

## Appendix C: Prudential Indicators – Q3 2024/25

The 2021 Prudential and Treasury Management Codes require the Council to report on prudential indicators on a quarterly basis. These indicators report on capital expenditure, borrowing and commercial and service investments in light of overall organisational strategy and resources and ensure that decisions are being made with sufficient regard to the long-run financing implications and potential risks to the Council.

Table 1 – Estimates of Capital Expenditure

Capital expenditure refers to Council spending on assets such as infrastructure, property or vehicles that will be used for more than one year. In Local Government this includes spending on assets owned by other bodies and loans and grants to other bodies, enabling them to buy assets.

At month 9 the Council was forecasting total capital expenditure for 2024/25 of £28.5m. This is a positive variance of £0.9m compared to the updated capital programme.

	2023/24 Actual £m	2024/25 Budget *	2024/25 Forecast £m	2025/26 Budget £m	2026/27 Budget £m	Total – 2024/25 to 2026/27 £m
General Fund services	1.8	7.3	6.8	3.7	4.2	14.7
Council Housing (HRA)	13.7	22.2	21.7	26.4	16.0	64.1
<b>Total</b>	<b>15.5</b>	<b>29.5</b>	<b>28.5</b>	<b>30.1</b>	<b>20.2</b>	<b>78.8</b>

\*The 2024/25 Budget is the latest including carry forwards from 2023/24, approved additions and additional slippage

Table 2 – 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 on service delivery and on investments and reduces with MRP and capital receipts used to replace debt.

The forecast CFR for 2024/25 has been updated in line with the latest Capital Budget 2024/25. This is based on forecast capital expenditure at month 9.

	31/03/2024 Actual £m	31/03/2025 Budget £m	31/03/2025 Forecast £m	31/03/2026 Budget £m	31/03/2027 Budget £m
General Fund services	46.1	47.6	47.7	47.8	47.4
Council Housing (HRA)	62.0	72.5	72.5	85.8	92.8
<b>Total CFR</b>	<b>108.1</b>	<b>120.1</b>	<b>120.2</b>	<b>133.6</b>	<b>140.2</b>

Table 3 – 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.

The current estimated level of gross debt is in line with what was estimated in the 2024/25 Capital, Investment and Treasury Management Strategy. This is based on forecast capital expenditure at M6.

	31/03/2024 Actual £m	31/03/2025 Budget £m	31/03/2025 Forecast £m	31/03/2026 Budget £m	31/03/2027 Budget £m
Debt (incl. PFI & leases)	96.3	104.2	104.2	117.1	123.7
Capital Financing Requirement	108.1	120.1	120.2	133.6	140.2

Table 4 – 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. These limits were set in the 2024/25 Capital, Investment and Treasury Management Strategy. The Council has complied with the limits at Q3 2024/25.

	Maximum Debt Q3 2024/25 £m	Debt at 31/12/2024 £m	2024/25 Authorised Limit £m	2024/25 Operational Boundary £m	Complied?
Borrowing	96.3	96.3	150.0	140.0	✓
PFI and Finance Leases	-	-	-	-	
<b>Total debt</b>	<b>96.3</b>	<b>96.3</b>	<b>150.0</b>	<b>140.0</b>	

Table 5 – 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. This is unchanged from the 2024/25 Capital, Investment & Treasury Management Strategy.

	2023/24 Actual £m	2024/25 Budget (Capital Strategy) £m	2024/25 Forecast £m	2025/26 Budget £m	2026/27 Budget £m
Total net income from service and commercial investments	1.7	1.7	1.7	1.7	1.7
Proportion of net revenue stream	14%	14%	14%	13%	13%

Table 6 – 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 proportion of financing costs to net revenue stream is expected to remain in line with what was reported in the 2024/25 Capital, Investment & Treasury Management Strategy.

	2023/24 Actual £m	2024/25 Estimate (Capital Strategy) £m	2024/25 Forecast £m	2025/26 Forecast £m	2026/27 Forecast £m
General Fund – Financing costs	2.4	2.4	2.2	2.6	2.8
Proportion of net revenue stream	17%	17%	16%	19%	19%

Table 7 – Maturity Structure of Borrowing

This indicator is set to control the Council’s exposure to refinancing risk. The upper and lower limits on the maturity structure of all borrowing are as below, all of which the Council complied with as at Q3 of 2024/25.

	Upper Limit 2024/25	Lower Limit 2024/25	Actual at 31/12/24	Complied?
Under 1 year	15%	-	4%	✓
1 to 2 years	15%	-	4%	
2 to 5 years	25%	-	16%	
5 to 10 years	50%	-	14%	
10 to 20 years	50%	-	9%	
Over 20 years	60%	-	53%	
<b>Total</b>			<b>100%</b>	

Table 8 – Long-term Treasury Management Investments

The purpose of this indicator is to control the Authority’s exposure to the risk of incurring losses by seeking early repayment of its investments. Long-term investments with no fixed maturity date include strategic pooled funds, real estate investment trusts and directly held equity but exclude money market funds and bank accounts with no fixed maturity date as these are considered short-term. The prudential limits on the long-term treasury management limits are as below, and the Council has complied with these as at Q3 of 2024/25.

	2024/25 £m	2025/26 £m	No fixed date £m
Limit on principal invested beyond year end	16.0	16.0	16.0
Actual principal invested beyond year end	-	-	9.0
Complied?	✓	✓	✓