

Prudential Indicators Q1 2024/25

The Council measures and manages its capital expenditure, borrowing and commercial and service investments with references to the following indicators.

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

Table 1 - Capital Expenditure in £ millions: The Council has undertaken and is planning capital expenditure as summarised below. The increase in forecasted expenditure between 2023/24 to 2024/25, in the main relate to works at Theatr Clwyd, Ty Croes Atti and the Band B schools programme.

	2023/24 Actual	2024/25 Forecast	2025/26 Estimate	2026/27 Estimate
Council Fund	46.277	84.845	22.537	18.879
Housing Revenue Account	23.530	29.498	24.664	25.018
Total	69.807	114.343	47.201	43.897

Table 2 - Capital Financing Requirement in £ millions: The Council's 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 and capital receipts used to replace debt.

	2023/24 Actual	2024/25 Forecast *	2025/26 Estimate	2026/27 Estimate
Council Fund	219.706	315.104	326.769	340.621
Housing Revenue Account	133.150	139.574	141.868	144.075
Total	352.856	454.678	468.637	484.696

* £75m of the CFR increase in 2024/25 arises from a change in the accounting for leases.

The increase in estimated CFR between 2023/24 and 2024/25 in the main, relates to the change in accounting for leases under IFRS 16. This means that under the new rules, the lease of any assets must be recognised on the Council's balance sheet.

In addition to this, is estimated expenditure for the HRA and NEW Homes, Supported Borrowing, and Council Fund schemes including the Sustainable Communities for Schools programme, Theatr Clwyd and Ty Croes Atti Residential Care Home.

Table 3 - Gross Debt and the Capital Financing Requirement in £ millions: Statutory guidance is that debt should remain below the capital financing requirement, except in the short term. The Authority has complied and expects to continue to comply with this requirement in the medium

term as is shown below.

	2023/24 Actuals	2024/25 Forecast	2025/26 Estimate	2026/27 Estimate
Debt (Incl Leases)	334.743	403.781	419.682	433.238
Capital Financing Requirement	352.856	454.678	468.637	484.696

Table 4 - Debt and the Authorised Limit and Operational Boundary in £ millions: The Council is 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.

	2024/25 Limit	28.06.24 Actual
Operational Boundary - Total	£485m	£324m
Authorised Limit - Total	£520m	£324m

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.

Table 5 - Net Income from Commercial and Service Investments to Net Revenue Stream in £ millions: The Council’s income from commercial and service investments as a proportion of its net revenue stream has been and is expected to be as indicated below.

	2023/24 Actual	2024/25 Forecast	2025/26 Estimate	2026/27 Estimate
Total net income from service and commercial investment	1.710	1.673	1.673	1.673
Proportion of net revenue stream	0.49%	0.45%	0.45%	0.45%

Table 6 - Proportion of Financing Costs to Net Revenue Stream in £ millions: 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.

	2023/24 Actual	2024/25 Forecast	2025/26 Estimate	2026/27 Estimate
Council Fund	3.8%	4.1%	4.2%	4.3%
HRA	17.0%	16.2%	16.7%	16.6%