

## GENERAL FUND AND HRA CAPITAL OUTTURN 2023/24 – 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 2027/28. These indicators reflect the change made in this report.

**Table 1 – Estimate of Capital Expenditure**

Capital Expenditure and Financing	2023/ 2024	2023/ 2024	2023/ 2024	2024/ 2025	2025/ 2026	2026/ 2027	2027/ 2028
	Actual £M	Forecast £M	Variance £M	Forecast £M	Forecast £M	Forecast £M	Forecast £M
General Fund	61.73	78.93	(17.20)	115.56	44.88	35.90	6.41
HRA	36.77	41.98	(5.21)	61.23	61.16	40.30	38.91
<b>Total Expenditure</b>	<b>98.50</b>	<b>120.91</b>	<b>(22.41)</b>	<b>176.79</b>	<b>106.04</b>	<b>76.20</b>	<b>45.32</b>
Capital receipts	(4.20)	(4.74)	(0.54)	(12.41)	(2.75)	(2.50)	(2.63)
Capital Grants	(38.72)	(46.70)	(7.98)	(75.14)	(16.77)	(2.05)	0.00
Contributions	(7.30)	(9.26)	(1.96)	(9.89)	(4.48)	(0.05)	0.00
Major Repairs Allowance	(17.97)	(21.49)	(3.52)	(24.86)	(22.84)	(23.40)	(23.79)
Direct Revenue Financing	(8.00)	(3.35)	4.65	(2.25)	(1.16)	(0.45)	(0.55)
Council Resources - borrowing	(22.31)	(35.37)	(13.06)	(52.25)	(58.05)	(47.74)	(18.35)
<b>Total Financing</b>	<b>(98.50)</b>	<b>(120.91)</b>	<b>(22.41)</b>	<b>(176.79)</b>	<b>(106.04)</b>	<b>(76.20)</b>	<b>(45.32)</b>

2. When the strategy was updated in March 2024, the capital financing requirement (CFR) for 31 March 2024 was estimated at £540.47M, the Council's actual CFR at the end of the year was £527.41M. 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**

	31/03/24 Actual	31/03/24 Forecast	Variance	31/03/25 Forecast	31/03/26 Forecast	31/03/27 Forecast	31/03/28 Forecast
	£M	£M	£M	£M	£M	£M	£M
Balance Brought forward	342.57	342.57	0.00	345.36	465.95	467.39	482.73
New Borrowing	15.14	20.40	(5.26)	140.71	21.69	34.97	6.41
MRP	(8.69)	(8.69)	(0.00)	(15.78)	(16.40)	(16.06)	(16.98)
Movement in Other Liabilities	(3.66)	(3.66)	(0.00)	(4.34)	(3.85)	(3.57)	(4.12)
<b>Total General Fund Debt</b>	<b>345.36</b>	<b>350.62</b>	<b>(5.26)</b>	<b>465.95</b>	<b>467.39</b>	<b>482.73</b>	<b>468.04</b>
HRA	182.05	189.85	(7.80)	221.51	271.03	282.52	291.29
<b>Total CFR</b>	<b>527.41</b>	<b>540.47</b>	<b>(13.06)</b>	<b>687.46</b>	<b>738.42</b>	<b>765.25</b>	<b>759.33</b>
Estimated Debt	366.05	420.75	54.70	569.02	640.65	658.89	656.83
<b>Under / (Over) Borrowed</b>	<b>161.36</b>	<b>119.72</b>	<b>41.64</b>	<b>118.44</b>	<b>97.77</b>	<b>106.36</b>	<b>102.50</b>

3. The estimated gross debt reported in March 2024 was £420.75M the actual debt at the end of the year was £366.05M, a reduction of £41.64M. 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

	31/03/24 Actual	31/03/24 Forecast	Variance	31/03/25 Estimate Forecast	31/03/26 Estimate Forecast	31/03/27 Estimate Forecast	31/03/28 Estimate Forecast
	£M	£M	£M	£M	£M	£M	£M
Borrowing (Long Term GF)	116.59	159.29	(42.70)	300.18	326.17	344.17	344.17
Borrowing (Long Term HRA)	176.01	188.01	(12.00)	219.72	269.22	273.04	273.04
Borrowing (Short Term)	20.00	20.00	0.00	0.00	0.00	0.00	0.00
<b>Total Borrowing</b>	<b>312.60</b>	<b>367.30</b>	<b>(54.70)</b>	<b>519.90</b>	<b>595.39</b>	<b>617.21</b>	<b>617.21</b>
Finance leases and Private Finance Initiatives	41.08	41.08	0.00	37.11	33.62	30.40	28.52
Transferred Debt	12.37	12.37	0.00	12.01	11.64	11.28	11.10
<b>Total Other Debt</b>	<b>53.45</b>	<b>53.45</b>	<b>0.00</b>	<b>49.12</b>	<b>45.26</b>	<b>41.68</b>	<b>39.62</b>
<b>Total Debt</b>	<b>366.05</b>	<b>420.75</b>	<b>(54.70)</b>	<b>569.02</b>	<b>640.65</b>	<b>658.89</b>	<b>656.83</b>

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 11% for the General Fund only 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

	2023/24 Actual	2023/24 Forecast	Variance	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast
	%	%	%	%	%	%	%
General Fund	10.29	9.50	0.79	12.03	13.48	12.63	12.65
HRA	7.55	7.87	(0.22)	8.57	10.51	11.88	12.00
<b>Total</b>	<b>9.55</b>	<b>9.09</b>	<b>0.46</b>	<b>11.12</b>	<b>12.78</b>	<b>12.46</b>	<b>12.50</b>

8. The General Fund is still within the previously set limit of 11% for financing existing borrowing and future estimated capital requirements. When the borrowing requirement to fund the full £120M Exceptional Finance Support (EFS) is included the ratio rises to 12% in 2024/25, as detailed in Table 4. Therefore, it is recommended to increase the indicator limit to 15%, whilst the final figure required for EFS is still unknown.