

GENERAL FUND AND HRA CAPITAL OUTTURN 2021/22 – PRUDENTIAL INDICATORS

1. Table 1 below reports the movement in the total capital programme since last reported and updates the prudential indicators up to and including 2025/26. These indicators reflect the change made in this report.

Table 1 – Estimate of Capital Expenditure

| Capital Expenditure and Financing | 2021/ 2022 | 2021/ 2022 | 2021/ 2022 | 2022/ 2023 | 2023/ 2024 | 2024/ 2025 | 2025/ 2026 |
|-----------------------------------|-----------------|-----------------|----------------|-----------------|-----------------|-----------------|----------------|
| | Actual £M | Forecast £M | Variance £M | Forecast £M | Forecast £M | Forecast £M | Forecast £M |
| General Fund | 69.31 | 89.80 | (20.49) | 169.41 | 89.38 | 42.31 | 24.60 |
| HRA | 33.07 | 37.94 | (4.88) | 55.98 | 86.70 | 58.73 | 32.87 |
| Total Expenditure | 102.38 | 127.74 | (25.37) | 225.38 | 176.08 | 101.04 | 57.48 |
| Capital receipts | (3.81) | (8.04) | (4.22) | (8.94) | (8.22) | (4.82) | (1.99) |
| Capital Grants | (53.08) | (57.25) | (4.17) | (75.73) | (24.76) | (9.90) | (17.61) |
| Contributions | (3.71) | (4.84) | (1.12) | (16.66) | (11.29) | (4.70) | (2.50) |
| Major Repairs Allowance | (22.01) | (22.24) | (0.23) | (24.87) | (24.90) | (25.36) | (26.01) |
| Direct Revenue Financing | (3.79) | (4.73) | (0.94) | (2.78) | (0.80) | (0.56) | (0.48) |
| Council Resources - borrowing | (15.97) | (30.65) | (14.68) | (96.41) | (106.11) | (55.69) | (8.90) |
| Total Financing | (102.38) | (127.74) | (25.37) | (225.38) | (176.08) | (101.04) | (57.48) |

2. When the strategy was last updated in February 2022, the capital financing requirement (CFR) for 31 March 2022 was estimated at £522.51M, the Council's actual CFR at the end of the year was £507.88M. This decrease was due to the variance in the capital programme, £11.99M on the General Fund and £2.64M on HRA. The CFR for future years, based on the proposed programme, is detailed in table 2 below.

Table 2 – Current and Estimated Capital Financing Requirement

| | 31/03/22 Actual | 31/03/22 Forecast | Variance | 31/03/24 Forecast | 31/03/25 Forecast | 31/03/26 Forecast | 31/03/27 Forecast |
|--------------------------------|--------------------|----------------------|----------------|----------------------|----------------------|----------------------|----------------------|
| | £M | £M | £M | £M | £M | £M | £M |
| Balance Brought forward | 337.18 | 337.18 | 0.00 | 339.15 | 401.91 | 440.99 | 452.48 |
| New Borrowing | 12.68 | 24.67 | 11.99 | 74.24 | 53.33 | 27.72 | 4.49 |
| MRP | (6.89) | (6.89) | 0.00 | (7.97) | (10.59) | (11.89) | (12.35) |
| Movement in Other Liabilities | (3.82) | (3.82) | 0.00 | (3.51) | (3.66) | (4.34) | (3.85) |
| Total General Fund Debt | 339.15 | 351.14 | 11.99 | 401.91 | 440.99 | 452.48 | 440.77 |
| HRA | 168.75 | 171.37 | 2.64 | 174.66 | 194.14 | 246.92 | 274.90 |
| Total CFR | 507.88 | 522.51 | 14.63 | 576.57 | 635.13 | 699.40 | 715.67 |
| Estimated Debt | 316.27 | 367.27 | 51.00 | 436.06 | 494.62 | 558.76 | 578.71 |
| Under / (Over) Borrowed | 191.61 | 155.24 | (36.37) | 140.51 | 140.51 | 140.64 | 136.96 |

3. The estimated gross debt reported in February 2022 was £367.27M the actual debt at the end of the year was £316.27M, a reduction of £51.00M. This decrease was due to lower capital spend and higher than expected cash

balances. Table 3 below details this and the estimated debt in future years based on the proposed programme.

4. Table 3 – Current and Estimated Gross Debt

| | 31/03/22 Actual | 31/03/22 Forecast | Variance | 31/03/23 Estimate Forecast | 31/03/24 Estimate Forecast | 31/03/25 Estimate Forecast | 31/03/26 Estimate Forecast |
|--|--------------------|----------------------|--------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| | £M | £M | £M | £M | £M | £M | £M |
| Borrowing (Long Term GF) | 90.03 | 124.93 | 34.90 | 195.72 | 238.42 | 254.11 | 249.90 |
| Borrowing (Long Term HRA) | 165.27 | 171.37 | 6.10 | 172.87 | 192.38 | 245.19 | 273.19 |
| Borrowing (Short Term) | 0.35 | 10.35 | 10.00 | 10.35 | 10.35 | 10.35 | 10.35 |
| Total Borrowing | 255.65 | 306.65 | 51.00 | 378.94 | 441.15 | 509.65 | 533.44 |
| Finance leases and Private Finance Initiatives | 47.52 | 47.52 | 0.00 | 44.38 | 41.09 | 37.10 | 33.62 |
| Transferred Debt | 13.10 | 13.10 | 0.00 | 12.74 | 12.38 | 12.01 | 11.65 |
| Total Other Debt | 60.62 | 60.62 | 0.00 | 57.12 | 53.47 | 49.11 | 45.27 |
| Total Debt | 316.27 | 367.27 | 51.00 | 436.06 | 494.62 | 558.76 | 578.71 |

5. Table 4 below shows the ratio of financing costs to net revenue stream based on the proposed capital programme. 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 borrowing costs. The ratio is based on the forecast of net revenue expenditure in the medium term financial model. The upper limit for this ratio is currently set at 15% and will remain so for the General Fund to allow for known borrowing decisions in the next five years and to allow for additional borrowing affecting major schemes.

6. This indicator is not so relevant for the HRA, especially since the introduction of self-financing, as financing costs have been built into their 40-year business plan including the voluntary payment of MRP. No problem is seen with the affordability but if problems were to arise then the HRA would have the option not to make principle repayments in the early years, which it has currently opted to do.

7. Table 4 - Ratio of Financing Costs to Net Revenue Stream

| | 2021/22 Actual | 2021/22 Forecast | Variance | 2022/23 Forecast | 2023/24 Forecast | 2024/25 Forecast | 2025/26 Forecast |
|--------------|-------------------|---------------------|---------------|---------------------|---------------------|---------------------|---------------------|
| | % | % | % | % | % | % | % |
| General Fund | 9.69 | 9.92 | (0.23) | 10.03 | 10.78 | 11.80 | 11.63 |
| HRA | 11.26 | 11.31 | (0.04) | 6.74 | 7.18 | 8.55 | 9.78 |
| Total | 11.52 | 11.69 | (0.17) | 10.24 | 10.91 | 12.21 | 12.22 |