

APPENDIX B – PRUDENTIAL INDICATORS FOR QUARTER 2

Prudential Indicator	2024/25 Indicator £m	Quarter 1 – Actual £m	Quarter 2 – Actual £m	Quarter 3 – Actual £m	Quarter 4 – Actual £m
Non HRA Capital Financing Requirement (CFR)	345	336	336		
HRA CFR	111	105	105		
Gross borrowing	285	311	311		
Investments	50	21	22		
Net borrowing	235	290	289		
Authorised limit for external debt	546	311	311		
Operational boundary for external debt	480	311	311		
Limit of fixed interest rates (borrowing)	546	311	311		
Limit of variable interest rates (borrowing)	273	0	0		
Internal Team Principal sums invested > 364 days	70	0	0		
Maturity structure of borrowing limits	%	%	%	%	%
Under 12 months	15	10	10		
12 months to 2 years	15	0	0		
2 years to 5 years	45	0	2		
5 years to 10 years	75	24	26		
10 years to 20 years	100	26	22		
20 years to 30 years	100	20	25		
30 years to 40 years	100	11	6		
40 years to 50 years	100	2	2		
50 years and above	100	7	7		

The Gross Borrowing Prudential Indicator for 2024/25 was based on existing known borrowing taken out as at the end of January 2024. This borrowing position was based on the policy of utilising internal borrowing rather than external borrowing for capital schemes, whilst cash balances allowed this to continue, in order to minimise the interest cost to the Authority. As at the end of the 2023/24 financial year, it was deemed necessary to re-evaluate the under-borrowed position of the Council, and as a result, PWLB borrowing of £30m over a 12 month period was secured to fund existing capital schemes, and in order to manage the treasury management position of the authority. No further PWLB or borrowing has been undertaken since this period, although this accounts for the reason why the position in the first two quarters is greater than the 2024/25 indicator, as highlighted in the table above. It is anticipated that the Council will be undertaking more borrowing before the end of the calendar year, as we look to re-address the under-borrowed position and remove the reliance on internal borrowing through the use of cash balances.

The key prudential indicators which dictate the level of borrowing that can be undertaken by the Authority are the Operational Boundary which determines the likely level of borrowing that may be required to deliver the known commitments of the capital programme; and the Authorised limit provides the total borrowing that the Council may undertake if it should progress all plans as laid out in the Capital Strategy. As noted in the table above, the borrowing level undertaken during the first two quarters is well within the parameter of the Operational and Authorised limit for external debt.