# 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 K), the Investment Strategy (Annex L) and the Treasury Strategy (Annex N).

## Indicators contained within the Capital Strategy

### Estimates of capital expenditure in £m

| | 2023/24 Actual £m | 2024/25 Forecast £m | 2025/26 Forecast £m | 2026/27 Forecast £m | 2027/28 Forecast £m | 2028/29 Forecast £m |
|---|---|---|---|---|---|---|
| Capital Expenditure - Services | 4.25 | 11.28 | 11.21 | 2.87 | 1.97 | 2.24 |

### Sources of capital funding £m

| | 2023/24 Actual £m | 2024/25 Forecast £m | 2025/26 Forecast £m | 2026/27 Forecast £m | 2027/28 Forecast £m | 2028/29 Forecast £m |
|---|---|---|---|---|---|---|
| External Sources | 2.68 | 4.38 | 3.21 | 0.88 | 0.88 | 0.88 |
| Own Resources | 0.53 | 0.83 | 4.34 | 1.23 | 0.59 | 0.59 |
| Internal & External Borrowing | 1.04 | 6.07 | 3.67 | 0.76 | 0.50 | 0.77 |
| | 4.25 | 11.28 | 11.21 | 2.87 | 1.97 | 2.24 |

### MRP

| | 2023/24 Actual £m | 2024/25 Forecast £m | 2025/26 Forecast £m | 2026/27 Forecast £m | 2027/28 Forecast £m | 2028/29 Forecast £m |
|---|---|---|---|---|---|---|
| MRP on internal/external borrowing | 1.34 | 1.41 | 1.17 | 1.79 | 1.85 | 1.86 |
| Capital Receipts (exc Asset Disposal) | (0.84) | (0.89) | (0.61) | (1.10) | (1.16) | (1.24) |
| MRP provision applied | 0.50 | 0.52 | 0.56 | 0.69 | 0.69 | 0.62 |

### Capital Financing Requirement (CFR)

| | 2023/24 Actual £m | 2024/25 Forecast £m | 2025/26 Forecast £m | 2026/27 Forecast £m | 2027/28 Forecast £m | 2028/29 Forecast £m |
|---|---|---|---|---|---|---|
| General fund services | 21.93 | 22.64 | 28.74 | 27.88 | 26.71 | 25.79 |
| Capital Investments | 6.15 | 5.98 | 5.80 | 5.62 | 5.44 | 5.27 |
| Total CFR | 28.08 | 28.62 | 34.54 | 33.50 | 32.15 | 31.06 |

## Capital Receipts

| | 2023/24 Actual £m | 2024/25 Forecast £m | 2025/26 Forecast £m | 2026/27 Forecast £m | 2027/28 Forecast £m | 2028/29 Forecast £m |
|---|---|---|---|---|---|---|
| Asset Disposal | 0 | 0 | 3.60 | 0 | 0 | 1.00 |
| Leases and Loans | 0.84 | 0.89 | 0.61 | 1.10 | 1.16 | 1.24 |
| | 0.84 | 0.89 | 4.21 | 1.10 | 1.16 | 2.24 |

## Authorised limit and operational boundary for external debt £m

| | 2024/25 Actual £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) | 28.62 | 34.54 | 33.50 | 32.15 | 31.06 | 29.16 |
| Operational Boundary | 30.62 | 36.54 | 35.50 | 34.15 | 33.06 | 31.16 |
| Authorised Borrowing Limit | 35.62 | 41.54 | 40.50 | 39.15 | 38.06 | 36.16 |

## Estimates of financing costs to net revenue stream

| | 2023/24 Actual £m | 2024/25 Forecast £m | 2025/26 Forecast £m | 2026/27 Forecast £m | 2027/28 Forecast £m | 2028/29 Forecast £m |
|---|---|---|---|---|---|---|
| Interest Payable | 0.00 | 0.00 | 0.085 | 0.161 | 0.144 | 0.117 |
| MRP | 0.502 | 0.519 | 0.559 | 0.693 | 0.693 | 0.616 |
| Total borrowing costs | 0.502 | 0.519 | 0.644 | 0.854 | 0.837 | 0.734 |
| Net Revenue Stream (per MTFS) | 15.15 | 18.49 | 15.32 | 14.86 | 14.31 | 13.82 |
| Proportion of Net Revenue Stream | 3.31% | 2.81% | 4.21% | 5.75% | 5.85% | 5.31% |

## Net income from commercial & service investments to net revenue stream

| | 2023/24 Actual £m | 2024/25 Forecast £m | 2025/26 Forecast £m | 2026/27 Forecast £m | 2027/28 Forecast £m | 2028/29 Forecast £m |
|---|---|---|---|---|---|---|
| Capital Investments | 3.33 | 3.16 | 3.23 | 3.23 | 3.23 | 3.23 |
| Service Investments | 0.19 | 1.40 | 1.40 | 1.40 | 1.40 | 1.40 |
| | 3.53 | 4.56 | 4.63 | 4.63 | 4.63 | 4.63 |
| Net Revenue Stream (per MTFS) | 15.15 | 18.49 | 15.32 | 14.86 | 14.31 | 13.82 |
| Proportion of Net Revenue Stream | 23.29% | 24.68% | 30.25% | 31.18% | 32.37% | 33.52% |

# Indicators contained in the Investment Strategy

## Loans for service purposes £m

| Category of Borrower | Actual at 31st March 2024 Balance Owing £ | Loss Allowance £ | Figure in Accounts £ | Forecast at 31st March 2025 Balance Owing £ | Approved Limit £ |
|---|---|---|---|---|---|
| Local Businesses | 2.45 | 0.00 | 2.45 | 2.31 | 2.31 |
| Town/Parish Councils | 0.107 | 0.00 | 0.107 | 0.095 | 0.10 |
| Housing Associations | 7.57 | 0.00 | 7.57 | 7.48 | 7.48 |
| Local Residents (Equity Loans) | 0.23 | 0.00 | 0.23 | 0.23 | 0.23 |
| **Total** | 10.355 | 0.00 | 10.355 | 10.12 | 10.12 |

## Shares held for service purposes

| | 31st March 2024 actual | | | 2025/26 |
|---|---|---|---|---|
| Category of Company | Amount Invested | Gains or losses | Value in Accounts | Approved Limit |
| Local Authority owned company | £1 | £0 | £1 | £1 |

## 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 | 16.43 | 29.26 | 41.92 | 3.76 |
| Industrial Estates | 7.56 | 0.00 | 7.56 | 0.00 |
| Subtotal | 23.99 | 29.26 | 49.48 | 3.76 |
| Total Held | **53.24** | | **53.24** | |

## Proportionality of investments

| | 2024/25 Forecast | 2025/26 Budget | 2026/27 Budget | 2027/28 Budget | 2028/29 Budget | 2029/30 Budget |
|---|---|---|---|---|---|---|
| Gross Service Expenditure* | 32.69 | 33.22 | 34.06 | 34.74 | 35.43 | 36.14 |
| Treasury Investment Income | 1.35 | 1.16 | 1.13 | 1.11 | 1.09 | 1.07 |
| Loans Income | 0.19 | 0.19 | 0.20 | 0.21 | 0.21 | 0.22 |
| Service Investments | 1.201 | 1.057 | 1.102 | 1.189 | 1.245 | 1.245 |
| Commercial Investments: Property | 3.333 | 3.161 | 3.230 | 3.230 | 3.230 | 3.230 |
| Total | 6.07 | 5.57 | 5.67 | 5.74 | 5.78 | 5.76 |
| Investment income as a proportion of expenditure | 18.57% | 16.76% | 16.64% | 16.52% | 16.31% | 15.95% |

* excluding Housing Benefit payments

## Total investment exposure £m

| | 31st Mar 2024 Actual £m | 31st Mar 2025 Forecast £m | 31st Mar 2026 Forecast £m |
|---|---|---|---|
| Treasury Management investments | 30.28 | 33.09 | 33.09 |
| Service Investments: Loans | 10.355 | 10.121 | 9.887 |
| Property investments | 53.24 | 53.24 | 49.74 |
| Total investments / exposure | 93.88 | 96.46 | 92.72 |

## Forecast borrowing requirement £m

| | 2024/25 Forecast £m | 2025/26 Forecast £m | 2026/27 Forecast £m | 2027/28 Forecast £m | 2028/29 Forecast £m |
|---|---|---|---|---|---|
| Capital Financing Requirement (CFR) | 28.62 | 34.54 | 33.50 | 32.15 | 31.06 |
| Less external borrowing | 0.00 | (3.35) | (3.85) | (3.85) | (3.85) |
| Internal borrowing | 28.62 | 31.19 | 29.65 | 28.30 | 27.21 |
| Usable reserves | (28.54) | (27.82) | (24.54) | (18.97) | (12.51) |
| Working capital | (13.34) | (14.01) | (13.31) | (14.64) | (13.17) |
| Cash available for investments | (13.26) | (10.64) | (8.20) | (5.30) | 1.52 |

**Investment net rate of return**

| | 2023/24 Actual | 2024/25 Forecast | 2025/26 Forecast |
|---|---|---|---|
| Treasury Management | 4.97% | 4.75% | 4.62% |
| <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% |
| Local Residents (equity loans) | 0.00% | 0.00% | 0.00% |
| Commercial investments | 5.49% | 6.26% | 6.35% |

## <u>Indicators contained in the Treasury Management Strategy</u>

**WODC Treasury investments – one year return**

| | | January 2023 -January 2024 | | |
|---|---|---|---|---|
| **Investments** | Jan 2024 | Capital Return | Income Return | Total Return |
| | £ | | | |
| Money Market Funds | 11,160,000 | 0.00% | 5.10% | 5.10% |
| Bank Account | 1,250,000 | 0.00% | 5.10% | 5.10% |
| Short Term Deposit | 8,000,000 | 0.00% | 4.70% | 4.70% |
| Internal Investments | 20,410,000 | 0.00% | 4.94% | 4.94% |
| | | | | |
| Strategic Pooled Funds: | | | | |
| Aegon Diversified Monthly Income Fund | 2,846,728 | 2.30% | 5.93% | 8.23% |
| CCLA Better World Cautious Fund | 2,892,952 | -2.39% | 3.45% | 1.06% |
| M & G Strategic Corporate Bond Fund | 1,797,020 | -3.05% | 4.73% | 1.68% |
| Royal London Short Dated Credit Fund | 1,864,592 | 0.43% | 4.79% | 5.22% |
| Schroder Income Maximiser Fund | 977,048 | 5.15% | 7.16% | 12.31% |
| Threadneedle UK Equity Income Fund | 1,211,116 | 7.90% | 4.08% | 11.98% |
| UBS Multi Asset Income Fund* | 0 | 3.57% | 2.63% | 6.20% |
| Fundamentum Social Housing REIT | 902,500 | -5.99% | 3.09% | -2.90% |
| | 12,491,956 | 0.53% | 4.48% | 5.00% |
| | | | | |
| Total Investment | 32,901,956 | | Annualised income return | 4.94% |
| Pooled funds | 12,491,956 | | Annualised income return | 4.62% |

* UBS Multi Asset Income Fund Closed Sept 2024

## WODC Treasury investments – ten year return

| Investments | Dec 24 | Capital Return | Income Return | Total Return |
|---|---|---|---|---|
| | | Mar 14 to Dec 24 | | |
| | £ | | | |
| Strategic Pooled Funds: | | | | |
| Aegon Diversified Monthly Income Fund | 2,810,917 | -6.30% | 19.35% | 13.05% |
| CCLA Better World Cautious Fund | 2,822,048 | -5.93% | 12.39% | 6.46% |
| M & G Global Dividend Fund | 0 | 37.11% | 10.36% | 47.47% |
| M & G Strategic Corporate Bond | 1,779,699 | -11.02% | 28.21% | 17.19% |
| Royal London Short Dated Credit Fund | 1,849,719 | -6.71% | 16.89% | 10.18% |
| Schroder Income Maximiser Fund | 936,581 | -6.34% | 65.61% | 59.27% |
| Threadneedle UK Equity Income Fund | 1,174,549 | 17.45% | 25.55% | 43.00% |
| UBS Multi Asset Income Fund | 0 | -24.87% | 38.22% | 13.35% |
| Fundamentum Social Housing REIT | 902,500 | -9.75% | 11.71% | 1.96% |
| | 12,276,013 | -5.21% | 23.45% | 18.24% |
| Pooled Funds | 12,276,013 | Annualised income return | | 3.48% |

## Forecast borrowing requirement £m

| | 2024/25 Forecast £m | 2025/26 Forecast £m | 2026/27 Forecast £m | 2027/28 Forecast £m | 2028/29 Forecast £m |
|---|---|---|---|---|---|
| Capital Financing Requirement (CFR) | 28.62 | 34.54 | 33.50 | 32.15 | 31.06 |
| Less external borrowing | 0.00 | (3.35) | (3.85) | (3.85) | (3.85) |
| Internal borrowing | 28.62 | 31.19 | 29.65 | 28.30 | 27.21 |
| Usable reserves | (28.54) | (27.82) | (24.54) | (18.97) | (12.51) |
| Working capital | (13.34) | (14.01) | (13.31) | (14.64) | (13.17) |
| Cash available for investments | (13.26) | (10.64) | (8.20) | (5.30) | 1.52 |

## Authorised limit and operational boundary for external debt £m

| | 2024/25 Forecast £m | 2025/26 Forecast £m | 2026/27 Forecast £m | 2027/28 Forecast £m | 2028/29 Forecast £m |
|---|---|---|---|---|---|
| Capital Financing Requirement (CFR) | 28.62 | 34.54 | 33.50 | 32.15 | 31.06 |
| Operational Boundary | 30.62 | 36.54 | 35.50 | 34.15 | 33.06 |
| Authorised Borrowing Limit | 35.62 | 41.54 | 40.50 | 39.15 | 38.06 |

## Liability Benchmark £m

| | 2024/25 Forecast £m | 2025/26 Forecast £m | 2026/27 Forecast £m | 2027/28 Forecast £m | 2028/29 Forecast £m |
|---|---|---|---|---|---|
| Capital Financing Requirement (CFR) | 28.62 | 34.54 | 33.50 | 32.15 | 31.06 |
| Less usable reserves | (28.54) | (27.82) | (24.54) | (18.97) | (12.51) |
| Less working capital | (13.34) | (14.01) | (13.31) | (14.64) | (13.17) |
| Net loans requirement | (13.26) | (7.29) | (4.35) | (1.45) | 5.37 |
| Plus liquidity allowance | 14.00 | 14.00 | 14.00 | 14.00 | 14.00 |
| Liability Benchmark | 0.74 | 6.71 | 9.65 | 12.55 | 19.37 |

## Interest Rate Exposures

| | 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% |

*Interest rate exposures*

| | Limit £k |
|---|---|
| Upper limit on one year revenue impact of a 1% rise in interest rates | 160 |
| Upper limit on one year revenue impact of a 1% fall in interest rates | (160) |

## Maturity Structure of Borrowing

| *Refinancing rate risk indicator* | 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 | £25m |
| 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 |

## Credit risk indicator

| | Rating |
|---|---|
| Portfolio Average Credit Target | A- |
| Portfolio Credit Risk at 3oth November 2023 | AA- |

| *Liquidity Risk indicator* | Target |
|---|---|
| Total cash available within 3 months | £2m |

## 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 364 days

| | 2025/26 | 2026/27 | 2027/28 |
|---|---|---|---|
| Limit on principal invested > year | £25m | £25m | £25m |
| Treasury invested with no fixed maturity date | £16m | £16m | £16m |

## Price risk indicator

| *Price risk indicator* | 2025/26 | 2026/27 | 2027/28 | No fixed date |
|---|---|---|---|---|
| Limit on principal invested beyond year end | £25m | £25m | £25m | £25m |