

**Treasury Indicators 2023/24**

**Capital Expenditure** – This prudential indicator is a summary of the Council's capital expenditure plans, and financing requirements. Any shortfall of resources results in a funding borrowing need.

Capital Expenditure	2022/23 Actual £000s	2023/24 Estimate £000s	2023/24 Revised £000s	2023/24 Actual £000s
HRA	6,459	26,102	11,249	9,176
General Fund	18,048	18,356	15,326	7,430
Non-Financial Investments				
- Investment Properties	0	0	0	0
- Capital Loans	11,838	0	0	0
<b>Total</b>	<b>36,345</b>	<b>44,458</b>	<b>26,575</b>	<b>16,615</b>
<b>Financed by:</b>				
Capital Receipts	13,949	10,185	12,564	6,068
Earmarked Reserves	355	11,957	9,387	6,309
Capital Grants & Contributions	3,838	7,889	2,428	3,298
Revenue	5,908	6,824	2,196	940
<b>Total</b>	<b>24,089</b>	<b>36,855</b>	<b>26,575</b>	<b>16,615</b>
<b>Net financing need for the year</b>	<b>12,256</b>	<b>7,603</b>	<b>0</b>	<b>0</b>

The net financing need for non-financial investments included in the above table against expenditure is shown below:

	2022/23 Actual £000s	2023/24 Estimate £000s	2023/24 Revised £000s	2023/24 Actual £000s
Capital expenditure	11,838	0	0	0
Financing costs met	11,838	0	0	0
<b>Net financing need for the year</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Percentage of total net financing need	0%	0%	0%	0%

**The Council's borrowing need (the Capital Financing Requirement)** - The Council's Capital Financing Requirement (CFR), is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need. Any capital expenditure, which has not immediately been paid for, will increase the CFR.

	2022/23 Actual £000s	2023/24 Estimate £000s	2023/24 Revised £000s	2023/24 Actual £000s
CFR:				

- HRA	100,000	100,000	100,000	100,000
- General Fund	145,470	166,351	162,037	162,037
- Non-Financial Investments	454,016	433,724	445,415	445,415
<b>CFR at 1 April</b>	<b>699,486</b>	<b>700,075</b>	<b>707,452</b>	<b>707,452</b>
Net financing need for the year	12,256	7,603	0	0
Less MRP/VRP and other financing movements	(4,291)	(4,612)	(4,907)	<b>(4,097)</b>
<b>CFR at 31 March</b>	<b>707,452</b>	<b>703,066</b>	<b>702,545</b>	<b>702,545</b>

The CFR does not increase indefinitely, as the Minimum Revenue Provision (MRP) is a statutory annual revenue charge which broadly reduces the borrowing need in line with each asset's life and so charges the economic consumption of capital assets as they are used.

The CFR includes any other long term liabilities (e.g. PFI schemes, finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of schemes include a borrowing facility and so the Council is not required to separately borrow for these schemes. The Council currently has no such schemes.

**Current Portfolio Position** - The Council's treasury portfolio position is summarised below. The table shows the actual external debt (the treasury management operations), against the underlying capital borrowing need (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

	<b>2022/23 Actual £000s</b>	<b>2023/24 Estimate £000s</b>	<b>2023/24 Revised £000s</b>	<b>2023/24 Actual £000s</b>
External Debt at 1 April	-	648,075	643,572	
Expected change in Debt	-	2,538	(15,128)	-
<b>Actual gross debt at 31 March</b>	<b>643,572</b>	<b>650,613</b>	<b>628,444</b>	<b>628,039</b>
Capital Financing Requirement	707,452	703,066	702,545	702,545
<b>Under / (over) borrowing</b>	<b>63,880</b>	<b>52,453</b>	<b>74,101</b>	<b>74,506</b>

The under borrowed position is due to internal borrowing. This is temporary funding of capital expenditure using positive cash flows and internal balances. A small part of this difference (approximately £414k) represents the value of balances held on behalf of local trusts (e.g. Cabrera Recreation Ground Trust, Runnymede Pleasure Ground Trust etc). This gives the Trusts certainty of income and quick access if needed.

Of the Actual gross debt, the proportion of the total in relation to which the counterparty is not central government or a local authority is as follows:

	<b>2022/23 Actual £000s</b>	<b>2023/24 Estimate £000s</b>	<b>2023/24 Revised £000s</b>	<b>2023/24 Actual £000s</b>
Debt at 31 March	643,572	650,613	628,444	628,039
Percentage not central government or a local authority	7%	7%	7%	7%

Within the Actual gross debt at 31 March figures shown above, the level of debt relating to non-financial investments is:

	<b>2022/23 Actual £000s</b>	<b>2023/24 Estimate £000s</b>	<b>2023/24 Revised £000s</b>	<b>2023/24 Actual £000s</b>
Debt at 31 March	445,481	430,044	441,718	441,428
Percentage of total external debt	69%	66%	70%	70%

**The Operational Boundary** – This is the limit beyond 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.

**The authorised limit for external borrowing.** – A further key prudential indicator represents a control on the maximum level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by the Full Council. 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. This is the statutory limit determined under Section 3(1) of the Local Government Act 2003. The Government retains an option to control either the total of all Councils' plans, or those of a specific Council, although this power has not yet been exercised.

	2023/24 £000s
Operational Boundary	675,613
Authorised Limit	700,613
<b>Actual Borrowings (gross)</b>	<b>628,039</b>

This limit includes a “cushion” to allow for the non-repayment of any borrowing at the required time and headroom for rescheduling of debts (i.e. borrowing new money in advance of repayment of existing). This was not required during the year.

**Interest Rate exposure** - The upper limits on variable interest rate exposure indicator is set to control the Council's net exposure (taking borrowings and investments together) to interest rate risk. Its intention is to ensure that the Council is not exposed to interest rate rises which could adversely impact the revenue budget.

	2022/23 Actual £000s	2023/24 Estimate £000s	2023/24 Revised £000s	2023/24 Actual £000s
Upper limits on <b>fixed</b> interest rates based on net debt	658,191	656,857	666,436	628,039
Upper limits on <b>variable</b> interest rates based on net debt	0	0	0	(49,614)

The Upper Limit on fixed interest rates is calculated using the maximum allowed debt (The Authorised Borrowing Limit/Actual borrowing) less Fixed Term investments.

The variable rate upper limit of zero means that the Council is minimising its exposure to uncertain future interest rates on its debt. As most of the Council's investments mature within the financial year, £49.6mln are classed as variable rate investments. The Council has no variable rate borrowings to offset these against, hence the negative figure in the table above.

**Investment Treasury Indicator and Limit** - total principal funds invested for greater than 365 days. These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.

	2022/23 Actual £000s	2023/24 Estimate £000s	2023/24 Revised £000s	2023/24 Actual £000s
Upper limits on Principal sums invested for over 365 days	0	3,000	3,000	0

There were no investments made for a period of greater than 365 days at the 31 March 2024.

#### **Maturity structure of fixed interest rate borrowing (Upper Limit)**

	2022/23 Actual %	2023/24 Estimate %	2023/24 Revised %	2023/24 Actual %
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Under 12 months	2.42	25	25	1.69
12 months to 2 years	1.65	25	25	1.69
2 years to 5 years	4.95	25	25	5.14
5 years to 10 years	12.20	50	50	10.75
10 years and above	78.78	100	100	80.74

As the Council does not borrow at variable rates of interest, the upper limit on this type of debt will always be nil, therefore no table has been produced for variable interest rate borrowing.