

**Prudential Indicators - Quarter 1 2024/25**

The Council measures and manages its capital expenditure, borrowing and commercial and service 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 Council has undertaken and is planning capital expenditure as summarised below.

	<b>2023/24 actual £m</b>	<b>2024/25 forecast £m</b>	<b>2025/26 budget * £m</b>	<b>2026/27 budget £m</b>
General Fund services	£15.429	£32.906	£5.215	£2.028
Council housing (HRA)	£30.387	£33.894	£24.514	£22.855
Capital investments	£0.000	£0.000	£0.000	£0.000
<b>Total</b>	<b>£45.816</b>	<b>£66.800</b>	<b>£29.729</b>	<b>£24.883</b>

\* £0m of capital expenditure in arises from a change in the accounting for leases and does not represent cash expenditure.

The main General Fund capital projects to date have included General Asset Refurbishment Schemes, Mill Lane Asset Refurbishment Scheme, Coney Green Telephony System Replacement, Vehicle Replacement, Clay Cross Towns Fund Projects and the rebuilding of Sharley Park Active Community Hub. HRA capital expenditure is recorded separately and to date includes capital works on Council Dwellings, North Wingfield New build Project and Stonebroom replacement housing and a stock purchase programme.

**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 MRP/loans fund repayments and capital receipts used to replace debt.

	<b>31.3.2024 actual £m</b>	<b>31.3.2025 forecast * £m</b>	<b>31.3.2026 budget £m</b>	<b>31.3.2027 budget £m</b>
General Fund services	£21.697	£40.090	£36.124	£31.955
Council housing (HRA)	£177.291	£189.070	£197.673	£204.617
Capital investments	£0.000	£0.000	£0.000	£0.000
<b>TOTAL CFR</b>	<b>£198.988</b>	<b>£229.160</b>	<b>£233.797</b>	<b>£236.572</b>

\* £0.815m of the CFR increase in 2024/25 arises from a change in the accounting for leases

### **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.

	<b>31.3.2024 actual £m</b>	<b>31.3.2025 forecast £m</b>	<b>31.3.2026 budget £m</b>	<b>31.3.2027 budget £m</b>	<b>Debt at 30.06.2024 £m</b>
Debt (incl. PFI & leases)	£142.809	£156.995	£155.995	£155.898	£147.809
Capital Financing Requirement	£198.988	£229.160	£233.797	£236.572	

### **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.

	<b>Maximum debt Q1 2024/25 £m</b>	<b>Debt at 30.06.24 £m</b>	<b>2024/25 Authorised Limit £m</b>	<b>2024/25 Operational Boundary £m</b>	<b>Complied?</b>
Borrowing	£156.995	£147.809	£239.200	£234.200	Yes
<b>Total debt</b>	<b>£156.995</b>	<b>£147.809</b>	<b>£239.200</b>	<b>£234.200</b>	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.

**Net Income from Commercial and Service Investments to Net Revenue Stream:**

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.

	<b>2023/24 actual £m</b>	<b>2024/25 forecast £m</b>	<b>2025/26 budget £m</b>	<b>2026/27 budget £m</b>
Total net income from service and commercial investments	1.247	1.122	10.25	0.811
Proportion of net revenue stream	7.97%	6.20%	5.50%	4.22%

**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 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.

	<b>2023/24 actual</b>	<b>2024/25 forecast *</b>	<b>2025/26 budget</b>	<b>2026/27 budget</b>
Financing costs (£m)	(0.791)	(0.030)	0.575	0.813
Proportion of net revenue stream	(5.06%)	(0.16%)	3.08%	4.23%

\* £0m of the increase in financing costs in 2024/25 arises from a change in the accounting for leases and does not represent additional cost to the Authority.

**Treasury Management Indicators:**

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