

## Prudential and Treasury Indicators - 2025-28 Estimates

	2025-26 Estimate	2026-27 Estimate	2027-28 Estimate			
<b>Prudential indicators for prudence</b>						
1) Capital expenditure	£m	£m	£m			
Gross capital expenditure	71	53	38			
Less Financing	26	19	9			
Net financing need (in year borrowing requirement)	45	34	29			
2) Capital financing requirement (CFR)	£m	£m	£m			
Total CFR at 1 April	360	394	415			
Total CFR 31 March	394	415	431			
Movement in CFR	34	21	16			
Represented by:						
Net in year borrowing requirement (above)	45	34	29			
Less Principal repayments and other financing movements	11	13	13			
Total	34	21	16			
3) Authorised limit for borrowing	£m	£m	£m			
Authorised limit for long-term liabilities	101	95	90			
Authorised limit for external debt	394	415	431			
4) Operational boundary for borrowing	£m	£m	£m			
Operational boundary for long-term liabilities	104	98	93			
Operational boundary for external debt	402	423	439			
5) Gross debt and the CFR	£m	£m	£m			
Gross debt at 31 March	321	370	401			
Total CFR at 31 March	394	415	431			
Gross debt less the CFR at 31 March	-73	-45	-30			
<b>Prudential indicators for affordability</b>						
6) Ratio of financing costs to net revenue stream	%	%	%			
	4.9%	5.2%	5.6%			
<b>Treasury indicators - borrowing limits</b>						
7) Maturity structure of fixed rate borrowing	Upper	Lower	Upper	Lower	Upper	Lower
a) Under 12 months	30%	0%	30%	0%	30%	0%
b) 12 months and within 24 months	30%	0%	30%	0%	30%	0%
c) 24 months and within 5 years	30%	0%	30%	0%	30%	0%
d) 5 years and within 10 years	40%	0%	40%	0%	40%	0%
e) 10 years and above	100%	0%	100%	0%	100%	0%
8) Limits on fixed and variable rate borrowing	Upper	Lower	Upper	Lower	Upper	Lower
a) Fixed rate	100%	0%	100%	0%	100%	0%
b) Variable rate	60%	0%	60%	0%	60%	0%
<b>Treasury indicator - investment</b>						
9) Upper limit on principal sums invested for over 365 days	£m	£m	£m			
	20	20	20			

**Notes to Prudential and Treasury Indicators**

The authority's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

**Prudential Indicators - Prudence**

Indicators 1 - 5 above cover the overall capital and control of borrowing prudential indicators.

**Affordability Prudential Indicators**

Within the overall framework, prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the authority's overall finances.

**Ratio of Financing Costs to Net Revenue Stream**

This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs), against the net revenue stream. The estimates of financing costs include current commitments and the proposals in the 2025-26 Budget Pack.

**Maturity Structure of Borrowing**

These gross limits are set to reduce the authority's exposure to large, fixed rate sums falling due for refinancing, and are required for upper and lower limits.