

Capital Prudential Indicators

Capital expenditure is where the Council spends money on assets, such as property or vehicles that will be used for more than one year. This includes spending on assets owned by other bodies, loans and grants to other bodies enabling them to buy assets. The Council has some limited discretion on what counts as capital expenditure, for example assets costing below £10,000 are not capitalised and are charged to revenue in year.

The summary of the capital expenditure is shown in the Table 1 below. The quarter 2 financial monitoring report will provide further detail.

The updated budget includes rephased schemes from 2021/22, and growth schemes funded by grants, in addition to the schemes included in the original budget.

Table 1: Summary of Capital Expenditure in £m

| | 2022/23 Original Budget | 2022/23 Updated⁽¹⁾ Budget | 2022/23 Forecast |
|-----------------------|--|---|-----------------------------|
| General Fund Services | 12.77 | 41.90 | 11.03 |
| Total | 12.77 | 41.90 | 11.03 |

⁽¹⁾ This includes rephasing from 2021/22 and growth funded by grants.

All capital expenditure must be financed, either from external sources (government grants and other contributions), the Council's own resources (revenue, reserves and capital receipts) or debt (borrowing and leasing).

Table 2: The summary of Capital financing in £m

| | 2022/23 Budget | 2022/23 Updated Budget | 2022/23 Forecast |
|----------------------------|---------------------------|---------------------------------------|-----------------------------|
| External sources | 2.13 | 15.42 | 3.34 |
| CIL | 0 | 2.30 | 0.41 |
| Capital Receipts | 8.29 | 17.08 | 0.68 |
| Internal Borrowing or Debt | 2.35 | 7.10 | 6.60 |
| Total | 12.77 | 41.90 | 11.03 |

Debt is only temporary source of finance since loans and leases must be repaid, and this is therefore replaced over time by other financing, usually from revenue which is known as minimum revenue provision (MRP).

Table 3: The summary of Capital Financing Requirement in £m

| | 2022/23 Budget | 2022/23 Updated Budget | 2022/23 Forecast |
|-------------------------------|---------------------------|---------------------------------------|-----------------------------|
| Capital Financing Requirement | 79.40 | 77.47 | 76.98 |
| MRP | (2.80) | (2.80) | (2.55) |
| Total | 76.60 | 74.67 | 74.43 |

The CFR for the updated budget and the forecast is the opening CFR of £70.378m plus the internal borrowing or debt line from table 2.

The opening CFR for 2022/23 is £70.378m, taken from draft statement of accounts, CFR note, closing position 2021/22.

When a capital asset is no longer needed, it may be sold so that the proceeds known as capital receipts can be spent on new assets or to repay debt. Repayments of capital grants, loan and investments also generate capital receipts.

The summary of the capital receipts is shown in Table 4 below in £m.

| | 2022/23 Budget | 2022/23 Updated Budget | 2022/23 Forecast |
|--------------|---------------------------|---------------------------------------|-----------------------------|
| Asset sales | 0.70 | 0.70 | 0.45 |
| Loans repaid | 0.00 | 0.28 | 4.89 |
| Total | 0.70 | 0.98 | 5.34 |

The forecast includes the loan repayment by Places for People of £4.7m, which may not all be used to fund capital expenditure in 2022/23, a funding mix decision will be taken at the year end.