

## 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. The updated budget includes rephased schemes from 2020/21, in addition to the schemes included in the original budget.

Table 1: Summary of Capital Expenditure in £m

	2021/22 Budget	2021/22 Updated Budget	2021/22 Forecast
General Fund Services	18.20	45.27	34.59
<b>Total</b>	<b>18.20</b>	<b>45.27</b>	<b>34.59</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

	2021/22 Budget	2021/22 Updated Budget	2021/22 Forecast
External sources	14.14	27.25	25.15
Own resources	0.00	0.16	0.16
Capital Receipts	1.06	1.06	1.06
Internal Borrowing or Debt	3.00	16.80	8.22
<b>Total</b>	<b>18.20</b>	<b>45.27</b>	<b>34.59</b>

Debt is only temporary source of finance since loans and leases 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>2021/22 Budget</b>	<b>2021/22 Updated Budget</b>	<b>2021/22 Forecast</b>
General Fund Services	60.35	80.71	81.95
Capital investments	29.28	28.68	28.68
<b>Total</b>	<b>89.63</b>	<b>109.39</b>	<b>110.63</b>

The opening CFR for 2021/22 GF Services £42.75m Capital Investments £28.68m.

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 2022/23. Repayments of capital grants, loan and investments also generate capital receipts.

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

	<b>2021/22 Budget</b>	<b>2021/22 Updated Budget</b>	<b>2021/22 Forecast</b>
Asset sales	1.06	1.06	1.06
Loans repaid	0.00	0.00	0.28
<b>Total</b>	<b>1.06</b>	<b>1.06</b>	<b>1.34</b>