HRA PRUDENTIAL INDICATOR MONITORING

The following paragraphs provide an overview of the main changes to the Prudential Indicators set in February 2014 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

2013/14 Actual v Estimate	
Estimated gross capital expenditure per 2013/17 Financial Plan	£12.684m
Actual gross capital expenditure per 2013/14 Capital Management Accounts	£11.715m
Movement	(£0.969m)

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.

2014/15 to 2016/17 Estimates			
	2014/15	**2015/16**	**2016/17**
Estimated gross capital expenditure per 2013/17 Financial Plan	£14.305m	£12.615m	£12.615m
Estimated gross capital expenditure per 2014/18 Financial Plan	£13.710m	£8.550m	£15.889m
Movement	(0.595m)	(4.065m)	£3.724m

The reduction in gross capital expenditure in 2014/15 is mainly due to some re-phasing of the Heating Replacement Programmes and a reduction and re-phasing of the required Energy Saving Programme. The reduction in gross expenditure in 2015/16 is mainly due to significant programmes being undertaken in future years requiring longer lead in times and is broadly compensated by the increase in 2016/17.

ESTIMATES OF CAPITAL FINANCING REQUIREMENT - HRA

2013/14 Actual v Estimate	
Estimated capital financing requirement per 2014/15 Prudential Indicators	£38.427m
Actual capital financing requirement	£36.426m
Movement	(£2.001m)

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

2014/15 to 2016/17 Estimates			
	Estimate as at 31/03/15	**Estimate as at 31/03/16**	**Estimate as at 31/03/17**
Estimated capital financing requirement per 2013/14 Prudential Indicators	£42.664m	£46.280m	£47.227m
Revised capital financing requirement per 2014/15 Prudential Indicators	£39.114m	£38.909m	£43.537m
Movement	(£3.550m)	(£7.471m)	(£3.690m)

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

2013/14 Actual v Estimate	
Estimated ratio per 2014/15 Prudential Indicators	9.95%
Actual ratio per 2015/16 Prudential Indicators	9.54%
Movement	(0.41%)

2014/15 to 2016/17 Estimates			
	2014/15	**2015/16**	**2016/17**
Estimated ratios per 2014/15 Prudential Indicators	10.86%	11.05%	11.36%
Revised ratios per 2015/16 Prudential Indicators	9.19%	9.85%	9.90%
Movement	(1.67%)	(1.20%)	(1.46%)

The movements in the estimated ratios for 2013/14 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 are broadly neutral over the three years from 2013/14 primarily through the use of CFCR.

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

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2013/14 Actual v Estimate	
Estimated impact per 2014/15 Prudential Indicators	£0.00
Actual impact per 2015/16 Prudential Indicators	£0.00
Movement	£0.00

2014/15 to 2016/17 Estimates			
	Estimate 2014/15	**Estimate 2015/16**	**Estimate 2016/17**
Estimated impact per 2014/15 Prudential Indicators	£0.77	£1.85	£0.13
Revised impact per 2015/16 Prudential Indicators	£0.00	£0.49	£2.73
Movement	(£0.77)	(£1.36)	+£2.60

The reduced incremental impact on rents in 2014/15 reflects the use of the 2013/14 surplus as additional CFCR and the consequent reduction in borrowing taken for that financial year. The movement in the indicators for 2015/16 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 2016/17 reflects the projected increased use of CFCR to fund the capital programme.
