

Prudential Indicators Q2 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.

Babergh District Council	2022/23 Actual £m	2023/24 Forecast Outturn £m	2024/25 Budget £m	2025/26 Budget £m
General Fund	5.73	9.81	18.87	4.21
Council Housing (HRA)	11.49	17.21	8.02	9.28
Total Capital Expenditure	17.22	27.02	26.89	13.49

The main areas of General Fund spending are £7.5m for assets and investments (which includes £3.2m Babergh Growth, £2.8m strategic investment fund and £0.2m A1071 roadside commercial workspace development), £1.7m for general fund housing (of which £0.8m is disabled facilities grants) and £0.5m economic development, (all of which relates to Belle Vue). The forecast for 2023/24 and budgets for 2024/25 and 2025/26 now include the £6m scheme for the new joint depot, which was omitted from the Q1 report.

The decrease from Q1 in the General Fund Q2 Forecast for 2023/24 is largely due to robust monitoring of the Capital Programme and ensuring that scheme budgets are in line with their delivery programmes. Some schemes such as £2.8m regeneration of HQ site, £1.9m A1071 Roadside Development, £1.5m Belle Vue and £1m for the Leisure Centre Renewals (Kingfisher & Hadleigh) are now being forecast for 2024/25 as they are still in their design and procurement stages or have been held due to increased borrowing costs and Cabinets approval.

HRA capital expenditure is recorded separately, and the forecast includes £7.7m for new builds and acquisitions, £4.6m for planned maintenance and £2m for other maintenance.

Mid Suffolk District Council	2022/23 Actual £m	2023/24 Forecast Outturn £m	2024/25 Budget £m	2025/26 Budget £m
General Fund	12.32	11.70	16.56	5.81
Council Housing (HRA)	21.96	26.63	46.13	8.93
Total Capital Expenditure	34.28	38.33	62.69	14.74

The main areas of General Fund spending are £7.7m for assets and investments, £1.2m for general fund housing (of which £0.7m is disabled facilities grants and £0.3m is affordable housing) and £0.6m for operations, £0.2m of which relates to EV charging points. The forecast for 2023/24 and budgets for 2024/25 and 2025/26 now include the £6m scheme for the new joint depot, which was omitted from the Q1 report.

The decrease from Q1 in the General Fund Q2 Forecast for 2023/24 is largely due to robust monitoring of the Capital Programme and ensuring that scheme budgets are in line with their delivery programmes. Some schemes such as £9.15m for Mid Suffolk Growth and £1.83m leisure centre renewals will be carried forward into 2024/25. The expectation that the £10.75m budgeted for Gateway 14 would be spent is no longer required.

HRA capital expenditure is recorded separately, and the forecast includes £20.2m for new builds and acquisitions, £3.8m for planned maintenance and £1.9m for other maintenance. Some of the new build schemes (£20m total) are now being forecast for 2024/25 as they are still in the early stages of development and unlikely to complete the expected phases in 2023/24.

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.

Babergh District Council	2022/23 Actual £m	2023/24 Forecast Outturn £m	2024/25 Budget £m	2025/26 Budget £m
General Fund	75.65	81.48	91.73	87.87
Council Housing (HRA)	94.42	102.52	103.25	107.47
Cumulative Capital Financing Requirement	170.06	184.00	194.98	195.33

Mid Suffolk District Council	2022/23 Actual £m	2023/24 Forecast Outturn £m	2024/25 Budget £m	2025/26 Budget £m
General Fund	85.20	93.51	115.38	115.38
Council Housing (HRA)	105.84	122.31	160.63	162.27
Cumulative Capital Financing Requirement	191.04	215.82	276.00	277.66

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.

Babergh District Council	31.3.2023 Actual £m	31.3.2024 Forecast Outturn £m	31.3.2025 Budget £m	31.3.2026 Budget £m	Debt at 30th Sept £m
Outstanding Borrowing (Debt)	(124.84)	(142.36)	(147.51)	(148.91)	(115.56)
Capital Financing Requirement	170.06	184.00	194.98	195.33	
Headroom	45.22	41.64	47.47	46.43	

Mid Suffolk District Council	31.3.2023 Actual £m	31.3.2024 Forecast Outturn £m	31.3.2025 Budget £m	31.3.2026 Budget £m	Debt at 30th Sept £m
General Fund					
Outstanding Borrowing (Debt)	(122.73)	(149.89)	(180.60)	(184.83)	(112.67)
Capital Financing Requirement	191.04	215.82	276.00	277.66	
General Fund Headroom	68.31	65.93	95.41	92.83	

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.

Babergh District Council	2023/24 Maximum debt at Q2 £m	2023/24 Debt at 30th Sept £m	2023/24 Authorised Limit £m	2023/24 Operational Boundary £m	Complied?
Outstanding Borrowing (Debt)	124.84	115.56	200.00	185.00	Yes

Mid Suffolk District Council	2023/24 Maximum debt at Q2 £m	2023/24 Debt at 30th Sept £m	2023/24 Authorised Limit £m	2023/24 Operational Boundary £m	Complied? £m
Outstanding Borrowing (Debt)	122.73	112.67	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.

Babergh District Council	2022/23 Actual	2023/24 Forecast	2024/25 Budget	2025/26 Budget
General Fund - Financing Costs (£m)	2.00	3.19	3.50	3.68
General Fund - Proportion of Net Revenue Stream (%)	18.29%	25.39%	22.13%	25.10%
HRA - Financing Costs (£m)	2.80	3.07	3.18	3.35
HRA - Proportion of Net Revenue Stream (%)	15.79%	16.16%	16.19%	16.57%

Mid Suffolk District Council	2022/23 Actual	2023/24 Forecast	2024/25 Budget	2025/26 Budget
General Fund - Financing Costs (£m)	2.09	2.98	3.18	3.29
General Fund - Proportion of Net Revenue Stream (%)	14.26%	18.61%	16.34%	19.03%
HRA - Financing Costs (£m)	2.79	2.70	4.20	4.60
HRA - Proportion of Net Revenue Stream (%)	18.00%	15.96%	24.36%	25.91%