

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 2022/23, and growth schemes funded by grants, in addition to the schemes included in the original budget.

Table 1: Summary of Capital Expenditure

| | 2023/24 Original Budget £000s | 2023/24 Current Budget ⁽¹⁾ £000s | 2023/24 Forecast Outturn £000s |
|-------------------------------|--|--|---|
| Property, Plant and Equipment | 4,661 | 6,291 | 4,515 |
| Investment Properties | 1,802 | 2,262 | 2,851 |
| Intangible Assets | 102 | 168 | 99 |
| REFCUS | 19,419 | 20,916 | 11,437 |
| Community Assets | 3,202 | 3,207 | 531 |
| Loans | 206 | 306 | 100 |
| Total | 29,392 | 33,150 | 19,533 |

⁽¹⁾This includes new schemes funded from grant and rephased schemes from 2022/23

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

| | 2023/24 Original Budget £000s | 2023/24 Current Budget £000s | 2023/24 Forecast Outturn £000s |
|----------------------------------|--|---------------------------------------|---|
| Capital Receipts Applied | 359 | 359 | 359 |
| Capital Grants and Contributions | 19,030 | 21,666 | 7,651 |
| Community Infrastructure Levy | 3,476 | 3,476 | 4,215 |
| Minimum Revenue Provision | 2,771 | 2,771 | 2,771 |
| Internal Borrowing/Resources | 3,756 | 4,878 | 4,537 |
| Total | 29,392 | 33,150 | 19,533 |

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.

| | 2023/24 Original Budget £000s | 2023/24 Current Budget £000s | 2023/24 Forecast Outturn £000s |
|--------------------|--|---|---|
| Opening CFR | 71,592 | 72,260 | 72,260 |
| Net expenditure | 6,527 | 7,649 | 7,308 |
| MRP | (2,771) | (2,771) | (2,771) |
| Closing CFR | 75,348 | 77,138 | 76,797 |

The actual opening CFR for 2023/24 is £72.260m, taken from draft statement of accounts, CFR note, closing position 2022/23.

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.

| | 2023/24 Original Budget £000s | 2023/24 Current Budget £000s | 2023/24 Forecast Outturn £000s |
|------------------|--|---|---|
| Housing Clawback | 350 | 350 | 350 |
| Loan Repayments | 9 | 9 | 9 |
| Total | 359 | 359 | 359 |