

GENERAL FUND AND HRA CAPITAL OUTTURN 2022/23 – 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 2026/27. These indicators reflect the change made in this report.

Table 1 – Estimate of Capital Expenditure

Capital Expenditure and Financing	2022/2023	2022/2023	2022/2023	2023/2024	2024/2025	2025/2026	2026/2027
	Actual £M	Forecast £M	Variance £M	Forecast £M	Forecast £M	Forecast £M	Forecast £M
General Fund	62.94	98.63	(35.69)	125.42	64.89	38.18	76.93
HRA	35.88	38.25	(2.37)	53.33	75.03	68.71	26.49
Total Expenditure	98.82	136.88	(38.06)	178.76	139.93	106.89	103.43
Capital receipts	(6.58)	(2.24)	(4.35)	(7.40)	(4.82)	0.00	(0.33)
Capital Grants	(34.92)	(53.87)	(18.95)	(70.71)	(35.67)	(16.49)	(42.38)
Contributions	(14.08)	(18.93)	(4.85)	(14.07)	(10.32)	(8.06)	(1.25)
Major Repairs Allowance	(20.76)	(21.86)	(1.10)	(25.89)	(30.69)	(18.71)	(14.52)
Direct Revenue Financing	(1.79)	(2.45)	(0.66)	(3.30)	(1.06)	(0.48)	(0.48)
Council Resources – borrowing	(20.68)	(37.53)	(16.85)	(57.36)	(57.36)	(63.15)	(44.47)
Total Financing	(98.82)	(136.88)	(38.06)	(178.76)	(139.93)	(106.89)	(103.43)

2. When the strategy was last updated in February 2023, the capital financing requirement (CFR) for 31 March 2023 was estimated at £533.97M, the Council's actual CFR at the end of the year was £517.45M. This decrease was due to the variance in the capital programme. The CFR for future years, based on the proposed programme, is detailed in table 2 below.

Table 2 – Current and Estimated Capital Financing Requirement

	31/03/23 Actual	31/03/23 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	339.15	339.15	0.00	342.57	361.27	363.34	362.61
New Borrowing	14.53	24.55	10.02	31.47	16.76	13.63	32.97
MRP	(7.61)	(7.93)	(0.32)	(9.11)	(10.35)	(10.51)	(10.40)
Movement in Other Liabilities	(3.50)	(3.50)	0.00	(3.66)	(4.34)	(3.85)	(3.58)
Total General Fund Debt	342.57	352.27	9.70	361.27	363.34	362.61	381.60
HRA	174.88	181.70	6.82	201.25	229.92	260.33	260.33
Total CFR	517.45	533.97	16.52	562.52	593.26	622.94	641.93
Estimated Debt	360.29	364.43	4.14	420.27	449.42	477.44	494.49
Under / (Over) Borrowed	157.16	169.54	(12.38)	142.25	143.84	145.50	147.44

3. The estimated gross debt reported in February 2023 was £364.43M the actual debt at the end of the year was £360.29M, a reduction of £4.14M. This decrease was due to lower capital spend. The higher than expected level of short term borrow was due to volatility in the interest rate market and a

prudent decision to wait for rates to drop over the next six months before entering into further long term borrowing. 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

	31/03/23 Actual £M	31/03/23 Forecast £M	Variance £M	31/03/24 Estimate Forecast £M	31/03/25 Estimate Forecast £M	31/03/26 Estimate Forecast £M	31/03/27 Estimate Forecast £M
Borrowing (Long Term GF)	125.82	127.02	1.20	162.52	166.81	167.80	187.90
Borrowing (Long Term HRA)	172.37	179.87	7.50	199.28	228.49	259.39	259.90
Borrowing (Short Term)	5.00	0.44	(4.56)	5.00	5.00	5.00	5.00
Total Borrowing	303.19	307.33	4.14	366.80	400.30	432.19	452.80
Finance leases and Private Finance Initiatives	44.37	44.37	0	41.09	37.11	33.61	30.41
Transferred Debt	12.73	12.73	0	12.38	12.01	11.64	11.28
Total Other Debt	57.10	57.10	0.00	53.47	49.12	45.25	41.69
Total Debt	360.29	364.43	4.14	420.27	449.42	477.44	494.49

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

	2022/23 Actual	2022/23 Forecast	Variance	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast
	%	%	%	%	%	%	%
General Fund	9.58	9.81	(0.23)	10.30	10.57	10.15	9.91
HRA	6.81	6.85	(0.04)	8.79	10.33	11.75	12.51
Total	8.79	10.11	(1.32)	9.92	10.51	10.55	10.57