

Prudential Indicators Q3 2024/25

The Authority measures and manages its capital expenditure, borrowing and commercial investments with references to the following indicators.

It is now a requirement of the CIPFA Prudential Code that these are reported on a quarterly basis.

Capital Expenditure: The Authority has undertaken and is planning capital expenditure as summarised below.

	2023/24 forecast * (in millions £)	2024/25 forecast * (in millions £)	2025/26 budget (in millions £)	2026/27 budget (in millions £)
General Fund services	9.4	6.4	9.5	6.4
Council housing (HRA)	10.2	8.1	15.6	15.1

* 2023/24 and 2024/25 forecasts are based on the draft outturn position and may be subject to change

The main General Fund capital projects to date have included Marlborough Square Improvements £1.6m, Disabled Facility Grants (DFG) £0.6m, Kegworth Public Realm Works £0.7m and various UKSPF projects £1.0m. HRA capital expenditure is recorded separately and to date includes New Supply £2.0m, Home Improvement Projects £3.9m and Other HRA Projects £1.8m.

Capital Financing Requirement: The Authority'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 MRP (loans fund repayments) and capital receipts used to replace debt. The actual CFR is calculated on an annual basis.

	2023/24 forecast * (in millions £)	2024/25 forecast * (in millions £)	2025/26 budget (in millions £)	2026/27 budget (in millions £)
General Fund services	38.0	36.6	35.2	33.9
Council housing (HRA)	54.0	52.7	53.3	60.1
TOTAL CFR	92.0	89.3	88.6	94.0

* 2023/24 and 2024/25 forecasts are based on the draft outturn position and may be subject to change

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 Authority has complied and expects to continue to comply with this requirement in the medium term as is shown below.

	2023/24 forecast (in millions £)	2024/25 forecast (in millions £)	2025/26 budget (in millions £)	2026/27 budget (in millions £)	Debt at 31.12.2024 (in millions £)
Debt (incl. PFI & leases)	56.3	58.9	59.3	65.8	55.7
Capital Financing Requirement	92.0	89.3	88.6	94.0	

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

	Maximum debt 2024/25	Debt at 31.12.24	2024/25 Authorised Limit	2024/25 Operational Boundary	Complied? Yes/No
Borrowing	56.3	55.7	99.5	89.5	Yes
PFI & Finance Leases	0.0	0.0	2.0	2.0	Yes
Total debt	56.3	55.7	101.5	91.5	Yes

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.

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. 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.

	2023/24 forecast*	2024/25 forecast*	2025/26 budget	2026/27 budget
<u>General Fund</u>				
Net Financing costs (£m)	1.8	1.6	1.9	1.8
Proportion of net revenue stream	10%	8%	10%	11%
<u>Housing Revenue Account</u>				
Net Financing costs (£m)	1.6	1.3	1.9	2.1
Proportion of net revenue stream	8%	6%	9%	9%

* 2023/24 and 2024/25 forecasts are based on the draft outturn position and may be subject to change