APPENDIX 2

2024 / 25 HALF YEARLY TREASURY MANAGEMENT UPDATE

Compliance with Prudential Indicators

(a) **Estimates of Capital Expenditure**

The Council's planned capital expenditure and financing may be summarised as follows.

Capital Expenditure and Financing	2024 / 25 Estimate £000	2025 / 26 Estimate £000	2026 / 27 Estimate £000	2027 / 28 Estimate £000
Total Expenditure*	**8,861**	**4,686**	**1,711**	**586**
Capital Receipts	(667)	(47)	(172)	(47)
Government Grants	(1,754)	(539)	(539)	(539)
Contributions	(1,758)	(100)	0	0
Total Funding	**(4,179)**	**(686)**	**(711)**	**(586)**
Internal Borrowing	(4,682)	(4,000)	(1,000)	0
Supported borrowing	0	0	0	0
Unsupported borrowing	0	0	0	0
Total Financing	**(4,682)**	**(4,000)**	**(1,000)**	**0**
Total Financing and Funding	**(8,861)**	**(4,686)**	**(1,711)**	**(586)**

*The table has changed from the capital budget approved 15 February 2024 in that a new Leisure contract may be signed when this report is presented. The contract assumes capital investment of £5.713m over the next 3-years. This will be funded from internal borrowing. i.e. temporarily utilising the Council's treasury investments. The resulting loss of investment income is estimated at £185k pa based on Link's current projected interest rates of c.3.25% (Appendix 1).

The above table also shows that the capital expenditure plans of the council can be funded entirely from sources other than external borrowing.

(b) **Operational Boundary for External Debt and Authorised Limit for External Debt**

The council currently has no need of external borrowing.

(c) **Incremental Impact of Capital Investment Decisions**

This is an indicator of affordability that shows the impact of capital investment decisions on Council Tax. The incremental impact is calculated by comparing the total revenue budget requirement of the current approved capital programme with an equivalent calculation of the revenue budget requirement arising from the proposed capital programme.

Incremental Impact of Capital Investment Decisions	2024/25 Estimate £	2025/26 Estimate £	2026/27 Estimate £
Increase in Band D Council Tax per dwelling	7.01	6.90	6.87

The impact on Band D Council Tax is shown above as the Capital Programme is now not fully financed by Capital Receipts and Government Grants but also from internal borrowing. However, it must be noted that the above figures are offset by increased Leisure revenue income as the service provider will not have vehicle capital costs to pass onto the Council.

(d) **Treasury Management Indicators**

The Council measures and manages its exposures to treasury management risks using the following indicators.

Security

The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit score of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment.

	Target	Actual
Portfolio average credit score	6.0	3.3 (AA)

Liquidity

The Council has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three-month period, without additional borrowing.

	Target,	Actual
Total cash available within 3 months	£3m	£16.0m