

Prudential Indicators Half-Yearly Update 2023/24

- 1.1 The Council measures and manages its capital expenditure and borrowing with references to the following indicators.
- 1.2 It is now a requirement of the CIPFA Prudential Code that these are reported on a quarterly basis.
- 1.3 **Capital Expenditure:** The Council has undertaken and is planning capital expenditure as summarised below:

	2022/23 actual £m	2023/24 forecast £m	2024/25 budget £m	2025/26 budget £m
General Fund services	5.8	9.4	11.9	5.5
Housing Revenue Account (HRA)		10.2	15.5	14.3
Capital investments	0.0	0.0	0.0	0.0

- 1.4 The main General Fund capital projects to date have included expenditure of £1.7m on major refurbishment works to the Council's main offices, £1.5m of expenditure to replace the council's fleet vehicles with green vehicles and spend of £0.4m on public realm improvement works at Marlborough square. The Housing Revenue Account (HRA) expenditure is recorded separately and to date includes £1.4m expenditure to carry improvement works to existing housing stock. Some this expenditure includes work to kitchens, bathrooms, doors and windows as well as fire safety works.
- 1.5 **Capital Financing Requirement:** The Council's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with Minimum Revenue Provision (MRP) / loans fund repayments and capital receipts used to replace debt.

	31.3.2023 actual	31.3.2024 forecast	31.3.2025 budget	31.3.2026 budget
General Fund services	41.8	43.3	44.6	43.9
Council housing (HRA)	55.2	53.6	55.0	61.4
Capital investments	0.0	0.0	0.0	0.0
TOTAL CFR	97.0	96.9	99.6	105.3

- 1.6 **Gross Debt and the Capital Financing Requirement:** Statutory guidance is that debt should remain below the capital financing requirement, except in the short term. The Council has complied and expects to continue to comply with this requirement

in the medium term as is shown below.

	31.3.2023 actual	31.3.2024 forecast	31.3.2025 budget	31.3.2026 budget	Debt at 30.9.2023
Debt (incl. PFI & leases)	62.6	59.9	58.6	57.3	62.0
Capital Financing Requirement	97.0	96.9	99.6	105.3	

- 1.7 **Debt and the Authorised Limit and Operational Boundary:** The Council is legally obliged to set an affordable borrowing limit (also termed the Authorised Limit for external debt) each year and to keep it under review. In line with statutory guidance, a lower “operational boundary” is also set as a warning level should debt approach the limit.

	Maximum debt 2023/24	Debt at 30.9.23	2023/24 Authorised Limit	2023/24 Operational Boundary	Complied?
Borrowing	62.6	62.0	62.6	72.6	Yes
PFI and Finance Leases	0.00	0.00	0.00	0.00	Yes
Total debt	62.6	62.0	62.6	72.6	YES

- 1.8 Since the operational boundary is a management tool for in-year monitoring it is not significant if the boundary is breached on occasions due to variations in cash flow, and this is not counted as a compliance failure. Total debt was above the operational boundary for nil days during the first six months of the year.
- 1.9 **Proportion of Financing Costs to Net Revenue Stream:** Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP / loans fund repayments] are charged to revenue.
- 1.10 The net annual charge is known as financing costs; this is compared to the net revenue stream i.e. the amount funded from Council Tax, business rates and general government grants and rents for the HRA.

	2022/23 actual	2023/24 forecast	2024/25 budget	2025/26 budget
<u>General Fund</u>				
Financing costs (£m)	1.8	1.8	2.2	2.2

Proportion of net revenue stream	11%	10%	12%	13%
<u>Housing Revenue Account</u>				
Financing costs (£m)	1.2	1.2	1.3	1.3
Proportion of net revenue stream	7%	6%	6%	6%

- 1.11 **Treasury Management Indicators:** These indicators (Liability Benchmark, Maturity Structure of Borrowing, Long-Term Treasury Management Investments) are within the Treasury Management Half-Yearly Activity Report 2023/24.