

### Impact of Revised Capital Programme on the Council's Borrowing Need (the Capital Financing Requirement)

In the Treasury Management Strategy reported to Cabinet at its meeting 9 February 2022 the Capital Financing Requirement (CFR) had been based Estimated Capital Programme at that time. The Capital Programme has since been further reviewed and revised. The impact on the Council's Capital Financing Requirement is reported as follows.

The Council's Capital Financing Requirement (CFR) is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's indebtedness and so it's underlying borrowing need. Any capital expenditure above, which has not immediately been paid for through a revenue or capital resource, will increase the CFR.

The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the indebtedness in line with each asset's life, and so charges the economic consumption of capital assets as they are used.

Cabinet was asked to approve the CFR projections below on 9 February 2022;

Capital Financing Requirement (CFR)	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026
	Estimate	Estimate	Estimate	Estimate	Estimate
	£'000	£'000	£'000	£'000	£'000
<b>Opening CFR</b>	<b>38,568</b>	<b>61,115</b>	<b>87,802</b>	<b>89,226</b>	<b>100,126</b>
CFR – Services	22,870	24,382	(517)	9,896	(1,240)
CFR – Commercial Activities	75	2,988	2,838	1,942	0
<b>Net Financing Need Total</b>	<b>61,513</b>	<b>88,485</b>	<b>90,123</b>	<b>101,064</b>	<b>98,886</b>
Less MRP and other financing movements*	(398)	(683)	(897)	(938)	(982)
<b>Closing CFR</b>	<b>61,115</b>	<b>87,802</b>	<b>89,226</b>	<b>100,126</b>	<b>97,904</b>
<b>Movement in CFR</b>	<b>22,547</b>	<b>26,687</b>	<b>1,424</b>	<b>10,900</b>	<b>(2,222)</b>

Following further amendments to the Capital Programme 2021-2026 to CFR has now been revised as below;

Capital Financing Requirement (CFR)	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026
	Estimate	Estimate	Estimate	Estimate	Estimate
	£'000	£'000	£'000	£'000	£'000
<b>Opening CFR</b>	<b>38,568</b>	<b>45,252</b>	<b>68,105</b>	<b>51,953</b>	<b>31,831</b>
CFR – Services	7,007	20,548	(18,093)	(21,126)	2,907
CFR – Commercial Activities	75	2,988	2,838	1,942	0
<b>Net Financing Need Total</b>	<b>45,650</b>	<b>68,788</b>	<b>52,850</b>	<b>32,769</b>	<b>34,738</b>
Less MRP and other financing movements*	(398)	(683)	(897)	(938)	(982)
<b>Closing CFR</b>	<b>45,252</b>	<b>68,105</b>	<b>51,953</b>	<b>31,831</b>	<b>33,756</b>
<b>Movement in CFR</b>	<b>6,684</b>	<b>22,853</b>	<b>(16,152)</b>	<b>(20,122)</b>	<b>1,925</b>