

Appendix 6

Prudential Indicators 2023/24

(a) Adoption of the CIPFA Treasury Management Code

This indicator demonstrates that the Authority adopted the principles of best practice.

The Council has previously approved the adoption of the CIPFA Treasury Management Code 2021 Edition.

(b) Capital Expenditure

This indicator is set to ensure that the level of proposed capital expenditure remains within sustainable limits and in particular, to consider the impact on Council Tax.

The first Prudential Indicator is the estimate of capital expenditure that the Council will incur in this financial year and the following two years, table F1 below shows the estimates for 2023/24 onwards when the Quarter 2 Capital Monitoring Report 2023/24 was approved (Council meeting 13 December 2023):

Table F1: Prudential Indicator: Quarter 2 Estimate of Capital Expenditure

	2022/23 Actual	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	Total
	£000	£000	£000	£000	£000
Capital Expenditure	62,103	98,681	170,999	36,292	368,075
Total	62,103	98,681	170,999	36,292	368,075

Table F2 shows how these figures have evolved, with the programme amendments detailed within this report.

Table F2: Prudential Indicator: Quarter 3 Estimate of Capital Expenditure

	2022/23 Actual	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	Total
	£000	£000	£000	£000	£000
Capital Expenditure	62,103	97,103	152,321	35,263	346,790
Total	62,103	97,103	152,321	35,263	346,790

Capital expenditure has or will be funded as follows:

Table F3: Prudential Indicator: Financing of Capital Expenditure

Capital Financing	2022/23 Actual £'000	2023/24 Estimate £'000	2024/25 Estimate £'000	2025/26 Estimate £'000
Capital receipts	2,930	2,289	2,512	722
Grants and Contributions	39,978	53,761	121,092	21,626
Revenue and Reserves	592	2,655	45	1,170
Borrowing	18,603	38,398	28,672	11,745
Total Funding	62,103	97,103	152,321	35,263

(c) Capital Financing Requirement (CFR)

Estimates of the Authority's cumulative maximum external borrowing requirement for 2023/24 to 2025/26 as per the Quarter 2 Capital Monitoring Report 2023/24, are shown in the table below:

Table F4: Capital Financing Requirement Estimates – Q2 Capital Monitoring 2023/24

Capital Financing Requirement	31/03/2023 Actual £m	31/03/2024 Estimate £m	31/03/2025 Estimate £m	31/03/2026 Estimate £m
General Fund	376.5	406.9	420.0	422.6

Table F5 shows how these figures have evolved, with the programme amendments detailed within this report.

Table F5: Capital Financing Requirement Revised Estimates

Capital Financing Requirement	31/03/2023 Actual £m	31/03/2024 Estimate £m	31/03/2025 Estimate £m	31/03/2026 Estimate £m
General Fund	376.5	400.3	413.2	408.2

(d) Gross Debt and the Capital Financing Requirement:

In order to ensure that over the medium-term debt will only be for a capital purpose, the Authority should ensure that debt does not, except in the short term, exceed the total of Capital Financing Requirement in the preceding year

plus the estimates of any additional capital financing requirement for the current and next two financial years.

Table F6: Gross Debt and the Revised Capital Financing Requirement Estimates

Debt	31/03/2024 Estimate £m	31/03/2025 Estimate £m	31/03/2026 Estimate £m
Borrowing	307.5	374.2	376.7
PFI liabilities	28.0	24.8	21.3
Total Debt	335.5	399.0	398.0
Borrowing in excess of CFR?	No	No	No

(e) Authorised Limit and Operational Boundary for External Debt

The Operational Boundary for External Debt is based on the Authority's estimate of most likely, i.e., prudent, but not worst case scenario for external debt. It links directly to the Authority's estimates of capital expenditure, the capital financing requirement and cash flow requirements and is a key management tool for in-year monitoring. Other long-term liabilities relate to the Private Finance Initiative that are not borrowing but form part of the Authority's debt.

The Authorised Limit for External Debt is the affordable borrowing limit determined in compliance with the Local Government Act 2003. It is the maximum amount of debt that the Authority can legally owe. The authorised limit provides headroom over and above the operational boundary for unusual cash movements.

There were no breaches to the Authorised Limit and the Operational Boundary, as set in the Capital Financing Strategy report (Council meeting 27 February 2023) during Quarter 3 to 31 December 2023.

Table F7: Authorised Limit and Operational Boundary for External Debt

	Operational Boundary (Approved) 2023/24 £m	Authorised Limit (Approved) 2023/24 £m	External Debt 31/12/2023 £m
Borrowing	448.0	458.0	259.5
Other Long-term Liabilities	51.0	56.0	29.6
Total	499.0	514.0	289.1

(f) Ratio of financing costs to net revenue stream

This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the

revenue budget required to meet financing costs. The ratio is based on costs net of investment income.

Table F8 Ratio of financing costs to net revenue stream

Ratio of Finance Costs to Net Revenue Stream	2023/24	2024/25	2025/26
	Estimate	Estimate	Estimate
	%	%	%
Ratio	7.2%	8.1%	8.2%