

HRA PRUDENTIAL INDICATOR MONITORING

The following paragraphs provide an overview of the main changes to the Prudential Indicators set in February 2015 as part of Communities Services (Housing Division) rent setting process. Where relevant a comparison between budgeted and actual indicators is also provided.

ESTIMATES OF CAPITAL EXPENDITURE – HRA

2014/15 Actual v Estimate	
Estimated gross capital expenditure per 2014/18 Financial Plan	£13.710m
Actual gross capital expenditure per 2014/15 Capital Management Accounts	£13.566m
Movement	£0.144m

The above reduction in expenditure was mainly due to slower than anticipated progress across the Capital Programme in the last 2 months of the year.

2015/16 to 2017/18 Estimates			
	2015/16	2016/17	2017/18
Estimated gross capital expenditure per 2014/15 Financial Plan	£8.550m	£15.889m	£15.722m
Estimated gross capital expenditure per 2015/19 Financial Plan	£8.569m	£12.368m	£19.831m
Movement	(£0,019m)	£3.521m	(£4.109m)

The estimated gross capital expenditure in 2015/16 per the Financial Plan 2015/19 is broadly in line with previous financial plan estimates. When brought together the position for 2016/17 and 2017/18 indicates a small increase mainly due to the commencement of a Bathroom Replacement Programme.

ESTIMATES OF CAPITAL FINANCING REQUIREMENT - HRA

2014/15 Actual v Estimate	
Estimated capital financing requirement per 2015/16 Prudential Indicators	£39.114m
Actual capital financing requirement	£38.037m
Movement	£1.077m

The reduction in the above actual capital financing requirement relates to the use of surplus from revenue activities at the end of the financial year to reduce the in year borrowing requirement

2015/16 to 2017/18 Estimates			
	Estimate as at 31/03/16	Estimate as at 31/03/17	Estimate as at 31/03/18
Estimated capital financing requirement per 2015/16 Prudential Indicators	£38.909m	£43.537m	£48.260m
Revised capital financing requirement per 2016/17 Prudential Indicators	£37.844m	£40.256m	£46.623m
Movement	£1.065m	£3.281m	£1.637m

The above movements in the capital financing requirement largely reflect the changes to the financing of HRA capital expenditure. As with the General Fund, the rate at which borrowing is

incurred compared with the rate at which debt is repaid will also be a factor in movements in the capital financing requirement.

ESTIMATES OF RATIO OF CAPITAL FINANCING COSTS TO NET REVENUE STREAM - HRA

2014/15 Actual v Estimate	
Estimated ratio per 2015/16 Prudential Indicators	9.19%
Actual ratio per 2016/17 Prudential Indicators	8.91%
Movement	0.28%

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2015/16 to 2017/18 Estimates			
	2015/16	2016/17	2017/18
Estimated ratios per 2015/16 Prudential Indicators	9.85%	9.90%	11.14%
Revised ratios per 2016/17 Prudential Indicators	10.38%	8.89%	10.01%
Movement			

The movements in the estimated ratios for 2014/15 and future years reflects an update of forward projections of the capital financing costs budget needs based on the latest HRA financial plan and rises in income from rents. In this regard the revised ratios reflect a small reduction in overall borrowing costs over the three years from 2015/16 primarily through the use of CFCR.

ESTIMATES OF THE INCREMENTAL IMPACT OF CAPITAL INVESTMENT DECISIONS ON HOUSING RENTS

2014/15 Actual v Estimate	
Estimated impact per 2015/16 Prudential Indicators	£0.00
Actual impact per 2016/17 Prudential Indicators	£0.00
Movement	£0.00

2015/16 to 2017/18 Estimates			
	Estimate 2015/16	Estimate 2016/17	Estimate 2017/18
Estimated impact per 2015/16 Prudential Indicators	£0.49	£2.73	£1.59
Revised impact per 2016/17 Prudential Indicators	£0.00	£1.64	£1.87
Movement	£0.49	£1.09	(£0.26)

The reduced incremental impact on rents in 2015/16 reflects the use of the 2014/15 surplus as additional CFCR and the consequent reduction in borrowing taken for that financial year. The movement in the indicators for 2016/17 also reflects reduced finance costs and CFCR resulting from the reduction in the financial plan spend levels for that year. The increased incremental impact in 2017/18 reflects the projected use of CFCR to fund the capital programme.