

Prudential Indicators Q2 2023/24

The Council measures and manages its capital expenditure, borrowing and commercial and service investments with references to the following indicators.

It is now a requirement of the CIPFA Prudential Code that these are reported on a quarterly basis.

Table 1 - Capital Expenditure in £ millions: The Council has undertaken and is planning capital expenditure as summarised below. The increase in forecasted expenditure between 2022/23 to 2023/24, in the main relate to works at Theatr Clwyd and the Band B schools programme.

	2022/23 Actual	2023/24 Forecast	2024/25 Budget *	2025/26 Budget
Council Fund	30.016	67.169	28.626	29.737
Housing Revenue Account	24.997	26.280	29.846	28.509
Total	55.013	93.449	58.472	58.246

* £3.3m of capital expenditure in 2024/25 arises from a change in the accounting for leases and does not represent cash expenditure.

Table 2 - Capital Financing Requirement in £ millions: 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 and reduces with MRP and capital receipts used to replace debt.

	2022/23 Actual	2023/24 Forecast	2024/25 Budget *	2025/26 Budget
Council Fund	218.939	234.594	322.415	330.272
Housing Revenue Account	133.623	135.942	142.334	148.594
Total	352.562	370.536	464.749	478.866

* £75m of the CFR increase in 2024/25 arises from a change in the accounting for leases.

Table 3 - Gross Debt and the Capital Financing Requirement in £ millions: Statutory guidance is that debt should remain below the capital financing requirement, except in the short term. The Authority has complied and expects to continue to comply with this requirement in the medium term as is shown below.

	2022/23 Actuals	2023/24 Forecast	2024/25 Budget	2025/26 Budget
Debt (Incl Leases)	297.951	314.336	419.803	432.232
Capital Financing Requirement	352.562	370.536	464.749	478.866

Table 4 - Debt and the Authorised Limit and Operational Boundary in £ millions: The Council is legally obliged to set an affordable borrowing limit (also termed the Authorised Limit for external debt) each year. In line with statutory guidance, a lower “operational boundary” is also set as a warning level should debt approach the limit.

	2023/24 Limit	30.09.23 Actual
Operational Boundary - Total	403	298
Authorised Limit - Total	438	298

Since the operational boundary is a management tool for in-year monitoring it is not significant if the boundary is breached on occasions due to variations in cash flow, and this is not counted as a compliance failure.

Table 5 - Net Income from Commercial and Service Investments to Net Revenue Stream in £ millions: 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.

	2022/23 Actual	2023/24 Forecast	2024/25 Budget	2025/26 Budget
Total net income from service and commercial investment	1.672	1.652	1.652	1.652
Proportion of net revenue stream	0.51%	0.47%	0.46%	0.46%

Table 6 - Proportion of Financing Costs to Net Revenue Stream in £ millions: Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP are charged to revenue.

The net annual charge is known as financing costs; this is compared to the net revenue stream i.e. the amount funded from Council Tax, business rates and general government grants.

	2022/23 Actual	2023/24 Forecast	2024/25 Budget	2025/26 Budget
Council Fund	3.6%	3.9%	4.2%	4.4%
HRA	17.2%	17.7%	16.1%	16.8%