

Prudential Indicators Q1 2023/24

The Councils measure and manage capital expenditure and borrowing with reference to the following indicators.

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

Capital Expenditure: The Councils have undertaken and are planning capital expenditure as summarised below. These figures have been updated for the carry forwards approved by the Cabinets on 10 and 11 July.

| <u>Babergh DC</u> | 2022/23 actual £m | 2023/24 forecast £m | 2024/25 budget £m | 2025/26 budget £m |
|-------------------------|----------------------------------|------------------------------------|----------------------------------|----------------------------------|
| General Fund | 5.73 | 18.34 | 6.01 | 1.81 |
| Housing Revenue Account | 11.49 | 17.21 | 8.02 | 9.29 |
| Total | 17.22 | 35.55 | 14.03 | 11.10 |

The main areas of General Fund spending are £11.4m for assets and investments (which includes £3.2m Babergh Growth, £2.8m regeneration of HQ site, £2.8m strategic investment fund and £2.1m A1071 roadside commercial workspace development), £2m for general fund housing (of which £1m is disabled facilities grants) and £1.9m economic development, (all of which relates to Belle Vue). HRA capital expenditure is recorded separately, and the forecast includes £7.7m for new builds and acquisitions, £4.6m for planned maintenance and £2.0m for other maintenance.

| <u>Mid Suffolk DC</u> | 2022/23 actual £m | 2023/24 forecast £m | 2024/25 budget £m | 2025/26 budget £m |
|-------------------------|----------------------------------|------------------------------------|----------------------------------|----------------------------------|
| General Fund | 12.32 | 30.63 | 5.57 | 3.41 |
| Housing Revenue Account | 21.96 | 46.63 | 26.13 | 8.93 |
| Total | 34.28 | 77.26 | 31.70 | 12.34 |

The main areas of General Fund spending are £23.9m for assets and investments (which includes £10.8m Gateway 14, £9.2m Mid Suffolk Growth, £2.8m strategic investment fund), £2m for leisure centres (of which £1.4m relates to the Stowmarket centre), £1.8m for general fund housing (of which £0.9m is disabled facilities grants) and £1.3m for operations, £0.6m of which relates to electric busses. HRA capital expenditure is recorded separately, and the forecast includes £40.2m for new builds and acquisitions, £3.8m for planned maintenance and £1.9m for other maintenance.

Capital Financing Requirement: The Councils 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 repayments and capital receipts used to replace debt.

| <u>Babergh DC</u> | 31.3.2023 actual £m | 31.3.2024 forecast £m | 31.3.2025 budget £m | 31.3.2026 budget £m |
|-----------------------|------------------------------------|--------------------------------------|------------------------------------|------------------------------------|
| General Fund services | 75.65 | 94.96 | 89.12 | 86.58 |
| Council housing (HRA) | 94.42 | 93.14 | 95.40 | 98.38 |
| TOTAL CFR | 170.07 | 188.10 | 184.52 | 184.95 |

| <u>Mid Suffolk DC</u> | 31.3.2023 actual £m | 31.3.2024 forecast £m | 31.3.2025 budget £m | 31.3.2026 budget £m |
|-----------------------|------------------------------------|--------------------------------------|------------------------------------|------------------------------------|
| General Fund services | 84.93 | 108.91 | 105.30 | 105.31 |
| Council housing (HRA) | 105.84 | 124.19 | 142.11 | 143.76 |
| TOTAL CFR | 190.77 | 233.10 | 247.42 | 249.07 |

Gross Debt and the Capital Financing Requirement: Statutory guidance is that debt should remain below the capital financing requirement, except in the short term. The Councils have complied and expect to continue to comply with this requirement in the medium term as is shown below.

| <u>Babergh DC</u> | 31.3.2023 actual £m | 31.3.2024 forecast £m | 31.3.2025 budget £m | 31.3.2026 budget £m | Debt at 30.6.2023 £m |
|-------------------------------|------------------------------------|--------------------------------------|------------------------------------|------------------------------------|-------------------------------------|
| Debt (incl. PFI & leases) | 124.84 | 143.37 | 142.85 | 144.24 | 118.56 |
| Capital Financing Requirement | 170.07 | 188.10 | 184.52 | 184.95 | |

| <u>Mid Suffolk DC</u> | 31.3.2023 actual £m | 31.3.2024 forecast £m | 31.3.2025 budget £m | 31.3.2026 budget £m | Debt at 30.6.2023 £m |
|---------------------------|------------------------------------|--------------------------------------|------------------------------------|------------------------------------|-------------------------------------|
| Debt (incl. PFI & leases) | 122.73 | 167.20 | 182.13 | 184.62 | 119.17 |

| | | | | |
|-------------------------------|--------|--------|--------|--------|
| Capital Financing Requirement | 190.77 | 233.10 | 247.42 | 249.07 |
|-------------------------------|--------|--------|--------|--------|

Debt and the Authorised Limit and Operational Boundary: The Councils are 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.

| <u>Babergh DC</u> | Maximum debt Q1 2023/24 £m | Debt at 30.6.23 £m | 2023/24 Authorised Limit £m | 2023/24 Operational Boundary £m | Complied? Yes/No |
|-------------------|----------------------------|--------------------|-----------------------------|---------------------------------|------------------|
| Borrowing | 124.84 | 118.56 | 200.00 | 185.00 | Yes |

| <u>Mid Suffolk DC</u> | Maximum debt Q1 2023/24 £m | Debt at 30.6.23 £m | 2023/24 Authorised Limit £m | 2023/24 Operational Boundary £m | Complied? Yes/No |
|-----------------------|----------------------------|--------------------|-----------------------------|---------------------------------|------------------|
| Borrowing | 122.73 | 119.17 | 248.00 | 233.00 | Yes |

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.

Proportion of Financing Costs to Net Revenue Stream: 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.

| <u>Babergh DC</u> | 2022/23 actual | 2023/24 forecast | 2024/25 budget | 2025/26 budget |
|--|----------------|------------------|----------------|----------------|
| GF - Financing costs (£m) | 0.62 | 3.11 | 3.50 | 3.68 |
| GF - Proportion of net revenue stream | 5.68% | 20.40% | 22.13% | 25.10% |
| HRA - Financing costs (£m) | 2.59 | 3.11 | 3.18 | 3.35 |
| HRA - Proportion of net revenue stream | 14.65% | 16.31% | 16.19% | 16.57% |

| <u>Mid Suffolk DC</u> | 2022/23 actual | 2023/24 forecast | 2024/25 budget | 2025/26 budget |
|--|---------------------------|-----------------------------|---------------------------|---------------------------|
| GF - Financing costs (£m) | 2.17 | 3.00 | 3.18 | 3.29 |
| GF - Proportion of net revenue stream | 14.78% | 16.26% | 16.40% | 19.03% |
| HRA - Financing costs (£m) | 2.79 | 3.31 | 4.20 | 4.60 |
| HRA - Proportion of net revenue stream | 18.00% | 19.82% | 24.36% | 25.91% |