

Prudential Indicators Q1 2024/25

1. The Council measures and manages its capital expenditure, borrowing and service investments with references to the following indicators.
2. It is now a requirement of the CIPFA Prudential Code that these are reported on a quarterly basis.
3. **Capital Expenditure:**

3.1. The Council has undertaken and is planning capital expenditure as summarised below:

	2023/24 actual	2024/25 forecast *	2025/26 budget	2026/27 budget
General Fund services	18,287	16,568	8,184	1,133
Council housing (HRA)	10,231	37,334	30,632	18,689
Capital investments	28,518	53,902	38,816	19,823

3.2. The main General Fund capital projects to date have included Bus Rapid Transit Route and Restoration of Maison Dieu. HRA capital expenditure is recorded separately and to date includes £6m on Housing stock capital work and £4.2m on Affordable Housing Development Projects.

4. **Capital Financing Requirement:**

- 4.1. 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 MRP / loans fund repayments and capital receipts used to replace debt.
- 4.2. The actual CFR is calculated on an annual basis.

	31.3.2024 actual £000	31.3.2025 forecast * £000	31.3.2026 budget £000	31.3.2027 budget £000
General Fund services	74,345	56,155	54,443	53,256
Council housing (HRA)	59,792	105,496	125,813	135,621
Capital investments	28,518	53,902	38,816	19,823
TOTAL CFR	134,317	161,651	180,135	188,877

5. **Gross Debt and the Capital Financing Requirement:**

- 5.1. 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.

	31.3.2024 actual £000	31.3.2025 forecast £000	31.3.2026 budget £000	31.3.2027 budget £000	Debt at 30.6.2024 £000
Debt	108,788	65,778	62,606	62,606	120,232
Capital Financing Requirement	134,317	161,651	180,135	188,877	

6. Debt and the Authorised Limit and Operational Boundary:

6.1. The Council 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.

	Debt at 30.6.24 £m	2024/25 Authorised Limit £m	2024/25 Operational Boundary £m	Complied? Yes/No
Debt	120.2	338.5	333.0	Yes

6.2. 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.

7. Net Income from Commercial and Service Investments to Net Revenue Stream:

7.1. The Council’s income from commercial and service investments as a proportion of its net revenue stream has been and is expected to be as indicated below.

	2023/24 actual £000	2024/25 forecast £000	2025/26 budget £000	2026/27 budget £000
Total net income from service and commercial investments	1,457	1,528	1,528	£1,528
Proportion of net revenue stream	7.6%	7.7%	7.6%	7.9%

8. Proportion of Financing Costs to Net Revenue Stream:

8.1. Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP / loans fund repayments are charged to revenue.

8.2. 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 actual £000	2024/25 forecast * £000	2025/26 budget £000	2026/27 budget £000
Financing costs	2,657	3,721	1,712	1,733

Proportion of net revenue stream	13.9%	18.6%	8.5%	9.0%
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9. Treasury Management Indicators:

9.1. These indicators Liability Benchmark, Maturity Structure of Borrowing, Long-Term Treasury Management Investments indicators are within the Treasury Management Report Q1 2024/25 (Appendix 1A).