LANCASHIRE COMBINED FIRE AUTHORITY
Meeting to be held on 24 February 2020

CAPITAL STRATEGY & BUDGET 2020/21-2024/25
(Appendix 1 refers)

Contact for further information:
Keith Mattinson - Director of Corporate Services - Telephone Number 01772 866804

Executive Summary

The report sets out the draft capital programme for 2020/21-2024/25.

As in previous years, the draft programme allows for items included within various asset management plans. Slippage of £7.8m has been moved from the 2019/20 capital programme into the 2020/21 capital programme, in line with anticipated spending forecasts. The resultant 20/21 budget is extremely large, and will undoubtedly include slippage into 21/22, however it is too early to estimate this, hence it remains in 20/21.

The draft programme over the next 3 years is affordable as it balances to available reserves, however there is a funding shortfall of £6.8m in the subsequent years. This shortfall would either require an amended (reduced) programme, or an additional £4.8m of borrowing (no allowance has been made for this in the revenue budget presented elsewhere on the agenda).

Recommendation

The Combined Fire Authority is asked to approve:-

- The Capital Strategy;
- The proposed Capital Budget;
- The Prudential Indicators as set out at Appendix 1.

Capital Budget Strategy

The Authority's capital strategy is designed to ensure that the Authority's capital investment:

- assists in delivering the corporate objectives
- provides the framework for capital funding and expenditure decisions, ensuring that capital investment is in line with priorities identified in asset management plans
- ensures statutory requirements are met, i.e. Health and Safety issues
- supports the Medium Term Financial Strategy by ensuring all capital investment decisions consider the future impact on revenue budgets
- demonstrates value for money in ensuring the Authority's assets are enhanced/preserved
- describes the sources of capital funding available for the medium term and how these might be used to achieve a prudent and sustainable capital programme.

Managing capital expenditure

The Capital Programme is prepared annually through the budget setting process, and is reported to the Authority for approval each February. The programme sets out the capital projects taking place in the financial years 2020/21 to 2024/25, and is updated in May to reflect the effects of any slippage from the current financial year (2019/20).

The majority of projects originate from approved asset management plans, subject to assessments of ongoing requirements. Bids for new capital projects are evaluated and prioritised by Executive Board prior to seeking Authority approval.

A budget manager is responsible for the effective financial control and monitoring of their elements of the capital programme. Quarterly returns are submitted to the Director of Corporate Services on progress to date and estimated final costs. Any variations are dealt with in accordance with the Financial Regulations (Section 4.71). Where expenditure is required or anticipated which has not been included in the capital programme, a revision to the Capital Programme must be approved by Resources Committee before that spending can proceed.

Proposed Capital Budget

Capital expenditure is expenditure on major assets such as new buildings, significant building modifications and major pieces of equipment/vehicles.

The Service has developed asset management plans which assist in identifying the long-term capital requirements. These plans, together with the operational equipment register have been used to assist in identifying total requirements and the relevant priorities.

The 2020/21 programme includes various items of slippage that have been removed from the 2019/20 programme as they are not expected to be incurred within the year – these have already been approved previously, but for completeness are:-

Command Units (Mobile Fire Stations)	£0.580m
Pumping appliances x 3 (1920 budget)	£0.630m
Pod x 2 (1819 & 1920 budgets)	£0.055m
CCTV on appliances	£0.100m
Fleet Workshop	£4.170m
Morecambe NWAS & Training hub works	£0.520m
Enhanced station dormitory and shower facilities	£0.225m
Performance Management	£0.100m
VMDS/MDT hardware replacement	£0.400m
ESMCP (Airwave replacement)	£1.000m
Total	£7.780m

A summary of all capital requirements is set out in the table below.

	2020/21	2021/22	2022/23	2023/24	2024/25	TOTAL
	£m	£m	£m	£m	£m	£m
Vehicles	3.249	1.388	1.020	1.132	1.368	**8.157**
Operational Equipment	0.100	0.215	0.500	0.250	1.000	**2.065**
Buildings	5.575	4.695	6.641	4.250	2.750	**23.911**
IT Equipment	1.895	0.600	0.100	-	0.220	**2.815**
Total	**10.819**	**6.898**	**8.261**	**5.632**	**5.338**	**36.947**

Vehicles

The Fleet Asset Management plan has been used as a basis to identify the following vehicle replacement programme, which is based on current approved lives:-

	No of Vehicles				
Type of Vehicle	**2020/21**	**2021/22**	**2022/23**	**2023/24**	**2024/25**
Pumping Appliance	5	2	3	3	5
Command Unit	2	-	-	-	-
Water Tower	1	1	-	-	-
Aerial Ladder Platform (ALP)	1	-	-	-	-
All-Terrain Vehicle	1	-	1	-	-
Prime mover	-	2	-	-	-
Pod	3	-	-	-	-
Operational Support Vehicles	14	11	16	16	10
	27	16	20	19	15

The plan above sets out the content of the vehicle replacement schedule, however the following should be noted:

- Replacement of the ALP in 2021 will keep the number of ALPs at 4 – with the expansion of the Water Tower capability this could potentially be reviewed
- Two additional Water Towers replace a Pumping Appliance in 2021 & 2122 (note the Service is still considering options in terms of its long term capability which may lead to a further two Water Towers replacing Pumping Appliances – this would add a further £0.6m into the programme cost)
- The budget for the provided cars is based on the current cost of a hybrid Toyota Rav4, reducing our impact on the environment
- No allowance has been made for the introduction of vehicles with specific high rise capability

LFRS currently has several vehicles provided and maintained by CLG under New Dimensions (5 Prime Movers and 1 Incident Response Units), which under LFRS replacement schedules would be due for replacement during the period of the programme. However our understanding is that CLG will issue replacement vehicles if they are beyond economic repair, or if the national provision requirement changes. Should LFRS be required to purchase replacement vehicles, grant from CLG may be available to fund them. Based on the current position, we have not included these vehicles (or any potential grant) in our replacement plan.

In addition, Fleet Services continue to review future requirements for the replacement of all vehicles in the portfolio, hence there may be some scope to modify requirements as these reviews are completed, and future replacement programmes will be adjusted accordingly.

Operational Equipment

The following plan allows for the replacement of items at the end of their current asset lives, based on current replacement cost:

	2020/21	2021/22	2022/23	2023/24	2024/25
	£m	£m	£m	£m	£m
Breathing Apparatus (BA) and Telemetry equipment	-	-	0.500	-	-
Cutting and extrication equipment*	-	-	-	-	1.000
Light Portable Pumps	-	0.150	-	-	-
Defibrillators	-	0.065	-	-	-
Thermal Imaging Cameras	-	-	-	0.250	-
CCTV on appliances	0.100	-	-	-	-
	0.100	**0.215**	**0.500**	**0.250**	**1.000**

* The replacement of the cutting & extrication equipment has been pushed back to allow for new lighter equipment technologies to be developed, however this has meant that £0.050m for replacement foot pumps and mini cutters which are end of life will be replaced as part of the revenue operational equipment budget.

Each of these groups of assets is subject to review prior to replacement, which may result in a change of requirements or the asset life.

Buildings

In terms of all the building proposals it must be noted that we are still developing requirements/designs hence costings are to provide some context for decision making.

Of the 20/21 budget, £4.9m has been transferred from the approved 2019/20 programme, comprising £4.2m in relation to the Fleet workshop replacement facility, £0.5m in relation to Morecambe NWAS & Training hub works, with the balance relating to improved station facilities.

	2020/21	2021/22	2022/23	2023/24	2024/25
	£m	£m	£m	£m	£m
Fleet workshop/trainer facilities/etc	4.200	-	-	-	-
Preston fire station rebuild*	-	4.000	4.000	-	-
SHQ relocation*	-	-	2.000	4.000	2.500
Morecambe NWAS & Training hub works	0.600	-	-	-	-
P73 Extension & porta cabin	-	0.110	-	-	-

STC works:					
Lancaster House/conference facilities	-	0.275	-	-	-
Astley House	-	-	0.391	-	-
Dormitories:					
W30	0.200	-	-	-	-
E70	0.100	-	-	-	-
W37 station works (dormitory/shower facilities)	0.275	-	-	-	-
Community room - S56	-	0.110	-	-	-
Drill tower replacements (notional 2 per year)	0.200	0.200	0.250	0.250	0.250
	5.575	**4.695**	**6.641**	**4.250**	**2.750**

* Both Preston Fire Station and the SHQ relocation are subject to ongoing review/business case development, hence costs and timing are estimates only at this stage. Further updates will be presented to Resources Committee in due course.

ICT

The sums identified for the replacement of various ICT systems are in line with the software replacement lifecycle schedule incorporated into the ICT Asset Management Plan. All replacements identified in the programme will be subject to review, with both the requirement for the potential upgrade/replacement and the cost of such being revisited prior to any expenditure being incurred.

	2020/21	**2021/22**	**2022/23**	**2023/24**	**2024/25**
Replace Existing Systems	**£m**	**£m**	**£m**	**£m**	**£m**
Performance management	0.100	-	-	-	-
Hydrant Management system	0.050	-	-	-	-
Incident Command system	0.100	-	-	-	-
Vehicle specification crash recovery software	-	0.020	-	-	-
Pooled PPE system	-	0.080	-	-	-
Finance system	-	0.250	-	-	-
Asset Management system	-	0.100	-	-	-
HR & Payroll system	-	0.150	-	-	-
Community Fire Risk Management Information System (CFRMIS)	-	-	0.100	-	-
Rota management package (WT/On call)	-	-	-	-	0.100
Storage Area Network	-	-	-	-	0.120
	0.250	**0.600**	**0.100**	**-**	**0.220**
	-	-	-	-	-

Operational Communications	-	-	-	-	-
ESMCP (Airwave replacement – assumed fully funded by government grant)	1.000	-	-	-	-
Vehicle Mounted Data Systems (VMDS) hardware replacement	0.400	-	-	-	-
Alerters for RDS/DCP staff	0.065	-	-	-	-
Incident Ground Radios	0.180	-	-	-	-
	1.645	**-**	**-**	**-**	**-**
Total ICT Programme	**1.895**	**0.600**	**0.100**	**-**	**0.220**

Capital Funding

Capital expenditure can be funded from the following sources:

Prudential Borrowing

The Prudential Code gives the Authority increased flexibility over its level of capital investment and much greater freedom to borrow, should this be necessary, to finance planned expenditure. However any future borrowing will incur a financing charge against the revenue budget for the period of the borrowing.

Given the financial position of the Authority we have not needed to borrow since 2007, and repaid a large proportion of our borrowing in October 2017. We have not allowed for any borrowing in the draft programme, although this does result in a funding shortfall in the last 2 years, which is referred to later in the report.

Capital Grant

Capital grants are received from other bodies, typically the Government, in order to facilitate the purchase/replacement of capital items.

The ESMCP project carried forwards from 2019/20 is anticipated to receive £1.0m grant funding which is included in the programme. To date no other capital grant funding has been made available for 2020/21, nor has any indication been given that capital grant will be available in future years, and hence no allowance has been included in the budget.

Capital Receipts

Capital receipts are generated from the sale of surplus land and buildings, with any monies generated being utilised to fund additional capital expenditure either in-year or carried forward to fund the programme in future years.

The Authority held £1.6m of capital receipts as at 31 March 2019. We propose to amend the current accounting policy to have all vehicle sales proceeds classified as capital receipts, rather than revenue income in order to provide more funding for future capital items, therefore we have included notional annual capital receipts of £50k to reflect anticipated disposal proceeds.

At the end of the 5 year programme we will have utilised all the capital receipts, however it should be noted that should the relocation of SHQ go ahead, the income from the sale of the surplus site would be received in 2025/26. This could be in the region of £1.5m dependent on what happens to Fulwood fire station within the site boundary.

Capital Reserves

Capital Reserves have been created from under spends on the revenue budget in order to provide additional funding to support the capital programme in future years. Following completion of the 2019/20 capital programme, the Authority expects to hold £17.0m of capital reserves. Over the life of the programme we anticipate utilising all these reserves.

Revenue Contribution to Capital Outlay (RCCO)

Any revenue surpluses may be transferred to a Capital Reserve in order to fund additional capital expenditure either in-year or carried forward to fund the programme in future years.

In order to balance the capital programme over the next 3 years, we have increased the revenue contribution to £2.15m in 2020/21 returning to £2.0m in subsequent years.

Drawdown of Earmarked Reserves

No allowance has been made for the drawdown of any earmarked reserves.

Drawdown of General Reserves

No allowance has been made for the drawdown of any of the general reserve.

Total Capital Funding

The following table details available capital funding over the five year period:

	2020/21	**2021/22**	**2022/23**	**2023/24**	**2024/25**	**TOTAL**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**
Capital Grant	1.000	-	-	-	-	**1.000**
Capital Receipts	-	1.749	0.050	0.050	0.100	**1.949**
Capital Reserves	7.669	3.149	6.211	0.012	-	**17.041**
Revenue Contributions	2.150	2.000	2.000	2.000	2.000	**10.000**
	10.819	**6.898**	**8.261**	**2.062**	**2.100**	**30.140**

Summary Programme

Based on the draft capital programme as presented we have a shortfall of £7.0m:

	2020/21	**2021/22**	**2022/23**	**2023/24**	**2024/25**	**TOTAL**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**
Capital Requirements	10.819	6.898	8.261	5.632	5.338	36.947
Capital Funding	10.819	6.898	8.261	2.062	2.100	30.140
Surplus/(Shortfall)	**-**	**-**	**-**	**(3.570)**	**(3.238)**	**(6.807)**

This could be funded from additional borrowing, but this would have an impact on the revenue budget, for interest payable and Minimum Revenue Provision (MRP). For example, the above requirement to shortfall would actually result in borrowing £4.8m cash, as we have already set aside funds (prepaid MRP) to offset our existing £2.0m of PWLB. Borrowing over 25 years would cost approx. £0.5m per year in the revenue budget, or the same sum repaid over 50 years would cost approx. £0.3m per year in the revenue budget.

It is also worth highlighting that the programme is based around a number of assumptions which could change:-

- Replacement of the ALP in 2021 will keep the number of ALPs at 4 – with the expansion of the Water Tower capability this could potentially be reviewed
- Two additional Water Towers replace a Pumping Appliance in 2021 & 2122 (note the Service is still considering options in terms of its long term capability which may lead to a further two Water Towers replacing Pumping Appliances – this would add a further £0.6m into the programme cost)
- No allowance has been made for the introduction of vehicles with specific high rise capability
- New Dimensions vehicle replacements are expected to be carried out by CLG, however this position may change;
- All operational equipment item replacements are at estimated costs, and would be subject to proper costings nearer the time;
- The costs and timing for both Preston Fire Station and the SHQ relocation are estimates only at this stage, based on current information, but clearly if/when either of them goes ahead will create a need for external borrowing;
- Property project timings are front-loaded and as such are expected to vary between years;
- Operational Communications replacements (ESMCP) are subject to a great deal of uncertainty in terms of both timing and costs as they are related to a national replacement project, in addition there may be grant funding available for this which is also unknown at this time;
- ICT software replacements are based largely on the ICT asset management plan, and are subject to review prior to replacement, which has led in the past to significant slippage;
- Capital grant may be made available in future years, in order to assist service transformation and greater collaboration;
- Capital receipts of up to £1.5m may be available following the end of the 5 year programme if the relocation of SHQ goes ahead.

Impact on the Revenue budget

It is worth noting that the capital programme and it's funding directly impacts on the revenue budget in terms of capital financing charges and in terms of the revenue contribution to capital outlay. Based on the provisional 1 year settlement the position in respect of the revenue budget appears sustainable. Dependent upon future funding position the revenue contribution to capital (RCCO) could come under increasing pressure, which may mean that the Authority needs to borrow to meet future capital requirements which will impact the revenue budget as capital financing (interest payable and Minimum Revenue Provision) charges, the scale of which will depend upon the type of asset the borrowing is charged against, as it is linked to the life of assets.

It is also worth noting that the capital programme shows the Authority utilising all of its capital reserves and receipts before the end of the 5 year period, meaning that the remainder of the capital programme will need to be met from either capital grant (if available), additional revenue contributions or from new borrowing. Potentially this will also leave a problem in future years beyond this programme where the on-going revenue contribution of £2.0m is insufficient to meet the current vehicle replacement programme and operational equipment capital replacements. For example, from 2025/26 onwards our estimated average annual capital spend (based on current vehicles in service and assumed spends for operational equipment, property and ICT systems) is £2.8m per year, an average shortfall of £0.8m.

Summary

Over the next three years the programme is balanced, and as such can be considered prudent, sustainable and affordable. Should all the items in the five year programme go ahead, potentially significant external borrowing would be required in the latter years of the programme.

However as noted above, should any of the funding assumptions or expenditure items within the programme change, this will have an impact on the overall affordability of the programme.

Prudential Indicators

The Prudential Code gives the Authority increased flexibility over its level of capital investment and much greater freedom to borrow, should this be necessary, to finance planned expenditure. However, in determining the level of borrowing, the Authority must prepare and take account of a number of Prudential Indicators aimed at demonstrating that the level and method of financing capital expenditure is affordable, prudent and sustainable. These Indicators are set out at Appendix 1, along with a brief commentary on each. The Prudential Indicators are based on the programme set out above. These indicators will be updated to reflect the final capital outturn position, and reported to the Resources Committee at the June meeting.

The main emphasis of these Indicators is to enable the Authority to assess whether its proposed spending and its financing is affordable, prudent and sustainable and in this context, the Treasurer's assessment is that, based on the Indicators, this is the case for the following reasons: -

- In terms of prudence, the level of capital expenditure, in absolute terms, is considered to be prudent and sustainable at an annual average of £8.7m over the 3-year period. The trend in the capital financing requirement and the level of external debt are both considered to be within prudent and sustainable levels. No new borrowing is currently planned during the three years.
- In terms of affordability, the negative ratio of financing costs arising from borrowing reflects interest receivable exceeding interest payable and Minimum Revenue Provision payments in each of the three years. This reflects the effect of the previous decision to set aside monies to repay debt.

Financial Implications

The financial implications are set out on the report.

Human Resources Implications

None

Equality and Diversity Implications

The capital programme in respect of replacement/refurbishment of existing property will include some element of adaptations to ensure compliance with the Disability Discrimination Act.

Environmental Impact

The environmental impact of decisions relating to the capital programme will be considered as part of the project planning process, and where possible we will look to minimise the environmental impact of this where it is considered practical and cost effective to do so.

Business Risk Implications

The capital programme is designed to ensure that the Service has the appropriate assets in order to deliver its services; as such it forms a key element in controlling the risk to which the Authority is exposed.

Local Government (Access to Information) Act 1985
List of Background Papers

Paper	Date	Contact
CFA Revenue Budget and Treasury Management Strategy	February 2020	Keith Mattinson Director of Corporate Services
Reason for inclusion in Part II, if appropriate:		

APPENDIX 1

PRUDENTIAL CODE FOR CAPITAL FINANCE

Information

The Prudential Code for capital finance, issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), is in the form of a professional code of practice to support local authorities in taking decisions on capital expenditure, borrowing and investments. In reaching these decisions the Authority must follow good professional practice and must assess the implications of capital expenditure in terms of affordability, prudence and sustainability. To enable authorities to demonstrate that its decisions reflect these principles, the code sets out indicators that must be used and factors which must be taken into account.

Capital Expenditure and Financing

The objective in consideration of the affordability of the Authority's capital plans is to ensure that total capital expenditure remains within sustainable limits.

Capital expenditure 2018/19 to 2022/23

The actual expenditure for 2018/19 and forecast expenditure 2019/20, and estimates of capital expenditure to be incurred in future years, as per the proposed capital programme and allowing for slippage from the 2019/20 programme, are:

	2018/19 Actual	**2019/20 Forecast**	**2020/21 Estimate**	**2021/22 Estimate**	**2022/23 Estimate**
	£m	£m	£m	£m	£m
Capital Expenditure	2.410	3.380	10.819	6.898	8.260

This indicator for 2019/20 will also be updated at the year-end to reflect actual capital expenditure incurred.

Capital financing 2018/19 to 2022/23

All capital expenditure must be financed, either from external resources (government grants and other contributions), the Authority's own resources (revenue contributions, reserves and capital receipts) or debt (borrowing, leasing and Private Finance Initiative). The planned financing of the above expenditure is as follows:

	2018/19 Actual	**2019/20 Forecast**	**2020/21 Estimate**	**2021/22 Estimate**	**2022/23 Estimate**
	£m	£m	£m	£m	£m
Grants and Contributions	-	-	1.000	-	-
Own Resources	2.410	3.380	9.819	6.898	8.260
Debt	-	-	-	-	-
Total	**2.410**	**3.380**	**10.819**	**6.898**	**8.260**

Borrowing Strategy

Capital Financing Requirement (CFR) 2018/19 to 2022/23

	2018/19 Actual	2019/20 Forecast	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate
	£m	£m	£m	£m	£m
Capital Financing Requirement (Debt only)	0.197	-	-	-	-

The capital financing requirement measures the authority's underlying need to borrow for a capital purpose, and reflects the effects of previous investment decisions as well as future planned expenditure. In accordance with best professional practice, the Authority does not associate borrowing with particular items or types of expenditure. External borrowing arises as a consequence of all the financial transactions of the Authority and not simply those arising from capital spending, but in the medium term the Treasurer anticipates that borrowing is undertaken for capital purposes only. These capital financing requirements then feed through into the anticipated level of external debt as reported in the Treasury Management Strategy elsewhere on the agenda, but repeated here for completeness. As reported in the Treasury Management Strategy the Authority has made additional MRP provisions since 2010/11 in order to reduce capital financing requirements to nil.

Authorised limit and operational boundary for its total external debt

In respect of its external debt the Authority is required to set two limits over the three-year period: an authorised limit and an operational boundary. Both are based on the planned capital expenditure, estimates of the capital financing requirement and estimates of cash flow requirements for all purposes. It should be noted that these limits have then been uplifted to include potential borrowing associated with a future decision to go ahead with a replacement Headquarters.

The operational boundary is based on the most likely, but not worst case, scenario and represents the maximum level of external debt projected by these estimates. However, unexpected cashflow movements can occur during the year and some provision needs to be made in setting the authorised limit to deal with this.

The two indicators are as follows:

	2019/20 Actual	2020/21 Forecast	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
	£m	£m	£m	£m	£m
Authorised Limit for External Debt					
Borrowing	6,000	6,000	6,000	6,000	6,000
Other long term liabilities	20,000	20,000	20,000	20,000	20,000
Total	**26,000**	**26,000**	**26,000**	**26,000**	**26,000**
Operational Boundary for External Debt					
Borrowing	3,000	3,000	3,000	3,500	3,000
Other long term liabilities	16,000	15,500	15,000	14,500	16,000
Total	**19,000**	**18,500**	**18,000**	**18,000**	**19,000**

Gross debt and the Capital Financing Requirement

The Prudential Code requires that debt does not exceed the Capital Financing Requirement except in the short term, in order to ensure that over the medium term that debt will only be for capital purposes. This is a key indicator of prudence.

As reported in the Treasury Management Strategy, the Authority has made additional MRP provisions since 2010/11 in order to reduce Capital Financing Requirements and hence the charges associated with this, and in order to set monies aside to pay off debt as it matures. It used these monies to pay off £3.2m of debt in October 2017. As a result of this the level of debt now held, £2.0m, exceeds the capital financing requirement, which will be zero after MRP payments made during 2019/20:-

	2019/20 Actual	**2020/21 Forecast**	**2021/22 Estimate**	**2022/23 Estimate**	**2023/24 Estimate**
	£m	£m	£m	£m	£m
Debt	2.000	2.000	2.000	2.000	2.000
Capital Financing Requirement	-	-	-	-	-

Revenue Budget Implications

Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and Minimum Revenue Provision (MRP, or debt repayments) are charged to revenue, offset by interest receivable. The net annual charge is known as financing costs.

As shown within the Treasury Management Strategy report elsewhere on the agenda, the financing costs are as follows:

	2019/20 Actual	**2020/21 Forecast**	**2021/22 Estimate**	**2022/23 Estimate**	**2023/24 Estimate**
	£m	£m	£m	£m	£m
Interest payable	0.090	0.090	0.090	0.090	0.090
MRP	0.197	0.010	0.010	0.010	0.010
Interest receivable	(0.385)	(0.322)	(0.297)	(0.322)	(0.347)
Net financing costs	**(0.098)**	**(0.222)**	**(0.197)**	**(0.222)**	**(0.247)**

<u>Proportion of financing costs to net revenue stream</u>

	2019/20 Actual	**2020/21 Forecast**	**2021/22 Estimate**	**2022/23 Estimate**	**2023/24 Estimate**
Net financing costs	(£0.098m)	(£0.222m)	(£0.197m)	(£0.222m)	(£0.247m)
Ratio of Financing Costs to Net Revenue Stream	(0.17%)	(0.39%)	(0.34%)	(0.37%)	(0.40%)

The negative percentage of this indicator reflects the low level of underlying debt (following the repayment of the majority of our long term loans during 2017/18) for the Authority in comparison to the authority's level of investment income, i.e. interest receivable is greater than interest payable.