

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	2023/24 Actual £'000	2024/25 Estimate £'000	2025/26 Estimate £'000	2026/27 Estimate £'000	2027/28 Estimate £'000
Operations	2,251	7,517	27,148	6,323	2,216
Corporate	175	245	11,347	0	0
People & Communities	2,261	2,735	1,104	1,014	1,014
Place	888	1,294	2,277	100	100
Total General Fund Capital Expenditure	5,575	11,791	41,876	7,437	3,330

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	2023/24 Actual £'000	2024/25 Estimate £'000	2025/26 Estimate £'000	2026/27 Estimate £'000	2027/28 Estimate £'000
Interest payable with respect to short term borrowing	1,574	1,006	1,315	1,310	1,260
Interest payable under 'irredeemable' long term liabilities	1,848	1,829	1,824	1,811	1,795
Interest and investment income	(2,885)	(1,929)	(1,664)	(1,564)	(1,464)
Replacement for Minimum Revenue Provision (England and Wales)	2,465	2,426	2,702	2,803	2,630
Voluntary contribution to financing costs in respect of short-life assets	97	(700)	0	0	0
Total General Fund Financing Costs	3,099	2,632	4,177	4,360	4,221

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. An important theme of the Code is transparency. For this reason the authority's calculation of the net revenue stream should be consistent with the figure that can be identified in the Income and Expenditure Account for 'Net Operating Expenditure'.

Description	2023/24 Actual £'000	2024/25 Estimate £'000	2025/26 Estimate £'000	2026/27 Estimate £'000	2027/28 Estimate £'000
Financing costs	3,099	2,632	4,177	4,360	4,221
Net revenue stream	16,001	17,884	19,681	16,444	16,885
Ratio of financing costs to net revenue stream %	19.4%	14.7%	21.2%	26.5%	25.0%

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 2024

	£'000
Property, Plant and Equipment	190,873
Investment Properties	71,516
Heritage Assets	22,743
Intangible Assets / Other Long term Assets	3,758
Revaluation Reserve	(85,780)
Capital Adjustment Account	(54,545)
General Fund Capital Financing Requirement 31 March 2024	148,565

Estimated General Fund Capital Financing Requirement at 31 March 2025

Estimate of General Fund Capital Financing Requirement 31 March 2024	148,565
Estimate of change in Property, Plant and Equipment	11,791
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	(8,967)
Estimate of General Fund Capital Financing Requirement 31 March 2025	151,389

Estimated General Fund Capital Financing Requirement at 31 March 2026

Estimate of General Fund Capital Financing Requirement 31 March 2025	151,389
Estimate of change in Property, Plant and Equipment	41,876
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	(32,578)
Estimate of General Fund Capital Financing Requirement 31 March 2026	160,687

Estimated General Fund Capital Financing Requirement at 31 March 2027

Estimate of General Fund Capital Financing Requirement 31 March 2026	160,687
Estimate of change in Property, Plant and Equipment	7,437
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	(241)
Estimate of General Fund Capital Financing Requirement 31 March 2027	167,883

Estimated General Fund Capital Financing Requirement at 31 March 2028

Estimate of General Fund Capital Financing Requirement 31 March 2027	167,883
Estimate of change in Property, Plant and Equipment	3,330
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	2,040
Estimate of General Fund Capital Financing Requirement 31 March 2028	173,253

APPENDIX B

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	2023/24 Actual £'000	2024/25 Estimate £'000	2025/26 Estimate £'000	2026/27 Estimate £'000	2027/28 Estimate £'000
INVESTING IN EXISTING STOCK	10,292	14,939	14,731	10,093	7,087
PROVISION OF NEW COUNCIL HOMES	13,513	7,736	1,613	0	0
Total HRA Capital Expenditure	23,805	22,675	16,344	10,093	7,087

HRA Financing costs

Description	2023/24 Actual £'000	2024/25 Estimate £'000	2025/26 Estimate £'000	2026/27 Estimate £'000	2027/28 Estimate £'000
Interest payable with respect to short term borrowing	0	0	0	0	0
Interest payable under 'irredeemable' long term liabilities	2,181	2,181	2,544	2,544	2,544
Interest and investment income	(1,520)	(909)	(788)	(783)	(734)
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	661	1,272	1,756	1,761	1,810

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	2023/24 Actual £'000	2024/25 Estimate £'000	2025/26 Estimate £'000	2026/27 Estimate £'000	2027/28 Estimate £'000
Financing costs	661	1,272	1,756	1,761	1,810
Net revenue stream	20,696	21,239	21,876	22,532	23,208
Ratio of financing costs to net revenue stream %	3.2	6.0	8.0	7.8	7.8
Negative for a debt free authority	%	%	%	%	%

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 2024

Description	£'000
Property, Plant and Equipment	314,009
Investment Properties	0
Intangible Assets / Other Long term Assets	0
Revaluation Reserve	75,015
Capital Adjustment Account	(315,032)
Actual HRA Capital Financing Requirement 31 March 2024	73,992

Estimated HRA Capital Financing Requirement at 31 March 2025

Estimate of HRA Capital Financing Requirement 31 March 2024	73,992
Estimate of change in Property, Plant and Equipment	22,675
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	(16,397)
Estimate of HRA Capital Financing Requirement 31 March 2025	80,270

Estimated HRA Capital Financing Requirement at 31 March 2026

Estimate of HRA Capital Financing Requirement 31 March 2025	80,270
Estimate of change in Property, Plant and Equipment	16,344
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	(16,344)
Estimate of HRA Capital Financing Requirement 31 March 2026	80,270

Estimated HRA Capital Financing Requirement at 31 March 2027

Estimate of HRA Capital Financing Requirement 31 March 2026	80,270
Estimate of change in Property, Plant and Equipment	10,093
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	(10,093)
Estimate of HRA Capital Financing Requirement 31 March 2027	80,270

Estimated HRA Capital Financing Requirement at 31 March 2028

Estimate of HRA Capital Financing Requirement 31 March 2027	80,270
Estimate of change in Property, Plant and Equipment	7,087
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	(7,087)
Estimate of HRA Capital Financing Requirement 31 March 2028	80,270

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	2023/24 Actual £'000	2024/25 Estimate £'000	2025/26 Estimate £'000	2026/27 Estimate £'000	2027/28 Estimate £'000
Total General Fund Capital Expenditure	5,575	11,791	41,876	7,437	3,330
Total HRA Capital Expenditure	23,805	22,675	16,344	10,093	7,087
Total Actual / Estimates of Capital Expenditure	29,380	34,466	58,220	17,530	10,417

Total Actual / Estimates of Financing Costs

Description	2023/24 Actual £'000	2024/25 Estimate £'000	2025/26 Estimate £'000	2026/27 Estimate £'000	2027/28 Estimate £'000
Total General Fund Financing Costs	3,099	2,632	4,177	4,360	4,221
Total HRA Financing Costs	661	1,272	1,756	1,761	1,810
Total Actual / Estimates of Financing Costs	3,760	3,904	5,933	6,121	6,031

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	2023/24 Actual £'000	2024/25 Estimate £'000	2025/26 Estimate £'000	2026/27 Estimate £'000	2027/28 Estimate £'000
General Fund Ratio of Financing Costs to Net Revenue Stream	0.2	0.1	0.2	0.3	0.2
HRA Ratio of Financing Costs to Net Revenue Stream	3.2	6.0	8.0	7.8	7.8

Prudential Indicator Calculations

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

Actual / Estimates of Capital Financing Requirement

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

Description	2023/24 Actual £'000	2024/25 Estimate £'000	2025/26 Estimate £'000	2026/27 Estimate £'000	2027/28 Estimate £'000
General Fund Capital Financing Requirement	148,565	151,389	160,687	167,883	173,253
HRA Capital Financing Requirement	73,992	80,270	80,270	80,270	80,270
Total Actual / Estimates of Capital Financing Requirement	222,557	231,659	240,957	248,153	253,523

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	2025/26 Estimate £'000	2026/27 Estimate £'000	2027/28 Estimate £'000
Borrowing	305,000	305,000	305,000
Other long term liabilities	7,000	7,000	7,000
Authorised Limit	312,000	312,000	312,000

Prudential Indicator Calculations**Operational 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	2025/26 Estimate £'000	2026/27 Estimate £'000	2027/28 Estimate £'000
Borrowing	285,000	285,000	285,000
Other long term liabilities	5,000	5,000	5,000
Operational Boundary	290,000	290,000	290,000

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	2023/24 Actual £'000	To be repaid	
		within 12 months	after 12 months
Actual borrowing as at 31 March 2023	165,155	1,564	163,591
Actual long term liabilities as at 31 March 2023	3,227	870	2,357
Actual External Debt as at 31 March 2023	168,382	2,434	165,948

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 2024	222,557

2024/25 Estimated Change in Capital Financing Requirement	
Capital expenditure	34,466
Application of useable capital receipts	(7,452)
Application of capital grants/contributions	(21,714)
The replacement for MRP	(2,426)
Additional voluntary contributions	700
Total Estimated Change in Capital Financing Requirement 2024/25	3,574

2025/26 Estimated Change in Capital Financing Requirement	
Capital expenditure	58,220
Application of useable capital receipts	(3,573)
Application of capital grants/contributions	(36,369)
The replacement for MRP	(2,702)
Additional voluntary contributions	0
Total Estimated Change in Capital Financing Requirement 2025/26	15,576

Prudential Indicator Calculations

2026/27 Estimated Change in Capital Financing Requirement	
Capital expenditure	17,530
Application of useable capital receipts	(2,630)
Application of capital grants/contributions	(4,900)
The replacement for MRP	(2,803)
Additional voluntary contributions	0
Total Estimated Change in Capital Financing Requirement 2026/27	7,197

Capital Financing Requirement:	
Opening Balance 2023/24	222,557
Estimated Closing Balance 2026/27	248,904
This is an increase over the three years of	26,347

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	2024/25 £'000	2025/26 £'000	2026/27 £'000
Total projected interest payable on borrowing	5,683	5,665	5,599
Total projected interest receivable on investments	(2,452)	(2,347)	(2,198)
Net Interest	3,231	3,318	3,401

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 %		
			2024/25	2025/26	2026/27
Under 12 months	100%	0%		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%	100%	95%	95%

Investments

Description	At 31/3/2024 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
Long-term investments	5,462	5,000	5,000	5,000
Short-term investments	5,067	10,000	10,000	10,000
Cash and cash equivalents	22,690	33,000	25,000	20,000
Total Investments	33,219	48,000	40,000	35,000