

PERTH AND KINROSS COUNCIL
PRUDENTIAL INDICATORS - QUARTER ENDING 30 JUNE 2020

Appendix IV

1 Financing Costs: Net Revenue Stream

The ratio of Capital Financing Costs (Loan Charges) to the Council's net revenue stream shall not exceed the following limits, which are based on historic levels, and allow some headroom for movement in interest rates. The estimated Financing Costs below are based on the latest monitoring figures.

| | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 | 2028/29 | 2029/30 |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Prudential Limit - General Fund | 15.00% | 15.00% | 15.00% | 15.00% | 15.00% | 15.00% | 15.00% | 15.00% | 15.00% | 15.00% |
| Estimated Ratio of Financing Costs to Revenue | 8.19% | 8.47% | 8.90% | 9.53% | 8.55% | 9.42% | 9.48% | 9.26% | 9.20% | 9.21% |
| Prudential Limit - HRA | 30.00% | 30.00% | 30.00% | 30.00% | 30.00% | 30.00% | 30.00% | 30.00% | 30.00% | 30.00% |
| Estimated Ratio of Financing Costs to Revenue | 24.70% | 24.57% | 23.90% | 23.83% | 23.69% | 23.86% | 23.71% | 24.42% | 26.28% | 26.41% |

2 Gross & Net Borrowing and Capital Financing Requirements

For prudence, net external borrowing must not exceed the total capital financing requirement, thus ensuring that over the medium term, borrowing is only undertaken for capital purposes. The estimated total net borrowing and Capital Financing Requirement at the end of each of the years are as follows:

| | Actual as at 30-Jun-20 | Projected 31-Mar-21 | Projected 31-Mar-22 | Projected 31-Mar-23 | Projected 31-Mar-24 | Projected 31-Mar-25 | Projected 31-Mar-26 | Projected 31-Mar-27 | Projected 31-Mar-28 | Projected 31-Mar-29 | Projected 31-Mar-30 |
|-------------------------------|---------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| Net External Borrowing* | 484,068,000 | 490,234,000 | 526,574,000 | 702,735,000 | 781,996,000 | 813,812,000 | 823,968,000 | 834,125,000 | 819,281,000 | 831,937,000 | 846,531,000 |
| Gross External Borrowing* | 692,916,000 | 670,234,000 | 656,574,000 | 782,735,000 | 831,996,000 | 863,812,000 | 873,968,000 | 884,125,000 | 869,281,000 | 881,937,000 | 896,531,000 |
| Capital Financing Requirement | 629,424,000 | 625,270,000 | 677,459,000 | 806,289,000 | 855,383,000 | 884,920,000 | 896,305,000 | 905,191,000 | 913,093,000 | 922,250,000 | 937,809,000 |

*For the purpose of this indicator, Borrowing includes the outstanding liability under PPP/PFI contracts.

3 Estimates of Capital Expenditure

The total estimated Capital Expenditure contained within the Council's Budgets for each year is as follows, based on updated monitoring figures.

| Composite Programme | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 | 2028/29 | 2029/30 |
|--|--------------|-------------|-------------|--------------|-------------|------------|------------|-------------|------------|--------------|
| Current estimate | 51,508,000 | 128,672,000 | 166,736,000 | 75,784,000 | 44,342,000 | 31,766,000 | 28,834,000 | 26,728,000 | 27,924,000 | 0 |
| Original Budget Estimate (including Budget Motion) | 76,371,000 | 123,274,000 | 134,383,000 | 114,218,000 | 49,193,000 | 29,760,000 | 29,402,000 | 29,039,000 | 27,194,000 | 28,333,000 |
| Movement in Estimated Capital Expenditure | (24,863,000) | 5,398,000 | 32,353,000 | (38,434,000) | (4,851,000) | 2,006,000 | (568,000) | (2,311,000) | 730,000 | (28,333,000) |

The Original Budget Estimates are those per the 2020/21 to 2029/30 Composite Capital Budget Report on 30th September 2020, including budget motion.

The latest estimates for Capital Expenditure are based on 2020/21 draft SP&R Monitoring Report No.1

| HRA Programme | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 | 2028/29 | 2029/30 |
|---|------------|-------------|-----------|------------|-------------|------------|------------|------------|------------|------------|
| Current estimate | 18,626,000 | 7,430,000 | 7,946,000 | 11,452,000 | 23,188,000 | 15,000,000 | 15,000,000 | 15,000,000 | 15,000,000 | 15,000,000 |
| Original Budget Estimate | 12,555,000 | 9,552,000 | 7,148,000 | 10,321,000 | 28,256,000 | 15,000,000 | 15,000,000 | 15,000,000 | 15,000,000 | 15,000,000 |
| Movement in Estimated Capital Expenditure | 6,071,000 | (2,122,000) | 798,000 | 1,131,000 | (5,068,000) | 0 | 0 | 0 | 0 | 0 |

The Original Budget Estimates are those per the 2019/20 Housing & Communities Budget Report on 23rd January 2019.

The latest estimates for Capital Expenditure are based on 2020/21 draft SP&R Monitoring Report No.1

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4 Estimate of Capital Financing Requirement

The estimate (as at August 2020) of the Capital Financing Requirement (ie new borrowing requirement for Capital Expenditure) for each year based on these plans is as follows:

| Composite Programme | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 | 2028/29 | 2029/30 |
|---|--------------|-------------|-------------|--------------|-------------|------------|------------|-------------|-----------|-------------|
| Current Estimated Capital Financing Requirement | 7,069,000 | 63,138,000 | 139,799,000 | 56,918,000 | 25,492,000 | 12,916,000 | 9,984,000 | 7,878,000 | 9,074,000 | 0 |
| Original Budget Estimate (including Budget Motion) | 65,030,000 | 71,760,000 | 83,077,000 | 94,343,000 | 30,048,000 | 10,910,000 | 10,552,000 | 10,189,000 | 8,344,000 | 9,483,000 |
| Movement in Estimated Capital Financing Requirement | (57,961,000) | (8,622,000) | 56,722,000 | (37,425,000) | (4,556,000) | 2,006,000 | (568,000) | (2,311,000) | 730,000 | (9,483,000) |

The Original Budget Estimates are those per the 2020/21 to 2029/30 Composite Capital Budget Report on 30th September 2020, including budget motion.

The latest estimates for Capital Expenditure are based on 2020/21 draft SP&R Monitoring Report No.1

| HRA Programme | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 | 2028/29 | 2029/30 |
|---|------------|-------------|-----------|-----------|-------------|------------|------------|------------|------------|------------|
| Current Estimated Capital Financing Requirement | 15,856,000 | 4,201,000 | 4,222,000 | 7,448,000 | 18,772,000 | 11,500,000 | 11,500,000 | 11,500,000 | 11,500,000 | 11,500,000 |
| Original Budget Estimate | 10,121,000 | 6,545,000 | 3,918,000 | 6,854,000 | 24,739,000 | 11,500,000 | 11,500,000 | 11,500,000 | 11,500,000 | 11,500,000 |
| Movement in Estimated Capital Financing Requirement | 5,735,000 | (2,344,000) | 304,000 | 594,000 | (5,967,000) | 0 | 0 | 0 | 0 | 0 |

The Original Budget Estimates are those per the 2019/20 Housing & Communities Budget Report on 23rd January 2019.

The latest estimates for Capital Expenditure are based on 2020/21 draft SP&R Monitoring Report No.1

5 External Debt (Gross and Net)

| External Borrowing | As at 30-Jun-20 | Projected 31-Mar-21 | Projected 31-Mar-22 | Projected 31-Mar-23 | Projected 31-Mar-24 | Projected 31-Mar-25 | Projected 31-Mar-26 | Projected 31-Mar-27 | Projected 31-Mar-28 | Projected 31-Mar-29 | Projected 31-Mar-30 |
|----------------------------------|--------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| Public Works Loan Board | 498,000,000 | 490,500,000 | 483,000,000 | 615,000,000 | 670,000,000 | 707,000,000 | 722,000,000 | 737,000,000 | 727,000,000 | 744,500,000 | 764,500,000 |
| Market Bonds | 43,200,000 | 43,200,000 | 43,200,000 | 43,200,000 | 43,200,000 | 43,200,000 | 43,200,000 | 43,200,000 | 43,200,000 | 43,200,000 | 43,200,000 |
| Special Loans | 2,123,841 | 2,123,841 | 2,123,841 | 2,123,841 | 2,123,841 | 2,123,841 | 2,123,841 | 2,123,841 | 2,123,841 | 2,123,841 | 2,123,841 |
| Project Borrowing | 168,445 | 140,000 | 140,000 | 140,000 | 140,000 | (0) | (0) | (0) | (0) | (0) | (0) |
| Temporary Loans/Other Borrowing | 13,621,417 | 2,621,417 | 2,000,000 | 1,700,000 | 1,500,000 | 1,300,000 | 1,300,000 | 1,300,000 | 1,300,000 | 1,300,000 | 1,300,000 |
| Other Long Term Liabilities | 135,802,562 | 131,648,499 | 126,109,749 | 120,570,999 | 115,032,249 | 110,188,449 | 105,344,649 | 100,500,849 | 95,657,049 | 90,813,249 | 85,407,449 |
| Total Gross External Debt | 692,916,264 | 670,233,757 | 656,573,590 | 782,734,840 | 831,996,090 | 863,812,290 | 873,968,490 | 884,124,690 | 869,280,890 | 881,937,090 | 896,531,290 |
| Short Term Investments | (208,848,506) | (180,000,000) | (130,000,000) | (80,000,000) | (50,000,000) | (50,000,000) | (50,000,000) | (50,000,000) | (50,000,000) | (50,000,000) | (50,000,000) |
| Long Term Investments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Net External Debt | 484,067,759 | 490,233,757 | 526,573,590 | 702,734,840 | 781,996,090 | 813,812,290 | 823,968,490 | 834,124,690 | 819,280,890 | 831,937,090 | 846,531,290 |
| Note: | | | | | | | | | | | |
| Operational Boundary | 693,000,000 | 670,000,000 | 657,000,000 | 783,000,000 | 832,000,000 | 864,000,000 | 874,000,000 | 884,000,000 | 869,000,000 | 882,000,000 | 897,000,000 |
| Authorised Limit | 900,000,000 | 900,000,000 | 900,000,000 | 900,000,000 | 900,000,000 | 900,000,000 | 900,000,000 | 900,000,000 | 900,000,000 | 900,000,000 | 900,000,000 |

The Operational Boundary and Authorised Limit are based on Gross External Debt.

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6 Principal Sums Invested Longer Than 365 Days

The Upper Limit for sums invested for over 1 year up to 3 years is £45million.

This limit reflects approximately 20% of the investment balances based on the portfolio as at September 2020. Any such investment must only be made where the Council's projected cashflow balances allow.

7 MATURITY STRUCTURE

The lower and upper limit for the proportion of the Council's total-long term debt which matures in each of the time bandings below, and is therefore subject to refinancing at the prevailing market rates, is as follows:

| Fixed Rate Borrowing Maturity Structure | Lower Limit | Upper Limit | Estimated |
|---|-------------|-------------|-----------|
| Under 12 months | 0% | 35% | 1.7% |
| over 12 months and < 24 months | 0% | 35% | 2.7% |
| over 2 years and < 5 years | 0% | 50% | 6.2% |
| over 5 years and < 10 years | 0% | 75% | 9.2% |
| over 10 years | 10% | 95% | 80.2% |

The maturity profile for the Council's current long-term portfolio as at 30 June 2020, measured from the start of the financial year, is as follows:

| | Less 1 Year | 1 - 2 Years | 2 - 5 Years | 5 - 10 Years | 10 - 20 Years | 20 - 30 Years | 30 - 40 Years | 40 - 50 Years | Over 50 Years | Total |
|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|---------------|--------------------|
| PWLB | 7,500,000 | 12,500,000 | 26,000,000 | 37,500,000 | 5,000,000 | 0 | 24,500,000 | 385,000,000 | 0 | 498,000,000 |
| LOBOs | 0 | 0 | 0 | 0 | 0 | 13,000,000 | 25,200,000 | 5,000,000 | 0 | 43,200,000 |
| PPP Liability | 4,154,063 | 5,538,750 | 15,921,300 | 24,781,000 | 63,512,400 | 21,895,049 | 0 | 0 | 0 | 135,802,562 |
| Other | 28,444 | 0 | 140,000 | 0 | 0 | 0 | 0 | 0 | 0 | 168,444 |
| Total | 11,682,507 | 18,038,750 | 42,061,300 | 62,281,000 | 68,512,400 | 34,895,049 | 49,700,000 | 390,000,000 | 0 | 677,171,006 |
| Percentage | 1.73% | 2.66% | 6.21% | 9.20% | 10.12% | 5.15% | 7.34% | 57.59% | 0.00% | 100.00% |