

Treasury and Prudential Indicators 2023/24 as of 30 June 2023

Treasury Indicators	2023/24 Budget (Year End) £'000	30.06.23 Actual £'000
Authorised limit for external debt	700,613	700,613
Operational boundary for external debt	675,613	675,613
Gross external debt	650,613	642,900
Investments	53,756	79,042
Net borrowing	596,857	563,858
Maturity structure of fixed rate borrowing - upper and lower limits		
Under 12 months	25%	2.42%
12 months to 2 years	25%	3.20%
2 years to 5 years	25%	4.03%
5 years to 10 years	50%	11.59%
10 years to 20 years	100%	10.69%
20 years to 30 years	100%	3.36%
30 years to 40 years	100%	17.42%
40 years to 50 years	100%	47.29%
Upper limit for principal sums invested over 365 days (<i>split by financial years beyond current year end</i>): Year 1	5,000	0

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.

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 quarter.

Maturity structure of fixed interest rate borrowing (Upper Limit). The table above relates to fixed rate borrowing only. As the Council does not borrow at variable rates of interest, the upper limit on variable debt will always be nil, therefore no table has been produced for variable interest rate borrowing.

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.

There were no investments made for a period of greater than 365 days as of 30 June 2023.

Prudential Indicators	2023/24 Budget £'000	30.06.23 Actual £'000
Capital expenditure	46,479	1,178
Capital Financing Requirement (CFR)	703,066	703,066
In-year borrowing requirement	7,603	7,603

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.

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.

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.

In-year borrowing requirement for non-financial investments is any capital expenditure that has not been financed in the year.