

Table 1: Prudential Indicators - Authorised Limit and Operational Boundary

The Authorised Limit for External Debt sets the maximum level of external borrowing that the Council can incur. It reflects the level of borrowing which, while not desirable, could be afforded in the short-term, however it is not sustainable. It is the Council's expected maximum borrowing need with headroom for unexpected cashflow. The limit also provides scope for the Council to borrow in advance of need.

The Operational Boundary for External Debt is not a limit and actual borrowing could vary around this boundary for short times during the year. It acts as an early warning indicator to ensure the authorised limit is not breached.

	2023/24	2024/25	2025/26	2026/27
	£m	£m	£m	£m
Authorised borrowing limit	1,450	1,450	1,450	1,450
Operational boundary	1,350	1,350	1,350	1,350

Table 2: Financing Costs to Net Revenue Stream.

This is a measure of the affordability of borrowing. The Council's financing costs relate substantially to borrowing when commercial property was acquired prior to March 2019. As the CIPFA TM Code notes, commercial investments are taken or held primarily for financial return and are not linked to treasury management activity nor do they form part of delivering direct services. However, as commercial property was directly related to borrowing costs, Table 3 also shows the net income after costs and contributions to future costs. This illustrates the affordability of the commercial investments.

	2023/24	2024/25	2025/26	2026/27
Net Revenue Stream, £m	13.6	13.7	12.6	12.2
Financing costs, £m	39.4	39.5	39.6	39.7
Ratio	2.9	2.9	3.1	3.2

Table 3: Commercial Income, Related Costs and Contributions to Sinking Funds

	2023/24	2024/25	2025/26	2026/27
	£m	£m	£m	£m
Commercial income	(46.1)	(49.2)	(53.4)	(54.1)
Landlord costs	7.9	8.8	6.8	6.3
Contribution to sinking funds	1.0	0.8	2.9	3.7
Financing costs	39.4	39.5	39.6	39.7
Net income after landlord & financing costs & net contributions to sinking fund	2.2	(0.02)	(4.1)	(4.5)