

## Prudential Indicators Q1 2024/25

The Authority measures and manages its capital expenditure, borrowing with references to the following indicators.

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

**Capital Expenditure:** The Authority has undertaken and is planning capital expenditure as summarised below

	2023/24 actual	2024/25 forecast	2025/26 budget	2026/27 budget
Capital expenditure	34.6	20.9	2.2	1.3

The main General Fund capital projects to date have included Union Yard, Aldershot and Aldershot Crematorium.

**Capital Financing Requirement:** The Authority'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.

*The actual CFR is calculated on an annual basis.*

	31.3.2024 actual	31.3.2025 forecast	31.3.2026 budget	31.3.2027 budget
CFR	167.6	173.0	149.0	137.2

**Gross Debt and the Capital Financing Requirement:** 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.

	31.3.2024 actual	31.3.2025 forecast	31.3.2026 budget	31.3.2027 budget	Debt at 30.6.2024
Debt (incl. PFI & leases)	162.0	168.0	154.1	129.3	146.0
Capital Financing Requirement	167.6	173.0	149.0	137.2	

**Debt and the Authorised Limit and Operational Boundary:** The Authority 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.

	Debt at 30.6.24	2024/25 Authorised Limit	2024/25 Operational Boundary	Complied?
Borrowing	145.0	200.0	170.0	Yes
Leases	1.0	2.0	1.8	Yes
<b>Total debt</b>	<b>146.0</b>	<b>202.0</b>	<b>171.8</b>	Yes

## APPENDIX 2

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.

**Net Income from Commercial and Service Investments to Net Revenue Stream:** The Authority'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 budget	2026/27 budget
Total net income from service and commercial investments	7.1	8.7	9.5	9.5
Proportion of net revenue stream	57.2%	65.9%	69.9%	65.5%

**Proportion of Financing Costs to Net Revenue Stream:** 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 budget	2026/27 budget
Financing costs (£m)	6.9	7.6	7.6	6.1
Proportion of net revenue stream	55.55%	57.82%	55.90%	42.10%

**Treasury Management Indicators:** These indicators (Liability Benchmark, Maturity Structure of Borrowing, Long-Term Treasury Management Investments) are within the Treasury Management Report Q1 2024/25 at Appendix 1.