

ANNEX 1 - THE CAPITAL PRUDENTIAL AND TREASURY INDICATORS 2021-22 – 2025-26

The council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

1. Capital expenditure

Capital expenditure £m	2021-22 Actual	2022-23 Budget	2023-24 Budget	2024-25 Budget	2025-26 Budget
General Fund	7.425	42.988	30.119	10.497	8.521
HRA	5.301	8.454	20.544	11.504	11.027
Total	12.726	51.442	50.663	22.001	19.548

2. Affordability prudential indicators

The previous section covers the overall capital and control of borrowing prudential indicators but, within this framework, prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the council's overall finances. The council is asked to approve the following indicators:

- a. **Ratio of financing costs to net revenue stream** This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

%	2021-2022 Actual	2022-23 Estimate	2023-24 Estimate	2024-25 Estimate	2025-26 Estimate
General Fund	7.8	6.6	9.5	13.8	17.5
HRA	4.6	3.0	4.6	6.9	8.1

The estimates of financing costs include current commitments and the proposals in this budget report.

b. HRA ratios

	2021-22 Actual	2022-23 Estimate	2023-24 Estimate	2024-25 Estimate	2025-26 Estimate
HRA debt £m	12.587	28.809	31.331	35.878	40.379
HRA rents £m	13.670	14.198	14.866	15.859	16.221
Ratio of debt to rents %	92.1	202.9	210.8	226.2	248.9

£	2021-22 Actual	2022-23 Estimate	2023-24 Estimate	2024-25 Estimate	2025-26 Estimate
HRA debt £m	12.587	28.809	31.331	35.878	40.379

Number of HRA dwellings	3,062	3,046	3,026	3,037	3,017
Debt per dwelling £	4,111	9,458	10,354	11,814	13,384

3. 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.

The council is asked to approve the following treasury indicators and limits:

Maturity structure of fixed interest rate borrowing 2022-23		
	Lower	Upper
Under 12 months	0%	50%
12 months to under 2 years	0%	50%
2 years to under 5 years	0%	50%
5 years to under 10 years	0%	50%
10 years to under 20 years	0%	50%
20 years to under 30 years	0%	50%
30 years to under 40 years	0%	50%
40 years to under 50 years	0%	50%
50 years and above	0%	50%

Maturity structure of variable interest rate borrowing 2022-23		
	Lower	Upper
Under 12 months	0%	50%
12 months to under 2 years	0%	50%
2 years to under 5 years	0%	50%
5 years to under 10 years	0%	50%
10 years to under 20 years	0%	50%
20 years to under 30 years	0%	50%
30 years to under 40 years	0%	50%
40 years to under 50 years	0%	50%
50 years and above	0%	50%

4. Control of interest rate exposure

Please see paragraphs 3.3, 3.4 and 4.4 of the main report.

5. Ratio of investment property net income to net revenue stream This indicator identifies the trend in the relative significance of investment property income.

%	2021-2022 Actual	2022-23 Estimate	2023-24 Estimate	2024-25 Estimate	2025-26 Estimate
General Fund	2.7	2.9	3.1	3.1	3.1