

Prudential Indicators

Estimates of Capital Expenditure

	2021/22 Actual £m	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m	Total 2023/24 to 2025/26
General Fund services	5.0	7.1	3.3	2.0	1.8	7.1
Community Infrastructure Levy (CIL) Funded	0.5	2.1	0.5	0.7	0.0	1.2
Council Housing (HRA)	11.1	16.0	15.4	12.7	3.9	32.1
TOTAL	16.6	25.2	19.2	15.5	5.7	40.4

Capital Financing

	2021/22 Actual £m	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m	Total 2023/24 to 2025/26 £m
General Fund						
Grants & contributions	3.2	3.4	1.8	0.9	0.9	3.5
CIL	0.5	3.1	0.5	0.7	0	1.2
Internal resources	0.6	1.5	0	0	0	0
Borrowing	1.2	1.3	1.6	1.2	0.9	3.6
Total General Fund and CIL	5.5	9.3	3.9	2.8	1.8	8.3
HRA						
Internal resources	11.1	13.3	9.0	9.0	3.9	22.0
Borrowing	0	2.6	6.4	3.7	0	10.1
Total HRA	11.1	15.9	15.4	12.7	3.9	32.1
TOTAL	16.6	25.2	19.3	15.5	5.7	40.4

Estimates of 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.

	31/03/2022 Actual £m	31/03/2023 Estimate £m	31/03/2024 Estimate £m	31/03/2025 Estimate £m	31/03/2026 Estimate £m
General Fund services	25.9	26.2	26.8	27.1	27.0
Council housing (HRA)	61.3	65.2	71.5	75.3	75.2
Commercial activities/non-financial investments*	21.2	21.0	20.8	20.6	20.4
TOTAL CFR	108.4	112.4	119.1	123.0	122.6

* Commercial activities/non-financial investments relate to areas such as capital expenditure on investment properties, loans to third parties etc.

Authorised limit and operational boundary for external debt

The operational boundary is an indicator against which to monitor its external debt position. It is based on the Council's estimate of the most likely (i.e. prudent but not worst case) scenario for external debt. It links directly to the Council's estimates of capital expenditure, the CFR and cash flow requirements and is a key management tool for in-year monitoring.

The authorised limit represents a control on the maximum level of borrowing. It is a statutory limit determined under section 3(1) of the Local Government Act 2003 and represents a limit beyond which external debt is prohibited. It is the maximum amount of debt that the Council can legally owe.

	2022/23 limit £m	2023/24 limit £m	2024/25 limit £m	2025/26 limit £m
Authorised limit – borrowing	150	150	150	150
Authorised limit – leases	0	0	0	0
Authorised limit – total external debt	150	150	150	150
Operational boundary – borrowing	140	140	140	140
Operational boundary – leases	0	0	0	0
Operational boundary – total external debt	140	140	140	140

Proportion 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 net financing costs.

	2021/22 Actual £m	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m
Net revenue stream	11.3	11.4	11.9	11.9	11.9
General Fund - Financing costs	0.4	0.3	0.5	0.5	0.6
Proportion of GF financing costs to net revenue stream	4%	3%	4%	4%	4%

Net income from commercial and service investments to net revenue stream

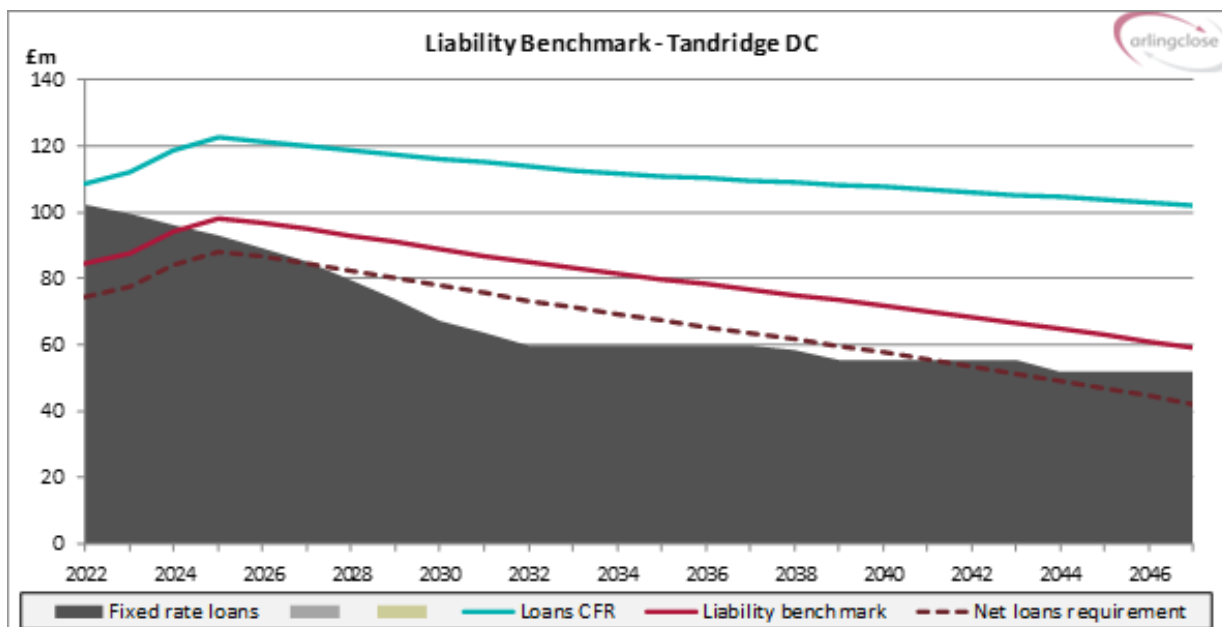
This is an indicator of affordability and highlights the net financial impact on the authority of its entire non-treasury investment income.

	2021/22 Actual £m	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m	2024/25 Estimate £m
Net revenue stream	11.3	11.4	11.9	11.9	11.9
Total net income from service and commercial investments	1.5	1.6	1.6	1.6	1.6
Proportion of net income to net revenue stream	13%	14%	13%	13%	13%

Treasury Management Prudential Indicators**Liability Benchmark**

The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future, and so shape its strategic focus and decision making. The liability benchmark itself represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level required to manage day-to-day cash flow.

Position at 31 March	2021/22 Actual £m	2022/23 Projected £m	2023/24 Estimated £m	2024/25 Estimated £m	2025/26 Estimated £m
Loans CFR	108.7	111.9	118.6	122.4	122.1
External borrowing	-102.3	-99.4	-96.3	-92.8	-89.2
Internal (over) borrowing	6.4	12.4	22.3	29.6	32.9
Balance sheet resources	-34.5	-34.5	-34.5	-34.5	-34.5
Investments/ (new borrowing)	28.0	22.0	12.1	4.9	1.5
Treasury investments	28.0	22.0	12.1	10.0	10.0
New borrowing	0.0	0.0	0.0	5.1	8.5
Net loans requirement	74.2	77.4	84.1	88.0	87.6
Liquidity allowance	10.0	10.0	10.0	10.0	10.0
Liability benchmark	84.2	87.4	94.1	98.0	97.6



Overall, the liability benchmark shows that the amount of external debt (the grey shaded area) exceeds the liability benchmark (red line), indicating that we have borrowed more than needed up to this point. However this gap closes over the medium term, after which point more money will need to be borrowed to meet the overall financing requirement.

In the short term, the difference between the CFR (underlying need to borrow – represented by the blue line) and actual external borrowing is funded from Reserves and Balances (internal borrowing).

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 borrowing will be:

Debt Maturity Profile Limits	Actual as at 31/03/22	Upper Limit 2023/24	Lower Limit 2023/24
	%	%	%
Under 1 year	3	15	0
1 to 2 years	7	15	0
2 to 5 years	13	25	0
5 years to 10 years	19	50	0
More than 10 years	4	50	0
Over 20 years	54	70	0
Total	100%		

Long-term treasury management investments

The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The prudential limits on the long-term treasury management investments will be:

Price risk indicator	2022/23	2023/24	2024/25	No fixed date
Limit on principal invested beyond year end	£16m	£16m	£16m	£16m

Interest rate exposures

This indicator is set to control the Council's exposure to interest rate risk. The upper limits on fixed and variable rate interest rate exposures, expressed as net principal borrowed will be:

	2022/23 £m	2023/24 £m	2024/25 £m
Upper limit on fixed interest rate exposures	285	285	285
Upper limit on variable interest rate exposures	60	60	60