936
Total borrowing	326,354	459,775	515,848	538,936

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Note:* This will be reviewed on a regular basis to make sure we are getting best value for money. The Council is currently using its own cash flow (as rates of return are low), if rates start to increase a new external loan may need to be taken out.

The council's capital programme now includes many large infrastructure schemes that span a number of years. It is not uncommon or unreasonable for the profiling of these to be refined once the initial budget has been approved and the precise timing of expenditure becomes clearer as projects move from feasibility and planning through to delivery. Our capital finance specialists meet regularly with our key project and programme managers to update predictions and find ways to improve the accuracy of our capital monitoring. This has included the receipt of more detailed information on projects and a new profiling methodology for the capital programme in accordance with The Royal Institute of British Architects (RIBA) planned stage process. Work will continue to do what we can to improve the financial arrangements, however it should be recognised that it contains by its nature, sizeable and often uncontrollable, fluctuations

Table 7: Budgeted Maturity structure of borrowing

	Estimated 18-19	budgeted 19-20
Under 12 months	1.51%	2.00%
12 months to 2 years	18.41%	15.00%
2 years to 5 years	10.27%	15.00%
5 years to 10 years	12.77%	10.00%
10 years and above	57.05%	58.00%
	100.00%	100.00%
Average borrowing rate	3.10%	3.50%

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Investment

Table 8 : Investments

	2018/19 Estimate £'000	2019/20 Budget £'000	2020/21 Budget £'000	2021/22 Budget £'000
Loans to WHL/HRA/WTCR balance @ 31-03-19	79,032	115,159	123,205	128,887
Rate of return (average)*	3.2%	2.8%	2.7%	2.7%
Returns on investment	(2,515)	(3,182)	(3,357)	(3,532)
Local Authorities/fund managers balance @ 31/03/19	83,512	70,770	49,539	34,677
Rate of return (average)	0.5%	0.8%	1.0%	1.2%
Returns on investment	(546)	(531)	(495)	(399)

Interest rates on historic loans to WHL/HRA/WTCR (commercial activities) have been reviewed and updated to reflect current market conditions this has resulted in a small reduction in the average rate of return on historic loans

Please note the rate of return for internal investments is a very prudent estimate

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