

# MEMBER'S WRITTEN QUESTION



Member submitting the question: Cllr Chris Wood

Date received: 12/05/2025 10:06:28 PM

To the Cabinet Member for: mark.lowry@plymouth.gov.uk

Question: Dear Cllr Mark Lowry, In Paragraph 4.3 on page 81 of the City Council Supplement Pack for the meeting held on the 24th February 2024 it states that Plymouth City Council's Total Debt level on the 31st March 2024 was £774m, it forecast that Total Debt level would reach £919m on the 31st March 2025, £1bn on the 31st March 2026 and £1.2bn on the 31st March 2027. Would you please outline what the actual Total Debt level was on the 31st March for all years since the year 2000 please? Reference:

<https://democracy.plymouth.gov.uk/documents/b29982/Supplement%20Pack%20Monday%2024-Feb-2025%2014.00%20City%20Council.pdf?T=9>

Yours sincerely, Cllr Chris Wood

Answer:

The document referred to is the Treasury Management Strategy, approved alongside the Proposed Revenue & Capital Budget 2025/26. The report details on page 81 (of the pack) the level of 'gross debt', which is comprised of the Council's level of external borrowing and the value of finance lease liabilities.

As noted in the report, as a result of the adoption of IFRS16 from 2025/26, the value of lease liabilities will be enhanced as a result of the requirement for operating leases to be brought onto the balance sheet. The accounting impact from the adoption of IFRS16 will be quantified as part of completion of the Statement of Accounts for 2024/25 which are expected to be published by 30 June 2025.

These PFI and lease liabilities represent the gross value of the total long-term financing obligations payable associated assets purchases or long-term service delivery contracts, e.g. the Energy from Waste plant. Whilst these are both analysed alongside borrowing, these represent financing directly linked to assets which present a prudent approach to enabling key operational initiatives to proceed.

Debt	31 Mar 24 Actual £m	31 Mar 25 Forecast £m	31 Mar 26 Forecast £m	31 Mar 27 Forecast £m
Borrowing	655.532	700.225	788.286	957.139
PFI liabilities & Finance Leases*	118.500	219.000	217.000	215.000
<b>Total Debt</b>	<b>774.032</b>	<b>919.225</b>	<b>1,005.286</b>	<b>1,172.139</b>

Borrowing is managed responsibly through adherence to both our Capital Strategy and Treasury Management Strategy. The Council continues to set its Authorised Borrowing Limit with reference to the Prudential Code and operates well within tolerances. This is critical to ensure that total capital investment remains within sustainable limits and that the impact upon its future Council Tax and Council rent levels is acceptable

The forward assessment of forecast borrowing (from 2025 onwards) set out in the above table has used the 'operational boundary' for external debt (a Prudential Indicator), as detailed in the table on page 92 of the report. This is defined as *"representing the Council's estimate of most likely, (i.e. prudent, but not worst case) scenario for external debt"*.

The underlying driver for Plymouth City Council's borrowing is capital investment, and in recent years the City Council has had a significant capital programme. As a result of the changing pipeline and anticipated delays to delivery in relation to the capital programme, work is planned to complete a comprehensive review to ensure that forward projections more accurately determine the level of require borrowing. The outcome of this work, and how the total cost of financing remains within the revised budget, will drive the financial modelling that will be incorporated into the Medium Term Financial Strategy, to be presented to Full Council later in the year.

Through interrogate of Treasury Management source data, it has been possible to collate the level of borrowing for each year since 2000 which is detailed in the table below. We have focussed on the analysis on borrowing through loans given the complexities of determining the level of finance lease liabilities over the 25-year period. These figures therefore correlate with the 'Borrowing' row of the table above, rather than Total Debt, as notional lease and PFI liabilities are excluded.

Borrowing held at 31 March		Short term (<364 days) Other Local Authorities	Public Works Loan Board (>364 days)	Other Long term borrowing (>364 days)	TOTAL
Financial Year	Year	£m	£m	£m	£m
1999/2000	2000	0.000	46.000	0.000	46.000
2000/2001	2001	0.000	46.000	0.000	46.000
2001/2002	2002	0.000	46.000	0.000	46.000
2002/2003	2003	0.000	46.000	0.000	46.000
2003/2004	2004	0.000	46.000	0.000	46.000
2004/2005	2005	0.000	46.000	0.000	46.000
2005/2006	2006	0.000	46.000	24.000	70.000
2006/2007	2007	0.000	46.000	84.395	130.395
2007/2008	2008	0.000	86.500	119.395	205.895
2008/2009	2009	0.000	111.500	124.395	235.895
2009/2010	2010	0.000	27.649	124.395	152.045
2010/2011	2011	94.985	61.315	124.395	280.695
2011/2012	2012	15.000	61.315	117.395	193.710
2012/2013	2013	34.800	61.315	117.395	213.510
2013/2014	2014	80.800	44.252	100.000	225.052
2014/2015	2015	68.200	44.516	100.000	212.716
2015/2016	2016	96.000	44.516	100.103	240.619
2016/2017	2017	142.000	44.516	100.523	287.039
2017/2018	2018	214.000	44.252	105.554	363.806
2018/2019	2019	322.500	44.252	93.547	460.299
2019/2020	2020	465.000	40.532	93.905	599.437
2020/2021	2021	461.500	40.532	94.361	596.393
2021/2022	2022	225.000	230.532	94.529	550.061
2022/2023	2023	75.000	395.532	88.194	558.726
2023/2024	2024	85.000	482.532	88.000	655.532
2024/2025	2025	80.000	550.532	72.093	702.625

Table: Plymouth City Council borrowing 31 March 2000 to 31 March 2025

Over half of the growth in borrowing across the period analysed, particularly since 2012/13, has been driven by underlying investments financed by service borrowing – i.e. investment that generates an income or saving.

Significantly this service borrowing includes the strategic investments made into the Property Regeneration Fund (PRF), currently held as a portfolio of assets with a gross capital cost of £223.6m. The PRF has regenerated areas of the city, encouraged private investment and created or retained employment in the city. This investment generates a significant rental income stream which supports the Council's revenue budget with a net yield, after financing and other costs, of 1.2%.

As well as these strategic investments, Plymouth City Council holds considerable long-term assets on its balance sheet. In total the asset base across 'Property, plant & equipment' and 'Investment properties' amounted to a balance sheet valuation of over £1.2bn in the last published Statement of Accounts, for the year ended 2023/24.

Signed:



Date: 23 May 2025

## OFFICIAL

Written questions:

- will be replied to within 10 working days
- will be published on the last Friday of each month