

Summary of Prudential Indicators

The Council is requested to approve the following Prudential Indicator for which are discussed in detail in the Capital Strategy (Annex J), the Investment Strategy (Annex K) and the Treasury Strategy (Annex L).

Indicators contained within the Capital Strategy

Estimates of capital expenditure in £m

	2025/26 Forecast £m	2026/27 Budget £m	2027/28 Forecast £m	2028/29 Forecast £m	2029/30 Forecast £m	2030/31 Forecast £m
Capital Expenditure - Services	8.08	9.06	5.52	2.42	1.45	1.43

Sources of Capital Financing

	2025/26 Forecast £m	2026/27 Forecast £m	2027/28 Forecast £m	2028/29 Forecast £m	2029/30 Forecast £m	2030/31 Forecast £m
External Sources	2.24	2.58	0.88	0.88	0.88	0.88
Own Resources	0.54	3.75	1.89	1.54	0.57	0.55
Internal & External Borrowing	5.30	2.73	2.75	0.00	0.00	0.00
	8.08	9.06	5.52	2.42	1.45	1.43

MRP

	2026/27 Budget £m	2027/28 Forecast £m	2028/29 Forecast £m	2029/30 Forecast £m	2030/31 Forecast £m
MRP on internal/external borrowing	1.62	2.04	2.37	2.30	2.13
Capital Receipts (exc Asset Disposal)	(0.76)	(0.90)	(1.30)	(1.23)	(1.18)
MRP provision applied	0.86	1.15	1.07	1.07	0.95

Capital Financing Requirement (CFR)

	2025/26 Forecast £m	2026/27 Forecast £m	2027/28 Forecast £m	2028/29 Forecast £m	2029/30 Forecast £m	2030/31 Forecast £m
General fund services	23.81	24.65	22.87	20.76	18.71	16.84
Capital Investments	9.06	8.81	8.55	8.29	8.03	7.77
Total CFR	32.88	33.46	31.41	29.05	26.74	24.62

I

Capital Receipts

	2025/26 Forecast £m	2026/27 Forecast £m	2027/28 Forecast £m	2028/29 Forecast £m	2029/30 Forecast £m	2030/31 Forecast £m
Asset Disposal	3.60	0.01	0.01	0.01	0.01	0.01
Leases and Loans	0.63	0.76	0.90	1.30	1.23	1.18
	4.23	0.77	0.91	1.31	1.24	1.19

Gross Debt and the Capital Financing Requirement

	2025/26 Forecast £m	2026/27 Forecast £m	2027/28 Forecast £m	2028/29 Forecast £m	2029/30 Forecast £m	2030/31 Forecast £m
Debt	0.00	0.00	2.75	2.55	2.16	1.76
Capital Financing Requirement	32.88	33.46	31.41	29.05	26.74	24.62

Authorised limit and operational boundary for external debt £m

	2025/26 Forecast £m	2026/27 Forecast £m	2027/28 Forecast £m	2028/29 Forecast £m	2029/30 Forecast £m
Capital Financing Requirement (CFR)	32.88	33.46	31.41	29.05	26.74
Operational Boundary	34.88	35.46	33.41	31.05	28.74
Authorised Borrowing Limit	39.88	40.46	38.41	36.05	33.74

Estimates of financing costs to net revenue stream

	2026/27 Budget £m	2027/28 Forecast £m	2028/29 Forecast £m	2029/30 Forecast £m	2030/31 Forecast £m
Interest Payable	0.000	0.063	0.113	0.095	0.077
MRP	0.864	1.146	1.070	1.070	0.949
Total borrowing costs	0.864	1.209	1.182	1.164	1.025
Net Revenue Stream (per MTFS)	16.43	14.88	13.28	11.41	11.56
Proportion of Net Revenue Stream	5.26%	8.13%	8.90%	10.20%	8.87%

Net income from commercial & service investments to net revenue stream

	2025/26 Forecast £m	2026/27 Forecast £m	2027/28 Forecast £m	2028/29 Forecast £m	2029/30 Forecast £m
Capital Investments	3.16	3.10	3.23	3.23	3.23
Service Investments	1.08	1.13	1.13	1.13	1.13
Net Revenue Stream (per MTFS)	4.24	4.23	4.36	4.36	4.36
Proportion of Net Revenue Stream	25.80%	28.44%	32.81%	38.19%	37.70%

Indicators contained in the Investment Strategy**Loans for service purposes £m**

Category of Borrower	Actual at 31st March 2025			Forecast at 31st March 2026	
	Balance Owing £m	Loss Allowance £m	Statement of Accounts £m	Balance Owing £m	Approved Limit £m
Local Businesses	2.17	0.00	2.17	2.03	2.03
Town/Parish Councils	0.08	0.00	0.08	0.07	0.07
Housing Associations	7.39	0.00	7.39	7.30	7.30
Local Residents (Equity Loans)	0.23	0.00	0.23	0.23	0.23
Total	9.87	0.00	9.87	9.63	9.63

Properties held for investment purposes in £m

Type of Property	Inside District £m	Outside District £m	Inside County £m	Outside County £m
Commercial Investment Property	18.49	27.88	42.84	3.53
Industrial Estates	7.12	0.00	7.12	0.00
Subtotal	25.61	27.88	49.96	3.53
Total Held	53.49		53.49	

Proportionality of investments

	2025/26 Forecast £m	2026/27 Budget £m	2027/28 Forecast £m	2028/29 Forecast £m	2029/30 Forecast £m
Gross Service Expenditure*	34.04	34.72	35.41	36.12	36.84
Treasury Investment Income	1.84	0.00	0.00	0.00	0.00
Loans Income	0.19	0.20	0.21	0.21	0.22
Service Investments	1.079	1.128	1.128	1.128	1.128
Commercial Investments: Property	3.16	3.104	3.230	3.230	3.230
Total	6.28	4.43	4.57	4.57	4.58
Investment income as a proportion of expenditure	18.44%	12.77%	12.89%	12.66%	12.43%

* excluding Housing Benefit payments

Total investment exposure £m

	31st Mar 2025 Actual £m	31st Mar 2026 Forecast £m	31st Mar 2027 Forecast £m
Treasury Management investments	47.02	43.53	41.53
Service Investments: Loans	9.870	9.629	9.629
Property investments	53.49	53.49	49.99
Total investments / exposure	110.38	106.65	101.15
Total Exposure	110.38	106.65	101.15

Forecast borrowing requirement £m

	2026/27 Forecast £m	2027/28 Forecast £m	2028/29 Forecast £m	2029/30 Forecast £m
Capital Financing Requirement (CFR)	33.46	31.41	29.05	26.74
Less external borrowing	0.00	(2.75)	(2.55)	(2.16)
Internal borrowing	33.46	28.66	26.50	24.58
Usable reserves	(33.42)	(26.67)	(19.49)	(13.73)
Working capital	(14.71)	(13.97)	(15.37)	(13.84)
Cash available for investments	(14.67)	(11.98)	(8.37)	(2.98)

Investment net rate of return

	2025/26 Actual	2026/27 Forecast	2027/28 Forecast
Treasury Management	4.14%	4.00%	3.50%
<u>Service investments: Loans</u>			
Local Businesses	3.85%	3.85%	3.85%
Town & Parish Councils	1.40%	1.40%	1.40%
Housing Associations	2.56%	2.56%	2.56%
<u>Local Residents</u> (equity loans)	0.00%	0.00%	0.00%
Commercial investments	5.47%	5.91%	6.21%

Indicators contained in the Treasury Management Strategy**Liability Benchmark**

	2026/27 Forecast £m	2027/28 Forecast £m	2028/29 Forecast £m	2029/30 Forecast £m
Capital Financing Requirement (CFR)	33.46	31.41	29.05	26.74
Less usable reserves	(33.42)	(26.67)	(19.49)	(13.73)
Less working capital	(14.71)	(13.97)	(15.37)	(13.84)
Net loans requirement	(14.67)	(9.23)	(5.82)	(0.82)
Plus liquidity allowance	14.00	14.00	14.00	14.00
Liability Benchmark	(0.67)	4.77	8.18	13.18



Interest Rate Risk

Upper limit on one year revenue impact of a 1% rise in interest rates
 Upper limit on one year revenue impact of a 1% fall in interest rates

Limit £k

350

(350)

Maturity structure of borrowing	Upper Limit	Lower Limit
Under 12 months	100%	0%
12 months and within 24 months	100%	0%
24 months and within 5 years	100%	0%
5 years and within 10 years	100%	0%
10 years and within 30 years	100%	0%
30 years and above	100%	0%

Treasury investment counterparties and limits

Sector	Time Limit	Counterparty Limit	Sector Limit
The UK Government	50 years	Unlimited	n/a
Local Authorities	3 years	£15m	Unlimited
Other Government Entities	25 years	£4m	Unlimited
Secured investments*	25 years	£10m	Unlimited
Banks (unsecured)*	13 months	£3m	£10m
Building societies (unsecured)*	13 months	£2m	£5m
Registered providers (unsecured)*	5 years	£3m	£5m
Money market funds*	n/a	£5m	Unlimited
Strategic pooled funds	n/a	£5m	£25m
Real estate investment trusts	n/a	£3m	£5m
Other investments*	5 years	£5m	£10m

*Treasury Management investments will only be made with entities whose lowest published [long term](#) rating is no lower than A-

Investment Limits

	Cash limit
Any single organisation, except the UK Central Govt	£5m each
UK Central Govt	unlimited
Any group of organisations under the same ownership	£5m per group
Any group of pooled funds under the same mgmt	£5m per manager
Real Estate Investment Trusts (REITS)	£3m max per REIT
Foreign countries	£1m per country
Registered providers	£5m in total
Unsecured investments with building societies	£2m in total per BS
Money Market Funds	£5m per MMF

<i>Liquidity Risk indicator</i>	Target
Total cash available within 3 months	£5m

Interest Rate Exposure

	2025/26	2026/27	2027/28
Upper limit on fixed interest rate exposure	100%	100%	100%
Upper limit on variable interest rate exposure	100%	100%	100%

Principal sums invested for periods longer than a year

	2026/27	2027/28	2028/29	2029/30
Limit on principal invested > year	£15m	£15m	£15m	£15m
Treasury invested with no fixed maturity date	£15m	£15m	£15m	£15m

The limits on the long-term principal sum invested to final maturities beyond the period end will be:

Price risk indicator	2026/27	2027/28	2028/29	No fixed date
Limit on principal invested beyond year end	£15m	£15m	£15m	£15m

