

## Capital Prudential Indicators

Capital expenditure is where the Council spends money on assets, such as property or vehicles that will be used for more than one year. This includes spending on assets owned by other bodies, loans and grants to other bodies enabling them to buy assets. The Council has some limited discretion on what counts as capital expenditure, for example assets costing below £10,000 are not capitalised and are charged to revenue in year.

The summary of the capital expenditure is shown in the Table 1 below.

Table 1: Summary of Capital Expenditure in £m

	<b>2019/20 Budget</b>	<b>2019/20 Forecast</b>
<b>General Fund Services</b>	7.7	11.1
<b>Capital investments</b>	0.0	14.7
<b>Total</b>	<b>7.7</b>	<b>25.8</b>

All capital expenditure must be financed, either from external sources (government grants and other contributions), the Council's own resources (revenue, reserves and capital receipts) or debt (borrowing and leasing).

Table 2: The summary of Capital financing in £m

	<b>2019/20 Budget</b>	<b>2019/20 Forecast</b>
External sources	1.5	1.8
Own resources	1.2	1.6
Debt	5.0	22.4
<b>Total</b>	<b>7.7</b>	<b>25.8</b>

Debt is only temporary source of finance since loans and leases a must be repaid, and this is therefore replaced over time by other financing, usually from revenue which is known as minimum revenue provision (MRP).

Table 3: The summary of capital Financing Requirement in £m

	<b>2019/20 Budget</b>	<b>2019/20 Forecast</b>
General Fund Services	41.5	47.9
Capital investments	5.7	32.2
<b>Total CFR</b>	<b>47.2</b>	<b>80.1</b>

When a capital asset is no longer needed, it may be sold so that the proceeds known as capital receipts can be spent on new assets or to repay debt. The Council is currently also permitted to spend capital receipts on service transformation projects until 2021/22. Repayments of capital grants, loans and investments also generate capital receipts.

The summary of the capital receipts is shown in Table 4 below in £m.

	<b>2019/20 Budget</b>	<b>2019/20 Forecast</b>
Asset sales	0.88	0.93
Loans repaid	0.32	0.32
<b>Total</b>	<b>1.20</b>	<b>1.25</b>