

General Fund Prudential Indicator Calculations

The purpose of the prudential indicators is to demonstrate that the Council's financial plans meet the statutory requirement to be affordable, prudent and sustainable.

General Fund Capital Expenditure

The prudential indicator for capital expenditure should be based upon a capital programme that takes into account the Council's asset management and capital investment strategies.

Director	2024/25 Actual £'000	2025/26 Estimate £'000	2026/27 Estimate £'000	2027/28 Estimate £'000	2028/29 Estimate £'000
Operations	5,344	13,218	19,304	2,432	150
Corporate	129	7,014	2,290	6,867	0
People & Communities	2,028	2,660	2,198	1,014	1,014
Place	933	2,973	3,721	1,554	100
Total General Fund Capital Expenditure	8,434	25,865	27,513	11,867	1,264

General Fund Financing costs

The figures for the actual financing costs will be taken from the Council's financial statements using the definition of financing costs specified in the Prudential Code. Estimates for the current and future years should be calculated in a manner consistent with this definition.

Description	2024/25 Actual £'000	2025/26 Estimate £'000	2026/27 Estimate £'000	2027/28 Estimate £'000	2028/29 Estimate £'000
Interest payable with respect to short term borrowing	1,132	1,173	1,253	1,199	1,199
Interest payable under 'irredeemable' long term liabilities	1,900	1,824	1,811	1,795	1,795
Interest and investment income	(1,755)	(1,348)	(1,664)	(1,564)	(1,464)
Replacement for Minimum Revenue Provision (England and Wales)	2,505	2,680	3,084	3,035	3,115
Voluntary contribution to financing costs in respect of short-life assets	(700)	0	0	0	0
Total General Fund Financing Costs	3,082	4,329	4,484	4,465	4,645

General Fund Estimates of the ratio of financing costs to net revenue stream

The net revenue stream is the estimate of the amounts to be met from government grants and local taxpayers.

Description	2024/25 Actual £'000	2025/26 Estimate £'000	2026/27 Estimate £'000	2027/28 Estimate £'000	2028/29 Estimate £'000
Financing costs	3,082	4,329	4,484	4,465	4,645
Net revenue stream	18,313	21,102	23,087	23,092	23,310
Ratio of financing costs to net revenue stream %	16.8 %	20.5 %	19.4 %	19.3 %	19.9 %

General Fund Capital Financing Requirement

The Capital Financing Requirement will reflect the Council's underlying need to finance capital expenditure.

Actual General Fund Capital Financing Requirement at 31 March 2025

	£'000
Property, Plant and Equipment	183,789
Investment Properties	86,761
Heritage Assets	23,341
Intangible Assets / Other Long term Assets	4,168
Revaluation Reserve	(99,257)
Capital Adjustment Account	(49,514)
General Fund Capital Financing Requirement 31 March 2025	149,288

Estimated General Fund Capital Financing Requirement at 31 March 2025

General Fund Capital Financing Requirement 31 March 2025	149,288
Estimate of change in Property, Plant and Equipment	25,865
Estimate of change in Investment Properties	0
Estimate of change in Intangible Assets / Other Long term Assets	0
Estimate of change in Revaluation Reserve	0
Estimate of change in Capital Adjustment Account	(17,197)
Estimate of General Fund Capital Financing Requirement 31 March 2026	157,956

Estimated General Fund Capital Financing Requirement at 31 March 2027

Estimate of General Fund Capital Financing Requirement 31 March 2026	157,956
Estimate of change in Property, Plant and Equipment	27,513
Estimate of change in Investment Properties	0
Estimate of change in Intangible Assets / Other Long term Assets	0
Estimate of change in Revaluation Reserve	0
Estimate of change in Capital Adjustment Account	(22,597)
Estimate of General Fund Capital Financing Requirement 31 March 2027	162,872

Estimated General Fund Capital Financing Requirement at 31 March 2028

Estimate of General Fund Capital Financing Requirement 31 March 2027	162,872
Estimate of change in Property, Plant and Equipment	11,867
Estimate of change in Investment Properties	0
Estimate of change in Intangible Assets / Other Long term Assets	0
Estimate of change in Revaluation Reserve	0
Estimate of change in Capital Adjustment Account	(6,903)
Estimate of General Fund Capital Financing Requirement 31 March 2028	167,836

Estimated General Fund Capital Financing Requirement at 31 March 2028

Estimate of General Fund Capital Financing Requirement 31 March 2028	167,836
Estimate of change in Property, Plant and Equipment	1,264
Estimate of change in Investment Properties	0
Estimate of change in Intangible Assets / Other Long term Assets	0
Estimate of change in Revaluation Reserve	0
Estimate of change in Capital Adjustment Account	(4,380)
Estimate of General Fund Capital Financing Requirement 31 March 2029	164,720

HRA Prudential Indicator Calculations

Local authorities that have a Housing Revenue Account (HRA) are required to prepare separate calculations for their HRA and non-HRA elements.

HRA Capital Expenditure

The prudential indicator for capital expenditure should be based upon a capital programme that takes into account the Council's asset management and capital investment strategies.

Description	2024/25 Actual £'000	2025/26 Estimate £'000	2026/27 Estimate £'000	2027/28 Estimate £'000	2028/29 Estimate £'000
INVESTING IN EXISTING STOCK	15,324	14,832	12,636	8,257	6,028
PROVISION OF NEW COUNCIL HOMES	7,079	4,586	0	0	0
Total HRA Capital Expenditure	22,403	19,418	12,636	8,257	6,028

HRA Financing costs

Description	2024/25 Actual £'000	2025/26 Estimate £'000	2026/27 Estimate £'000	2027/28 Estimate £'000	2028/29 Estimate £'000
Interest payable with respect to short term borrowing	0	0	0	0	0
Interest payable under 'irredeemable' long term liabilities	2,181	2,502	2,655	2,655	2,655
Interest and investment income	(1,061)	(800)	(795)	(745)	(745)
Voluntary Revenue Provision (England and Wales)	0	0	0	0	0
Voluntary contribution to financing costs in respect of short-life assets	0	0	0	0	0
Total HRA Financing Costs	1,120	1,702	1,860	1,910	1,910

HRA Estimates of the ratio of financing costs to net revenue stream

For the Housing Revenue Account the net revenue stream, for the purposes of the Code, is the amount to be met from rent income.

Description	2024/25 Actual £'000	2025/26 Estimate £'000	2026/27 Estimate £'000	2027/28 Estimate £'000	2028/29 Estimate £'000
Financing costs	1,120	1,702	1,860	1,910	1,910
Net revenue stream	21,994	22,111	23,102	23,795	24,509
Ratio of financing costs to net revenue stream %	5.1 %	7.7 %	8.1 %	8.0 %	7.8 %

HRA Capital Financing Requirement

The Capital Financing Requirement will reflect the Council's underlying need to finance capital expenditure.

Actual HRA Capital Financing Requirement at 31 March 2025

Description	£'000
Property, Plant and Equipment	322,526
Investment Properties	0
Intangible Assets / Other Long term Assets	0
Revaluation Reserve	(66,212)
Capital Adjustment Account	(183,072)
Actual HRA Capital Financing Requirement 31 March 2025	73,242

Estimated HRA Capital Financing Requirement at 31 March 2026

Actual HRA Capital Financing Requirement 31 March 2025	73,242
Estimate of change in Property, Plant and Equipment	19,418
Estimate of change in Investment Properties	0
Estimate of change in Intangible Assets / Other Long term Assets	0
Estimate of change in Revaluation Reserve	0
Estimate of change in Capital Adjustment Account	(13,140)
Estimate of HRA Capital Financing Requirement 31 March 2026	79,520

Estimated HRA Capital Financing Requirement at 31 March 2027

Estimate of HRA Capital Financing Requirement 31 March 2026	79,520
Estimate of change in Property, Plant and Equipment	12,636
Estimate of change in Investment Properties	0
Estimate of change in Intangible Assets / Other Long term Assets	0
Estimate of change in Revaluation Reserve	0
Estimate of change in Capital Adjustment Account	(12,636)
Estimate of HRA Capital Financing Requirement 31 March 2027	79,520

Estimated HRA Capital Financing Requirement at 31 March 2028

Estimate of HRA Capital Financing Requirement 31 March 2027	79,520
Estimate of change in Property, Plant and Equipment	8,257
Estimate of change in Investment Properties	0
Estimate of change in Intangible Assets / Other Long term Assets	0
Estimate of change in Revaluation Reserve	0
Estimate of change in Capital Adjustment Account	(8,257)
Estimate of HRA Capital Financing Requirement 31 March 2028	79,520

Estimated HRA Capital Financing Requirement at 31 March 2029

Estimate of HRA Capital Financing Requirement 31 March 2028	79,520
Estimate of change in Property, Plant and Equipment	6,028
Estimate of change in Investment Properties	0
Estimate of change in Intangible Assets / Other Long term Assets	0
Estimate of change in Revaluation Reserve	0
Estimate of change in Capital Adjustment Account	(6,028)
Estimate of HRA Capital Financing Requirement 31 March 2029	79,520

Limit on indebtedness

The HRA borrowing cap was limited to £57,882k, but the cap was formally removed on 29 October 2018 so Local Authorities can now borrow for housebuilding.

Prudential Indicator CalculationsPRUDENTIAL INDICATORS OF AFFORDABILITYTotal Actual / Estimates of Capital Expenditure

The prudential indicator for capital expenditure should be based upon a capital programme that takes into account the Council's asset management and capital investment strategies.

Description	2024/25 Actual £'000	2025/26 Estimate £'000	2026/27 Estimate £'000	2027/28 Estimate £'000	2028/29 Estimate £'000
Total General Fund Capital Expenditure	8,434	25,865	27,513	11,867	1,264
Total HRA Capital Expenditure	22,403	19,418	12,636	8,257	6,028
Total Actual / Estimates of Capital Expenditure	30,837	45,283	40,149	20,124	7,292

Total Actual / Estimates of Financing Costs

Description	2024/25 Actual £'000	2025/26 Estimate £'000	2026/27 Estimate £'000	2027/28 Estimate £'000	2028/29 Estimate £'000
Total General Fund Financing Costs	3,082	4,329	4,484	4,465	4,645
Total HRA Financing Costs	1,120	1,702	1,860	1,910	1,910
Total Actual / Estimates of Financing Costs	4,202	6,031	6,344	6,375	6,555

Actual / Estimates of Ratio of Financing Costs to Net Revenue Stream

The net revenue stream is the estimate of the amounts to be met from government grants and local taxpayers, and for the Housing Revenue Account, is the estimate of the amounts to be met from rent income.

Description	2024/25 Actual £'000	2025/26 Estimate £'000	2026/27 Estimate £'000	2027/28 Estimate £'000	2028/29 Estimate £'000
General Fund Ratio of Financing Costs to Net Revenue Stream	16.8	20.5	19.4	19.3	19.9
HRA Ratio of Financing Costs to Net Revenue Stream	5.1	7.7	8.1	8.0	7.8

The estimates of financing costs include current commitments and the proposals in this budget report.

Prudential Indicator CalculationsActual / Estimates of Capital Financing Requirement

The Capital Financing Requirement will reflect the Council's underlying need to finance capital expenditure.

Description	2024/25 Actual £'000	2025/26 Estimate £'000	2026/27 Estimate £'000	2027/28 Estimate £'000	2028/29 Estimate £'000
General Fund Capital Financing Requirement	149,288	157,956	162,872	167,836	164,720
HRA Capital Financing Requirement	73,242	79,520	79,520	79,520	79,520
Total Actual / Estimates of Capital Financing Requirement	222,530	237,476	242,392	247,356	244,240

Authorised Limit

In England and Wales the prudential indicator for the Authorised Limit for external debt for the current year is the statutory limit determined under Section 3 (1) of the Local Government Act 2003: 'A local authority shall determine and keep under review how much money it can afford to borrow'

The Authorised Limit should not be set so high that it would never in any possible circumstances be breached. It should reflect a level of borrowing which, while not desired, could be afforded but may not be sustainable. The Authorised Limit must therefore be set to establish the outer boundary of the Council's borrowing, based on a realistic assessment of the risks.

Description	2026/27 Estimate £'000	2027/28 Estimate £'000	2028/29 Estimate £'000
Borrowing	305,000	305,000	305,000
Other long term liabilities	12,000	12,000	12,000
Authorised Limit	317,000	317,000	317,000

Prudential Indicator CalculationsOperational Boundary

The Operational Boundary is the focus of day-to-day treasury management activity within the authority. It is a means by which the authority manages its external debt to ensure that it remains within the self-imposed Authorised Limit. The Operational Boundary may be breached temporarily on occasions due to variations in cashflow. However, a sustained or regular trend above the Operational Boundary would be significant and should lead to further investigation.

Description	2026/27 Estimate £'000	2027/28 Estimate £'000	2028/29 Estimate £'000
Borrowing	285,000	285,000	285,000
Other long term liabilities	10,000	10,000	10,000
Operational Boundary	295,000	295,000	295,000

The Authorised Limit and the Operational Boundary have been increased to include capacity to enable the establishment of a HRA development programme following removal of the debt cap.

Actual External Debt

The prudential indicator for actual external debt will not be directly comparable to the authorised limit and operational boundary, since the actual external debt will reflect the actual position at one point in time.

Description	2024/25 Actual £'000	To be repaid	
		within 12 months	after 12 months
Actual borrowing as at 31 March 2025	173,616	11,590	162,026
Actual long term liabilities as at 31 March 2025	4,123	1139	2,984
Actual External Debt as at 31 March 2025	177,739	12,729	165,010

Prudential Indicator Calculations
PRUDENTIAL INDICATORS OF PRUDENCE

Gross Debt and Capital Financing Requirement

The Code makes it necessary, if a financial strategy is to be prudent, that it is one in which in the medium term gross debt is only used for capital purposes. In the Code this requirement is to be demonstrated through a comparison of gross debt with the Capital Financing Requirement.

Description	£'000
Total Capital Financing Requirement at 31 March 2025	222,530

2025/26 Estimated Change in Capital Financing Requirement	
Capital expenditure	45,283
Application of useable capital receipts	(3,605)
Application of capital grants/contributions	(24,051)
The replacement for MRP	(2,680)
Additional voluntary contributions	0
Total Estimated Change in Capital Financing Requirement 2025/26	14,947

2026/27 Estimated Change in Capital Financing Requirement	
Capital expenditure	40,149
Application of useable capital receipts	(1,347)
Application of capital grants/contributions	(30,802)
The replacement for MRP	(3,084)
Additional voluntary contributions	0
Total Estimated Change in Capital Financing Requirement 2026/27	4,916

Prudential Indicator Calculations

2027/28 Estimated Change in Capital Financing Requirement	
Capital expenditure	20,124
Application of useable capital receipts	(2,000)
Application of capital grants/contributions	(10,126)
The replacement for MRP	(3,035)
Additional voluntary contributions	0
Total Estimated Change in Capital Financing Requirement 2027/28	4,963

Capital Financing Requirement:	
Opening Balance 2024/25	222,530
Estimated Closing Balance 2027/28	247,356
This is an increase over the three years of	24,826

Operational Boundaries to Exposure to Interest Rate Risks

Interest rate risk management is a top priority for local authority management. The setting of upper limits has the effect of setting ranges within which the Council will limit its exposure to both fixed and variable interest rate movements.

Description	2025/26 £'000	2026/27 £'000	2027/28 £'000
Total projected interest payable on borrowing	5,719	5,649	5,649
Total projected interest receivable on investments	(2,459)	(2,309)	(2,209)
Net Interest	3,260	3,340	3,440

Description	Upper Limit
Upper limit - fixed rates = 100%	100%
Upper limit - variable rates = 20%	20%

This means that the Chief Finance Officer will manage fixed interest rate exposure within the range 0% to 100% and variable interest rate exposure within the range 0% to 20%

Prudential Indicator Calculations**Operational Boundary to the Exposure Inherent in the Maturity Structure of Borrowings**

This indicator is designed to be a control over the Council having a large concentration of fixed rate debt needing to be replaced at times of uncertainty over interest rates. The indicator is, in effect, a limit on longer term interest rate exposure and is set for the forthcoming year.

The analysis of borrowing by maturity used in the Code uses the same periods as that required in the local authority SORP.

Amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate.

Period	Upper Limit	Lower Limit	Estimated debt maturity %		
			2025/26	2026/27	2027/28
Under 12 months	100%	0%	5%	5%	5%
12 months and within 24 months	20%	0%			
24 months and within 5 years	20%	0%			
5 years and within 10 years	20%	0%			
10 years and above	100%	0%	95%	95%	95%

Investments

Description	At 31/3/2025 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
Long-term investments	6,785	5,000	5,000	5,000
Short-term investments	0	0	0	0
Cash and cash equivalents	19,307	33,000	25,000	20,000
Total Investments	26,092	38,000	30,000	25,000