

Cabinet



Date of meeting:	11 November 2024
Title of Report:	Finance Monitoring Report September 2024 (Quarter 2)
Lead Member:	Councillor Mark Lowry (Cabinet Member for Finance)
Lead Strategic Director:	David Northey (Service Director for Finance)
Author:	Helen Slater, Lead Accountancy Manager Wendy Eldridge, Lead Accountancy Manager (Capital and Treasury Management)
Contact Email:	David.northey@plymouth.gov.uk
Your Reference:	
Key Decision:	No
Confidentiality:	Part I - Official

Purpose of Report

This report sets out the revenue and capital monitoring position of the Council forecast to the end of the financial year 2024/25 at Period 6.

Recommendations and Reasons

That Cabinet:

1. Note the forecast revenue monitoring position at Period 6 as set out in this report is an adverse variance of £4.609m;
2. Note Senior Officers will continue to work with Cabinet to reduce the forecast overspend;
Reason: controlling the outturn within budget is essential to maintain financial control.
3. Note the Capital Budget 2024-2029 is revised to £372.669m as shown in Table I and agree that this revised forecast is recommended to Full Council for approval;
Reason: Controlling the outturn within budget is essential to maintain financial control with full transparency on the Capital Investments.
4. Note the Prudential Indicators Q2 2024/25.

Alternative options considered and rejected

There are no alternative options – our Financial Regulations require us to produce regular monitoring of our finance resources.

Relevance to the Corporate Plan and/or the Plymouth Plan

The report is fundamentally linked to delivering the priorities within the Council's Corporate Plan. Allocating limited resources to key priorities will maximise the benefits to the residents of Plymouth.

Implications for the Medium Term Financial Plan and Resource Implications:

Robust and accurate financial monitoring underpins the Council’s Medium Term Financial Plan (MTFP). The Council’s MTFP is updated based on on-going monitoring information, both on a local and national context. Any adverse variations from the annual budget will place pressure on the MTFP going forward and require additional savings to be generated in future years.

Financial Risks

Financial risks concerning period 6 reporting are discussed in the body of the report and relate to the attainment of a balanced budget position in financial year 2024/25.

Carbon Footprint (Environmental) Implications:

There are no impacts directly arising from this report.

Other Implications: e.g. Health and Safety, Risk Management, Child Poverty:

** When considering these proposals members have a responsibility to ensure they give due regard to the Council’s duty to promote equality of opportunity, eliminate unlawful discrimination and promote good relations between people who share protected characteristics under the Equalities Act and those who do not.*

The reducing revenue and capital resources across the public sector has been identified as a key risk within our Strategic Risk register. The ability to deliver spending plans within budget is paramount to ensuring the Council can achieve its objectives

Appendices

**Add rows as required to box below*

Ref.	Title of Appendix	Exemption Paragraph Number (if applicable) <i>If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1 of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.</i>						
		1	2	3	4	5	6	7

Background papers:

**Add rows as required to box below*

Please list all unpublished, background papers relevant to the decision in the table below. Background papers are unpublished works, relied on to a material extent in preparing the report, which disclose facts or matters on which the report or an important part of the work is based.

Title of any background paper(s)	Exemption Paragraph Number (if applicable) <i>If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1 of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.</i>						
	1	2	3	4	5	6	7

Sign off:

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Originating Senior Leadership Team member: David Northey, Service Director for Finance

Please confirm the Strategic Director(s) has agreed the report? Yes

Date agreed: 08/11/2024

Cabinet Member approval: Councillor Lowry, Cabinet Member for Finance

Date approved: 11/11/2024

SECTION A: EXECUTIVE SUMMARY**Table 1: Revenue Forecast**

	Budget £m	Forecast £m	Variance £m
Total General Fund Budget	241.622	246.231	4.609

This report highlights an adverse variance monitoring position at Month 6 (September 2024). A breakdown of this is set out in Table 2.

SECTION B: Directorate Review**Table 2: Revenue Forecast by Directorate**

Directorate	Budget £m	Forecast £m	Forecast Net Variance £m	Status
Chief Executive's Office	6.914	6.914	0.000	nil variance
Customer and Corporate Directorate	35.437	36.531	1.094	over
Children's Directorate	74.599	81.654	7.055	over
Adults, Health and Communities Directorate	108.416	110.046	1.630	over
Public Health	2.557	2.557	0.000	nil variance
Growth Directorate	30.190	30.490	0.300	over
Corporate Account & Council wide items	(16.491)	(21.849)	(5.470)	under
Total	241.622	246.231	4.609	over

The reported position is an adverse variance of £4.609m. Previously the reported position was nil variance, but the forecasting update at Month 6 now includes risks within Directorate budgets that have no mitigations identified against them.

Chief Executive's Office

Following a budget review and actions by the Service, Chief Executive Office is reporting a nil variance at Month 6 and is expecting to come in on budget.

Customer and Corporate Services Directorate

Month 6 Position – Customer and Corporate Directorate	Variance £m	RAG Rating
Pressures		
Hard Facilities Management and loss of income from Guildhall closure	0.856	Amber
Housing Benefit Subsidy Gap	0.320	Amber
Savings / mitigations		
Net savings across directorate	(0.082)	Amber
Variance currently not mitigated	1.094	

At Month 6 a pressure of £1.094m has been identified as unmitigated; pressures within the Directorate are detailed above.

The forecasted pressure within Hard FM has reduced to reflect prioritisation of spend for the remainder of 24/25. Based on current forecasting there will be a Housing Benefit subsidy gap pressure of £0.908m, which has been offset by (£0.588m) reduction in Bad Debt Provision, the net position is therefore £0.320m pressure. Across the remainder of the directorate there is a net saving of (£0.082m), mainly due to maximisation of new burdens funding within Finance and recharges of SSR to grant funded posts.

Children's Directorate

Children, Young People & Families	Variance £m	RAG Rating
Pressures		
Looked After Children – Placements	3.010	Red
Legacy Delivery Plan Pressures	3.446	Red
Staffing/Agency Pressures	1.082	Amber
0-25 SEND Staffing Costs	0.292	Amber
Home to School Transport	0.348	Amber
Mitigations		
Additional Grant Funding	(1.123)	Red
Variance currently not mitigated	7.055	

- At Month 6 pressures totalling £7.055m are currently being flagged as unmitigated.
- In-year Placement monitoring shows a net pressure of £3.010m, this is an increase of £0.016m from the previous reported position. Plans to step other children forward into alternative appropriate provision have been identified at a total of £1.123m. This gives a net Placements forecast of £2.756m. Further work is being done to identify any additional looked after children who could potentially move placements – however this is unlikely achieve enough to mitigate the current pressures.
- Currently all planned mitigations are required to offset the placements pressure, there are no further plans to meet legacy delivery plans within the budget totalling £3.446m. This results in a pressure against delivery plans which is unlikely to be offset in year.
- Agency staff costs have increased in order to meet statutory requirements and maintain caseloads at a manageable level. The recently re-branded and re-launched recruitment campaign has successfully recruited to some senior positions, but it is has not attracted permanent experienced social workers. The Q2 position on agency spend is a pressure of £1.082m, which is offset by non-placement forecast savings of £0.869m.
- Within Education, Participation and Skills there are potential risks being flagged within the Short Breaks Service budget, rapid analysis has taken place to control the drivers and work has started to bring the pressure under control. This includes recoupment of unspent direct payments, a

reduction in enabling and leisure packages, a reduction in overnight commissioned packages and increases in health contributions.

- There continues to be a forecast overspend of £0.292m within the 0-25 SEND team, this is based on the current work force. Previous year's overspend in this area were allocated to the DSG but an ESFA review of spend has meant that all SEND administrative services have to be charged to revenue.
- September route planning for SEND Home to School Transport has been completed and resulted in a forecast pressure of £0.348m, due to increased route costs effecting the Service's ability to make efficiency savings.

Management Actions

- Extensive work is taking place through the Homes for Cared for Children Programme to address this increase through planning for 14 children to move on from a residential placement in this financial year and assessments are taking place for other young people whose needs can be better met with a family member, in foster care or in supported living.
- Children have also been identified whose needs can be well met from reunification home or with extended family members or with a move from Independent Foster Carer to a Plymouth Foster Carer.
- A Children's Brokerage team has been recruited to strengthen market engagement, placement finding and market management and monitoring and quality assurance.
- Options for greater Plymouth based provision for children and young people are being developed.
- Recruitment campaign and retention initiatives are being reviewed again and priority posts are being recruited to. The Director of Children's Services chairs a weekly recruitment panel, attended by the Director of Human Resources and Service Directors, to scrutinise and approve recruitment to every post within the Directorate. Only posts that are essential and where the role cannot be delivered in another way are approved.
- The financial and support offer to Plymouth Foster Carers has been improved and there are some early signs that this is starting to have an impact with more enquiries (25) which has resulted in 13 applications received and proceeding to stage 1 (this conversation rate of over 50% is significantly higher than last year).

Adults, Health and Communities Directorate Adult Social Care

Month 6 Position – Adult Social Care	Variance £m	RAG Rating
Pressures		
Reduction in client income	3.096	Amber
Care Package Expenditure	0.471	Amber
Support Services Recharge	0.080	
Mitigations		

Vacancy savings and non-staffing savings	(0.581)	Green
Service Delivery Contingency	(0.516)	Green
In Progress – Intermediate Dom Care Review	(0.500)	Amber
In Progress – CFS/Income Audit	(0.400)	Amber
In Progress – Health Contributions Review	(0.400)	Amber
Variance not currently mitigated	1.250	

- At Month 6 pressures totalling £1.250m are currently being flagged as unmitigated.
- Pressures within Nursing Long Stay Care Packages (£0.647m), Short Stay Packages (£0.350m), Domiciliary Care (£0.112m) and Supported Living (£0.091m) are being offset in part by savings in other package types including Direct Payments and Residential Care, resulting in a net pressure of (£0.471m) on Care Package expenditure budgets.
- Pressures due to reduced Client Income are being flagged; the bulk of which are within Fairer Charging (£1.930m), Residential Client Income (£0.670m) and Joint Funding (£0.692m) which are having a significant impact on the budget, totalling a forecast pressure of £3.096m. The service is arranging a review by Internal Audit on income processes to identify any improvements that can be made with the intention of mitigating this continuing pressure. However, it is unlikely that this pressure will be fully mitigated in year.
- The service is reviewing obligations related to Intermediate Dom Care and whether funding can be recovered for this, or whether the provision can be stopped. Also further work is being undertaken around health contributions to client packages as a priority.
- At Month 6 the vacancy savings target of (£0.460m) has already been achieved, with additional vacancy savings of (£0.581m) being forecast based on holding vacancies within the structure. The Service are also expecting all brought forward and in-year delivery plans savings (£8.881m) to be met.

Corporate overhead recharges of 15% on revenue grant funded posts have resulted in a pressure of £0.080m at Month 6, which is acknowledged to be outside of the control of the Service

Community Connections

Month 6 Position – Community Connections	Variance £m	RAG Rating
Risk: Increase in numbers in Temporary Accommodation	0.369	Green
Risk: Delivery Plans – Expected delays in planned activity	0.293	Amber
Support Services Recharge	0.210	Amber
Mitigation: Salary savings, grant maximisation and line by line budget review	(0.492)	Amber
Position to report at Month 6	0.380	

Community Connections has a delivery plan target of £1.000m in this financial year. Currently there are delays in delivery of the plans associated with this target which is creating a pressure of £0.293m at Month 6. To mitigate this, further work is being undertaken alongside the larger property purchase projects to find alternative properties, with the Service also continuing to try bring the Royal project on line as soon as possible.

The Service is also seeing continued growth in numbers of people needing temporary accommodation, resulting in a pressure of £0.369m. Whilst this is expected to be covered in part by staffing savings and grant maximisation a pressure of £0.170m remains unmitigated.

Corporate overhead recharges of 15% on revenue grant funded posts have resulted in a pressure of £0.210m at Month 6, which is acknowledged to be outside of the control of the Service.

Office of the Director of Public Health (ODPH)

Month 6 Position – ODPH	Variance £m	RAG Rating
Risk: Bereavement Service (increased Service Borrowing, reduced income)	0.535	Amber
Mitigation: Leisure Management efficiencies (Service Borrowing and Electricity)	(0.117)	Amber
Mitigation: Savings within PPS (staffing)	(0.048)	Amber
Mitigation: Reviewing forecast expenditure, income and capitalisation of costs associated with the new Crematorium.	(0.371)	Amber
Position to report at Month 6	0.000	

Additional service borrowing and reduced income within Bereavement are creating forecast pressures of £0.535m within the Service's budgets, which is offset in part by savings within Leisure Management. Work is ongoing to explore expenditure containment, increased income opportunities and ensuring spend on the new Crematorium is capitalised where appropriate. The intention is that the overall pressure will be mitigated so there is currently nil variance reported, this is the same position as Month 5.

Growth Directorate

Month 6 Position – Growth Directorate	Variance £m	RAG Rating
Pressures		
Shortfall on Legacy Delivery Plan savings	1.128	Amber
In year BAU Pressures	0.882	Amber
Support Services Recharge	0.300	
Mitigations		
Income Maximisations – incl. commercial contracts and leases	(2.010)	Amber
Position to report at Month 6	0.300	

Growth summary mitigation measures	Amount (£m)	Completed by	Lead	RAG
Renegotiation of commercial contracts - leases	Circa 0.9m	31/03/2025	David Draffan/James Watt	Amber
Commercial contracts monitoring - Energy from Waste profit share	Circa 1.5m	31/03/2025	Phillip Robinson/Phil Ruden	Amber

The Growth Directorate are projecting an overall adverse £0.300m revenue position for 2024-25, despite total known pressures of £2.310m, which can be mitigated by known management actions.

This variation is predicated on the Growth Department making full use of expected upsides from income maximisation, in particular from the Energy from Waste profit share and the Property Regeneration Fund lease renewals.

£1.128m of the forecast pressure is from a shortfall in previously agreed 23-24 savings delivery plans. This includes the impact of delayed implementation of route optimisation, garden waste pressures and historical legacy targets without specific action plans. £0.900m is from business-as-usual pressures, largely in the delivery of Street Scene & Waste & Grounds.

Corporate Items & Council wide

Month 6 Position – Corporate Items	Variance £m	RAG Rating
Pressures		
Facilities Management – Corporate costs	0.316	Amber
Mitigations		
Treasury Management Savings	(0.489)	Amber
Release of general contingency	(3.913)	Green
Contingency b/fwd from prior years	(0.384)	Green
Prior year council tax surplus	(1.000)	Green
Variance to report	(5.470)	

Facilities Management (FM) continue to see additional costs associated with the corporate estate. These are all fully mitigated in-year by one-off savings and resolved going forward into 2025/26.

£3.913m of usable general contingency monies, held in case of in year cost pressures and £0.384m of brought forward contingencies have been released at Month 6 to support pressures within Directorate budgets.

In addition to this £1.000m of Council Tax funding held within reserves is also being released.

There is ongoing uncertainty around the pay award for 2024/25, figures included in current negotiations would exceed the budgeted allowance.

A quarterly review of Business Rates, including the Business Rates Pool, and Council Tax collections versus assumptions has been undertaken at Quarter 2. An increase to the Pooling Gain assumption and additional s31 grants expected removes previously anticipated pressures within Core Resources.

Core Resources Summary - Quarter 2			
	Budget	Q2 Forecast	Variance
Revenue Support Grant	(12.328)	(12.328)	0.000
Council Tax	(139.479)	(140.684)	(1.205)
Business Rates	(82.065)	(81.169)	0.896
NNDR Pooling Gain	(2.750)	(2.441)	0.309
Reserves	(5.000)	(5.000)	0.000
Total	(241.622)	(241.622)	(0.000)

Savings Budgets 2024/25

The additional savings built into Directorate budgets for 2024/25 are set out below:

Directorate	Savings 2024/25 £m	Plan	RAG Rating
Children's	Total Savings (1.873) Related Growth 0.777 Net Savings Target (1.096)	Net savings associated with profile of placement types	Red
Adults, Health and Communities	(1.500)	£1.000m reduction in Homelessness spend	Amber
		£0.500m release of Bad Debt Provision	Green
ODPH	(0.200)	Contribution to revenue budgets	Green
Corporate Items	(0.900)	Minimum Revenue Provision and Bad Debt Provision release	Green
	(3.696)		

CAPITAL

The capital programme as at 30th September 2024 incorporates the movement from Q1 position at 30 June 2024, with the five year capital budget 2024-2029 currently forecast at £372.669m.

Table 1 reflects the change in 5 year programme scope and movement through new approvals and variations.

Capital Programme Movement

Table 1 The Capital Budget consists of the following elements:

Description	£m
Capital Programme as at 30 June 2024 for 5 year period 2024 - 2029	360.488
New Approvals – June to September see Table 3 for breakdown	19.097
Variations – June to September	(6.916)
Total Revised Capital Budget for Approval (2024/25 -2028/29)	372.669

A breakdown of the current approved Capital Budget by directorate and by funding is shown in Table 2 below.

Table 2 Capital Programme by Directorate

Directorate	2024/25	2025/26	2026/27	2027/28	2028/29	Total
	£m	£m	£m	£m	£m	£m
Children's Services	0.735	0.114				0.848
Adults, Health and Communities	28.120	11.922	0.842	0.164		41.048
Growth - Economic Development	34.082	32.181	42.215	16.715	12.582	137.775
Growth - Strategic Planning & Infrastructure	61.444	49.298	28.915	0.672	0.275	140.605
Growth - Street Services	24.860	11.835	0.295	0.234	0.212	37.435
Customer and Corporate	3.465	4.093	0.728	0.280	0.101	8.667
Office for Director of Public Health	6.221	0.070				6.291
Total	158.927	109.513	72.995	18.065	13.170	372.669

Financed by:	2024/25	2025/26	2026/27	2027/28	2028/29	Total
	£m	£m	£m	£m	£m	£m
Capital Receipts	3.230	1.763	9.368	0.180	2.008	16.549
Grant Funding	87.765	34.565	0.023	0.023	0.193	122.570
Corporately Funded Borrowing	32.621	35.352	22.539	0.860	0.545	91.918
Service Supported Borrowing	28.800	33.872	34.100	16.920	10.322	124.014
Developer Contributions	3.968	3.129	6.921	0.082	0.102	14.202
Other Contributions	2.542	0.831	0.043			3.416
Total	158.927	109.513	72.995	18.065	13.170	372.669

Based on the latest 2024/25 forecast totalling £158.927m, actual spend as at 30 September 2024 was £37.188m which equates to 23.40% of forecast figure of the Capital Programme for 2024/25.

Analysing historical monthly actual figures to overall outturn for years 2019 – 2024 has identified a percentage spend as at 30 September averaging 33.42% compared to final outturn. Applying this to current year actual spend with a 10% contingency threshold would indicate a 2024/25 outturn forecast closer to £115m.



Finance officers continue to work with Project Officers reviewing forecasts to ensure any necessary re-profiling is reported.

Of the 5-year programme, £91.918m is forecast to be funded from corporate borrowing which equates to 25% of programme. Work is ongoing to update the capital pipeline which will identify further corporate borrowing requirements. The affordability of the capital programme and future funding assumptions is under review.

Table 3 Capital new approvals Q2 including funding

Service / Directorate	Governance	New Approvals	5 Year Programme Approvals £ m	Financed By
SPI	S151	National Cycle Network Barrier Removal	0.002	S106
PH	S151	Plymouth Life Centre - Pool Covers	0.019	RF Grant
ED	S151	Plymouth & S Devon Freeport Project: Land at Sherford	0.200	RF Grant
ED	S151	Mount Edgcumbe Orangerie Toilets	0.006	SB
CS	S151	Cann Bridge - SEN Expansion	0.075	RF Grant
CS	S151	Mill Ford - SEN Satellite Provision	0.075	RF Grant
CCO	S151	Prince Rock Gas Main Replacement	0.200	URF CB
SS	S151	Grass Cutting Equipment 2024	0.154	RF SB
CS	S151	Mill Ford - Devolved Capital	0.034	RF Grant
SPI	S151	Woolwell to The George (Widening & Park & Ride)	-0.206	URF Grant
CCO	S151	St Budeaux Public Toilet	0.118	URF CB/RCCO
CCO	S151	Four Woods Nursery Boiler Replacement	0.042	URF CB
CCO	S151	Midland House IT Decommissioning	0.100	RF SB
CCO	Exec Dec	Theatre Royal Roof Repairs	0.289	URF CB
AHC	Exec Dec	Efford Youth & Community Centre	0.500	URF CB
AHC	Exec Dec	Honicknowle Youth & Community Centre	0.500	URF CB
ED	Exec Dec	Plymouth and South Devon Freeport Dredging	0.382	RF Grant
AHC	Exec Dec	Disabled Facilities (incl Care & Repair works)	3.469	RF Grant/Cont
SPI	Exec Dec	Harewood House	0.458	RF Grant/URF CB
SPI	Exec Dec	Plymouth Major Road Network	6.356	RF Grant/S106
ED	Exec Dec	Future High Streets Fund - Civic Centre	-8.500	RF Grant
ED	Exec Dec	Future High Streets Fund - Civic Centre	2.450	CB
SPI	Exec Dec	City Centre Public Realm Old Town St / New George St	1.294	CB
SPI	Exec Dec	Armada Way Delivery	10.754	CB / Cap Rec
ED	Exec Dec	Mount Edgcumbe English Garden House	0.326	RF Grant / Cont
Total Capital Approvals			19.097	

*Executive Decision (Published)

Glossary	
AHC	Adults, Health and Communities
CS	Childrens Services
SPI	Strategic Planning & Infrastructure
SS	Street Services
ED	Economic Development
CCO	Customer and Corporate Services

Glossary	
RF	Ring Fenced
URF	Unring Fenced
CB	Corporate Borrowing
SB	Service Borrowing
Cap Rec	Capital Receipts
Cont	External Contribution

Capital Programme 2024/25 monitoring

The budget for 2024/25 was £176.029m at the start of Q2, against this (£17.102m) has been re-profiled into future years to reflect latest project plans with notable variances listed below:

- Property Regeneration Fund (£3.930m)
- Langage Development South Phase 2 (£1.370m)
- Woolwell to The George (£2.577m)
- Forder Valley Interchange (£1.326m)
- Transport Capitalised Maintenance (£2.146m)
- Street scene & Waste Vehicles (£2.747m)
- Re-provision of Vines & Colwill Lodge (£2.511m)

Together with new approvals programmed for 2024/25 and variations produces a latest forecast for 2024/25 totalling £158.927m.

Table 5 below includes a breakdown by directorate of actual cash spend as at 30 September 2024 shown as a value and percentage against latest forecast, overall 23.40%. Comparable percentage for 2023 was 20.98%.

Table 5 2024/25 Programme including actual spend and % spent compared to latest forecast

Directorate	Latest Forecast 2024/25	Actual Spend as at 30 Sept 2024	Spend as a % of Latest Forecast
	£m	£m	£m
Children's Services	0.735	0.138	18.76%
Adults, Health and Communities	28.120	8.174	33.37%
Growth - Economic Development	34.082	8.526	33.67%
Growth - Strategic Planning & Infrastructure	61.444	8.657	25.01%
Growth - Street Services	24.860	6.668	14.09%
Customer and Corporate	3.465	1.166	26.82%
Office for Director of Public Health	6.221	3.860	62.05%
Total	158.927	37.188	23.4%

Profiling of the capital programme will continue to review robustness of forecasts to spend as project officers assess the inflationary impact to schemes and challenges to meet grant funding conditions.

A detailed monitoring project forecast has been issued to Service Directors highlighting projects with grant risk, specifically within Children's services £16m grant funding has been awarded by Department for Education with an element at risk of clawback unless specific devolved funds received in 2020/21 is spent.

Progression of grant funding with government departments has been impacted by general election restrictions, risk is held with National Marine Park project awaiting approval for LUF grant.

Prudential Indicators Q2 2024/25

The Authority measures and manages its capital expenditure, borrowing and commercial and service investments with references to the following indicators.

It is now a requirement of the CIPFA Prudential Code that these are reported on a quarterly basis.

Capital Financing Requirement: The Authority's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP / loans fund repayments and capital receipts used to replace debt.

The actual CFR is calculated on an annual basis.

	2023/24 actual £m	2024/25 forecast* £m	2025/26 budget £m	2026/27 budget £m
General Fund services	866.405	907.976	932.195	958.201

Gross Debt and the Capital Financing Requirement: Statutory guidance is that debt should remain below the capital financing requirement, except in the short term. The Authority has complied and expects to continue to comply with this requirement in the medium term as is shown below.

	2023/24 actual £m	2024/25 forecast* £m	2025/26 budget £m	2026/27 budget £m	Debt at 30.9.2024 £m
Debt (incl. PFI & leases)	739.506	799.432	878.196	931.823	725.506
Capital Financing Requirement	866.405	907.976	932.195	958.201	

* Arlingclose have been commissioned to review impact for accounting for a change in the accounting for leases.

Debt and the Authorised Limit and Operational Boundary: The Authority is legally obliged to set an affordable borrowing limit (also termed the Authorised Limit for external debt) each year. In line with statutory guidance, a lower “operational boundary” is also set as a warning level should debt approach the limit.

	Maximum debt Q2 2024/25 £m	Debt at 30.09.24 £m	2024/25 Authorised Limit £m	2024/25 Operational Boundary £m	Complied? Yes/No
Borrowing	639.532	639.532	900.000	800.000	Yes
PFI and Finance Leases	89.974	88.900	269.000	269.000	Yes
Total debt	729.506	728.432	1169.000	1069.000	

Since the operational boundary is a management tool for in-year monitoring it is not significant if the boundary is breached on occasions due to variations in cash flow, and this is not counted as a compliance failure.

Provision for £100m has been included in authorised limit and operational boundary in 2024/25 for a CFR increase arising from a change in the accounting for leases

Proportion of Financing Costs to Net Revenue Stream: Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP / loans fund repayments are charged to revenue.

The net annual charge is known as financing costs; this is compared to the net revenue stream i.e. the amount funded from Council Tax, business rates and general government grants.

	2023/24 actual £m	2024/25 forecast* £m
Financing costs (£m)	38.590	45.538
Proportion of net revenue stream	17.75%	19.24%