

PRUDENTIAL INDICATORS**1. Capital Expenditure and Financing**

This indicator shows the capital expenditure plans for the year and demonstrates how those plans are expected to be financed.

	2022/23 Approved Budget £	Position as at 30th September 2022 £	2022/23 Revised Estimate £
Total Capital Programme	2,452,500	557,838	8,039,700
Financed by:			
Capital receipts	524,000	16,711	962,873
Capital grants and contributions	660,000	426,707	2,121,063
Capital reserves	0	74,615	342,910
Revenue contributions	100,000	12,453	151,437
Total Financing	1,284,000	530,486	3,578,282
Borrowing Requirement	1,168,500	27,352	4,461,418

The Revised Capital Programme includes expenditure and resources brought forward from 2021/22 totalling £2,847,013, and £2,500,000 approved by Council on 20th September 2022 for the purposes of strategic property investment to support regeneration.

2. Capital Financing Requirement

The Capital Financing Requirement (CFR) is a measure of the Council's underlying need to borrow for capital purposes. It will increase as the Council incurs capital expenditure which cannot be met from other resources, but this will be partially offset by revenue repayments for the year (the Minimum Revenue Provision).

	2022/23 Approved Budget £	Position as at 30th September 2022 £	2022/23 Revised Estimate £
CFR as at 1 st April 2022	14,450,730	13,965,133	13,965,133
Capital Expenditure in Year	2,452,500	557,838	8,039,700
Financing in Year	(1,284,000)	(530,486)	(3,578,282)
Minimum Revenue Provision	(1,173,162)	0	(389,373)
CFR as at 31st March 2023	14,446,068	13,992,485	18,037,178

3. The Portfolio Position

The table below compares the Council's actual external debt, including other long-term liabilities such as finance leases, with the CFR. This indicator also acts as a limit to borrowing activity. Gross external debt should not, except in the short term, exceed the total of CFR in the preceding year plus the estimated additional CFR for 2022/23 and the next two financial years. This allows some limited flexibility for borrowing in advance of need. No difficulties are envisaged in complying with this indicator for the current or future financial years.

	2022/23 Approved Budget £	Position as at 30th September 2022 £	2022/23 Revised Estimate £
External Debt			
Debt at 1 st April 2022	9,441,779	8,141,780	8,141,780
Finance Leases at 1 st April 2022	455,399	455,399	455,399
Estimated Borrowing 2022/23	3,100,000	0	3,100,000
Estimated Repayments 2022/23	(2,212,082)	(105,465)	(2,212,082)
Estimated Debt at 31st March 2023	10,785,096	8,491,714	9,485,097
CFR (as above)	14,446,068	13,992,485	18,037,178
Under/(Over) Borrowing	3,660,972	5,500,771	8,552,081

4. Operational Boundary for External Debt

This is the limit which external debt is not normally expected to exceed. In most cases this would be a similar figure to the CFR but may be lower or higher depending on the levels of actual debt.

	2022/23 Approved Budget £	Position as at 30th September 2022 £	2022/23 Revised Estimate £
Borrowing	15,680,000	8,036,436	15,680,000
Other Long Term Liabilities	2,500,000	455,278	2,500,000
Total	18,180,000	8,491,714	18,180,000

5. Authorised Limit for External Debt

A further key prudential indicator represents a control on the maximum level of borrowing. This is the limit beyond which external debt is prohibited. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

	2022/23 Approved Budget £	Position as at 30th September 2022 £	2022/23 Revised Estimate £
Borrowing	17,422,222	8,036,436	17,422,222
Other Long Term Liabilities	2,777,778	455,278	2,777,778
Total	20,200,000	8,491,714	20,200,000

6. Treasury Management Limits on Activity

There is a further debt related treasury activity limit. The purpose of this is to manage risk and reduce the impact of any adverse movement in interest rates. However, if it is too restrictive it will impair the opportunities to reduce costs and/or improve performance. The indicator is:

- Maturity structure of borrowing. These gross limits are set to reduce the Council's exposure to large, fixed rate sums falling due for refinancing, and are required for upper and lower limits.

	2022/23 Approved Budget £	Position as at 30th September 2022 £	2022/23 Revised Estimate £
Maturity structure of fixed interest rate borrowing:			
Under 12 months	100%	26.21%	100%
12 months to 2 years	100%	2.69%	100%
2 years to 5 years	100%	21.32%	100%
5 years to 10 years	100%	0%	100%
10 years and above	100%	49.78%	100%

7. Investments Greater Than 364 Days

This limit is set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment and is based on the availability of investments after each year-end.

The Council invested £1m in the Lothbury Property Trust in December 2019. At 30th September 2022 the Net Asset Value (NAV) of this investment was £1.075m.

	2022/23 Approved Budget £	Position as at 30th September 2022 £	2022/23 Revised Estimate £
Principal sums invested > 364 days	6,000,000	1,000,000	6,000,000