

**ANNEX A
NON-TREASURY MANAGEMENT PRUDENTIAL
INDICATORS**



BACKGROUND

The Council measures and manages its capital expenditure, borrowing and commercial and service investments with reference to the following indicators. It is now a requirement of the CIPFA Prudential Code that these are reported on a quarterly basis.

Capital Expenditure

Cotswold District Council has undertaken and is planning capital expenditure as summarised below.

	2023/24 actual (£)	2024/25 forecast (£)	2025/26 budget (£)	2026/27 budget (£)
Capital Expenditure				
General Fund services	5,654,676	9,011,500	1,328,000	6,651,000
Capital investments	328,000	0	0	0

The main General Fund capital projects include expenditure on Disabled Facilities Grants, Investment in the Council's Leisure Centres, Trinity Road Agile Working Project and roof repairs.

Capital Financing Requirement

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 Minimum Revenue Provision (MRP) and capital receipts used to replace debt.

	2023/24 actual (£)	2024/25 forecast (£)	2025/26 budget (£)	2026/27 budget (£)
Capital Financing Requirement (CFR)				
General Fund services	70,969	440,000	400,000	4,540,000
Capital investments	0	0	0	0
TOTAL CFR	70,969	440,000	400,000	4,540,000

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 Council has complied and expects to continue to comply with this requirement in the medium term as is shown below.

	31/03/2024 actual (£)	31/03/2025 forecast (£)	31/03/2026 budget (£)	31/03/2027 budget (£)	Debt at 30.6.2024 (£)
Gross Debt and CFR					
Debt (incl. PFI & leases)	357,255	260,000	16,000	5,000	357,255
Capital Financing Requirement	70,969	440,000	400,000	4,540,000	

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In the table above, the closing position of the CFR for 2023/24 was lower than the level of debt. This is referred to as an overborrowed position and is forecast to change based on the capital expenditure plans set out above. The Council's debt position at 31/3/2024 reflects the balance remaining of the Cotswold Climate Investment (£500k target was reached in August 2022). The need for further borrowing will be kept under review.

The Cotswold Climate Investment was not purely a treasury decision and the "over borrowed" position can be seen as a timing difference between achieving the investment in 2022 ahead of planned expenditure in 2023/24 and 2024/25. The Council has mitigated the cost of holding this debt through treasury management investments of the cash balance (achieved >5% with the Government's Debt Management Office (DMO) which is significantly above the interest payable of 2.1% on the Climate Investment).

Debt and the Authorised Limit and Operational Boundary

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.

Debt, Authorised Limit and Operational Boundary	Maximum Debt Q1 2024/25 (£)	Debt as at 30/06/2024 (£)	2024/25 Authorised Limit (£)	2024/25 Operational Boundary (£)	Complied? Yes/No
Borrowing	10,000,000	357,255	10,000,000	10,000,000	Yes
PFI and Finance Leases	0	0	0	0	Yes
TOTAL Debt	10,000,000	357,255	10,000,000	10,000,000	

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 Council's income from commercial and service investments as a proportion of its net revenue stream has been and is reported and forecast 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	491,778	380,000	380,000	390,000
Proportion of net revenue stream	3.46%	2.59%	2.60%	2.80%

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The 2023/24 outturn is lower than that set out in the 2023/24 Capital Strategy due to the £79k net income shortfall reported for commercial property income.

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 (£)	14,000	19,000	40,000	53,000
Proportion of net revenue stream	0.10%	0.14%	0.27%	0.48%