LANCASHIRE COMBINED FIRE AUTHORITY
Meeting to be held on 22 February 2021

CAPITAL STRATEGY & BUDGET 2021/22-2025/26
(Appendix 1 refers)

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Executive Summary

The report sets out the draft capital programme for 2021/22-2025/26.

As in previous years, the draft programme allows for items included within various asset management plans. Estimated slippage of £9.2m has been moved from the 2020/21 capital programme into the 2021/22 capital programme, in line with anticipated spending forecasts. The resultant 21/22 budget is extremely large, and will undoubtedly include slippage into 22/23 and beyond, however given the continuing pandemic it is too early to estimate this; hence it remains in 21/22.

The draft programme as set out is not affordable as there is a funding shortfall of £11.1m in the final year of the programme. This shortfall would either require an amended (reduced) programme, or to take out external borrowing. Assuming £9.1m borrowing is taken out this would lead to an additional revenue charge of between £0.3m-£0.5m per annum.

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 2021/22 to 2025/26, and will be updated in May to reflect the effects of the final level of slippage from the current financial year (2020/21).

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 2021/22 programme includes various items of estimated slippage expected from the 2020/21 programme as they are not expected to be incurred within the year due to the ongoing pandemic and associated capacity issues – which are: -

Aerial Ladder Platform (to be replaced with a Turn Table Ladder)	£0.590m
Command Units (Mobile Fire Stations)	£0.580m
Pumping appliances x 5 (1920 & 2021 budgets)	£1.060m
Water tower	£0.500m
Softrack All-Terrain Vehicle	£0.083m
Pod x 3 (1819, 1920 & 2021 budgets)	£0.083m
Various support vehicles	£0.174m
Future firefighting – reserve appliances	£0.027m
CCTV on appliances	£0.150m
Fleet Workshop	£3.375m
Morecambe NWAS co-location	£0.132m
Enhanced station dormitory and shower facilities	£0.350m

Drill tower replacements	£0.200m
Performance management system	£0.100m
Hydrant management system	£0.050m
Incident command system (linked to command units)	£0.100m
VMDS/MDT hardware replacement (linked to ESMCP)	£0.400m
Incident ground radios (linked to ESMCP)	£0.180m
On-Call alerters (linked to ESMCP)	£0.065m
ESMCP (Airwave replacement)	£1.000m
Total	£9.199m

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

	2021/22 (inc Slippage)	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**TOTAL**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**
Vehicles	**4.525**	**0.996**	**0.947**	**1.592**	**1.712**	**9.772**
Operational Equipment	**0.444**	**1.000**	**0.250**	**0.530**	**-**	**2.224**
Buildings	**4.325**	**1.200**	**8.450**	**3.400**	**11.200**	**28.575**
IT Equipment	**2.005**	**0.350**	**-**	**0.220**	**0.600**	**3.175**
	11.299	**3.546**	**9.647**	**5.742**	**13.512**	**43.745**

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	**2021/22 (inc Slippage)**	**2022/23**	**2023/24**	**2024/25**	**2025/26**
Pumping Appliance	7	3	3	5	6
Command Unit	2	-	-	-	-
Water Tower	2	-	-	-	-
Turntable Ladder	1	-	-	-	-
All-Terrain Vehicle	1	1	-	-	-
Prime mover	2	-	-	-	-
Pod	3	-	-	-	-
Operational Support Vehicles	17	16	10	17	12
	35	20	13	22	18
	Budget (£m)				
Pumping Appliance	1.490	0.661	0.677	1.158	1.424
Command Unit	0.580	-	-	-	-
Water Tower	1.000	-	-	-	-
Turntable Ladder	0.675	-	-	-	-
All-Terrain Vehicle	0.083	0.016	-	-	-
Prime mover	0.215	-	-	-	-

Pod	0.083	-	-	-	-
Operational Support Vehicles	0.400	0.319	0.270	0.434	0.288
	4.525	**0.996**	**0.947**	**1.592**	**1.712**

This is a very large programme and hence some slippage may occur. However, as the previous Head of Fleet Services retired in December and his replacement only started in February it is not possible to predict this with any accuracy at this point in time.

It is worth noting that Lancashire Fire & Rescue Service (LFRS) currently has several vehicles provided and maintained by Communities and Local Government (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:

	2021/22 (inc Slippage)	**2022/23**	**2023/24**	**2024/25**	**2025/26**
	£m	**£m**	**£m**	**£m**	**£m**
Thermal Imaging Cameras	-	-	0.250	-	-
Breathing Apparatus (BA) and Telemetry equipment	-	-	-	0.530	-
Cutting and extrication equipment	-	1.000	-	-	-
Future firefighting – reserve appliances	0.027				
Light Portable Pumps	0.150	-	-	-	-
Defibrillators	0.087	-	-	-	-
CCTV on appliances	0.150	-	-	-	-
Drone	0.030	-	-	-	-
	0.444	**1.000**	**0.250**	**0.530**	**-**

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.

Again, this is a very large programme of works, which will be a challenge to deliver alongside on-going day to day property issues, and any new initiatives that are identified at a later date.

	2021/22 (inc Slippage)	**2022/23**	**2023/24**	**2024/25**	**2025/26**
	£m	**£m**	**£m**	**£m**	**£m**
Fleet workshop/trainer facilities/etc	3.375	-	-	-	-
Preston fire station rebuild	-	-	-	-	8.000
Service Headquarters relocation	0.150	0.750	8.000	3.100	-
Fulwood replacement	-	-	-	-	2.500
Morecambe NWAS	0.150	-	-	-	-
STC works - Astley House	-	-	-	-	0.400
Dormitories:					
W30	0.200	-	-	-	-
E70	0.150	-	-	-	-
Community room - S56		0.150			
P73 Extension & porta cabin	-	-	0.150	-	-
Drill tower replacements (notional 2 per year)	0.300	0.300	0.300	0.300	0.300
	4.325	**1.200**	**8.450**	**3.400**	**11.200**

The costs and timing for both Preston Fire Station and the Service Headquarters relocation are estimates only at this stage, based on current information. As plans are refined further updates will be provided for specific approval.

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.

	2021/22 (inc Slippage)	**2022/23**	**2023/24**	**2024/25**	**2025/26**
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	-	-	-

Asset Management system	0.050	-	-	-	-
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	-
GIS Risk Info (Cadcorp)	-	-	-	-	0.100
WAN (Intrinsic)	-	-	-	-	0.450
IRS/MIS (3TC)	-	-	-	-	0.050
	0.200	**0.350**	**-**	**0.220**	**0.600**
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	-	-	-	-
UPS batteries replacement	0.060	-	-	-	-
	1.705	**-**	**-**	**-**	**-**
Total ICT Programme	**2.005**	**0.350**	**-**	**0.220**	**0.600**

* The HR & Payroll system appears on the plan in line with allocated asset lives, however it is unlikely that we would be replacing these in the timeframes shown as it is outsourced and forms part of on-going SLA.

Capital Funding

Capital expenditure can be funded from the following sources: -

<u>Prudential Borrowing</u>
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.

<u>Capital Grant</u>
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 2020/21 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 2021/22, 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 expects to hold £1.7m of capital receipts as at 31 March 2021. This will be fully utilised during the 5-year programme.

There is no allowance for the potential sale of the existing Fulwood site as this cannot be disposed of until such time as any changes required to Fulwood Fire Station are enacted. Once this is complete sale proceeds are forecast to be in excess of £2m, depending on which Fulwood Fire Station option is undertaken.

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. The Authority expects to hold £18.7m of capital reserves as at 31 March 2021. 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.

The revenue contribution remains the same over the life of the programme, at £2.25m

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:

	2021/22 (inc Slippage)	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**TOTAL**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**
Capital Grant	1.000	-	-	-	-	**1.000**
Capital Receipts	-	-	-	1.663	-	**1.663**
Capital Reserves	8.049	1.296	7.397	1.828	0.150	**18.720**
Revenue Contributions	2.250	2.250	2.250	2.250	2.250	**11.250**
	11.299	**3.546**	**9.647**	**5.741**	**2.400**	**32.633**

Summary Programme

Based on the draft capital programme as presented we have a shortfall of £11.1m:

	2021/22 (inc Slippage)	2022/23	2023/24	2024/25	2025/26	TOTAL
	£m	**£m**	**£m**	**£m**	**£m**	**£m**
Capital Requirements	11.299	3.546	9.647	5.741	13.512	**43.745**
Capital Funding	11.299	3.546	9.647	5.741	2.400	**32.633**
Surplus/(Shortfall)	**-**	**-**	**-**	**-**	**(11.112)**	**(11.112)**

This a very large funding gap, demonstrating that the programme as set out is not achievable without significant borrowing.

Impact on the Revenue budget

It is worth noting that the capital programme and its funding directly impacts on the revenue budget in terms of capital financing charges and in terms of the revenue contribution to capital outlay.

The capital programme shows the Authority utilising all of its capital reserves and receipts part way through 2025/26, 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.

Based on the provisional 1-year settlement, and future forecasts, the position in respect of the revenue budget appears sustainable until March 2024. Dependent upon the outcome of the next Spending Review and its impact on future funding the revenue contribution to capital (RCCO) could come under increasing pressure. It therefore appears unlikely that there will be any scope to increase RCCO in future years. (It is worth noting that the existing contribution of £2.25m is only sufficient to meet the current vehicle replacement programme, any capital requirements over and above must be funded in another way.)

This means that the Authority needs to borrow to meet future capital requirements and this will impact the revenue budget as capital financing (interest payable and Minimum Revenue Provision) charges.

As we have already set aside funds (prepaid MRP) to offset our existing £2.0m of PWLB borrowing we would need to take out new borrowing of £9.1m. This would have a significant impact on the revenue budget, in terms of interest payments and setting aside a sum equivalent to the Minimum Revenue Provision (MRP). Two examples are provided below showing the position over a 25 and a 50-year period, based on current long-term interest rates.

	25 Year	50 Year
	1.67%	1.56%
Interest per annum	£159k	£142k
MRP	£364k	£182k
	£523k	**£324k**

The final year of the revenue budget, presented elsewhere on this agenda, includes the sum of £142k to meet the costs associated with this borrowing, however the impact on the MRP Is not felt until 2026/27.

Programme Assumptions

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

- The programme allows for two additional Water Towers in 2021/22. An option for an enhanced facility incorporating a further 2 water towers was presented to the Authority in December and will be considered further at some point in the next 5 years;
- 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 Service Headquarters 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;
- The HR & Payroll system appear on the plan in line with allocated asset lives, however it is unlikely that we would be replacing these in the timeframes shown;
- 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.

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, significant external borrowing would be required in the final year 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 £8.2m 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 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
None		
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 considered.

<u>Capital Expenditure and Financing</u>

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

<u>Capital expenditure 2019/20 to 2023/24</u>

The actual expenditure for 2019/20 and forecast expenditure 2020/21, and estimates of capital expenditure to be incurred in future years, as per the proposed capital programme and allowing for slippage from the 2020/21 programme, are:

	2019/20 Actual	**2020/21 Forecast**	**2021/22 Estimate**	**2022/23 Estimate**	**2023/24 Estimate**
	£m	£m	£m	£m	£m
Capital Expenditure	2.860	2.020	11.299	3.546	9.647

This indicator for 2020/21 will also be updated at the year-end to reflect actual capital expenditure incurred.

<u>Capital financing 2019/20 to 2023/24</u>

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:

	2019/20 Actual	**2020/21 Forecast**	**2021/22 Estimate**	**2022/23 Estimate**	**2023/24 Estimate**
	£m	£m	£m	£m	£m
Grants and Contributions	-	-	1.000	-	-
Own Resources	2.860	2.020	10.299	3.546	9.647
Debt	-	-	-	-	-
Total	**2.860**	**2.020**	**11.299**	**3.546**	**9.647**

Borrowing Strategy

Capital Financing Requirement (CFR) 2019/20 to 2023/24

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

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	30,000	30,000	30,000	30,000	30,000
Total	**36,000**	**36,000**	**36,000**	**36,000**	**36,000**
Operational Boundary for External Debt					
Borrowing	3,000	3,000	3,000	3,000	3,000
Other long-term liabilities	18,000	18,000	17,000	16,000	15,000
Total	**21,000**	**21,000**	**20,000**	**19,000**	**18,000**

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	(0.332)	(0.322)	(0.175)	(0.075)	(0.060)
Net financing costs	**(0.045)**	**(0.222)**	**(0.175)**	**0.025**	**0.040**

Proportion of financing costs to net revenue stream

	2019/20 Actual	**2020/21 Forecast**	**2021/22 Estimate**	**2022/23 Estimate**	**2023/24 Estimate**
Net financing costs	(£0.045m)	(£0.222m)	(£0.175m)	£0.025m	£0.040m
Ratio of Financing Costs to Net Revenue Stream	(0.42%)	(0.39%)	(0.13%)	0.04%	0.07%

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.