

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL
QUARTER 1 2025/26 PRUDENTIAL INDICATORS

The Council measures and manages its capital expenditure, borrowing and commercial investments with references to the following indicators.

It is now a requirement of the CIPFA Prudential Code that these are reported on a quarterly basis.

Capital Expenditure: The Council has undertaken and is planning capital expenditure as summarised below.

Table 1: Prudential Indicator: Estimates of Capital Expenditure in £millions

	2025/26 budget	2026/27 budget	2027/28 budget
General Fund	10.0	6.9	2.1
Council housing (HRA)	15.6	15.1	15.8
TOTAL	25.6	22.0	17.9

The main General Fund capital projects for 2025/26 include Enterprise Park project (£1.9m), Stenson Square Public realm regeneration (£1.0m), Coalville Regeneration Framework (£1.5m) and Food Waste Collection (£1.2m).

The Housing Revenue Account (HRA) is a ring-fenced account which ensures that council housing does not subsidise, or is itself subsidised, by other local services. HRA capital expenditure is therefore recorded separately and includes the stock investment (£9.7m) and building new homes (£3m) in 2025/26.

Capital Financing Requirement (CFR): The Council's cumulative outstanding amount of debt finance is measured by the Capital Financing Requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP (loans fund repayments) and capital receipts used to replace debt. The actual CFR is calculated on an annual basis.

Table 2: Prudential Indicator: Estimates of Capital Expenditure in £ millions

	2025/26 budget	2026/27 budget	2027/28 budget
General Fund	33.7	32.5	31.4
Council Housing (HRA)	55.1	61.7	68.7
TOTAL CFR	88.8	94.2	100.1

Gross Debt and the Capital Financing Requirement (CFR): Statutory guidance is that debt should remain below the capital financing requirement, except in the short term. The Council has complied and expects to continue to comply with this requirement in the medium term as is shown below.

Table 3: Prudential Indicator: Gross Debt and the CFR in £ millions

	2025/26 budget (in millions £)	2026/27 budget (in millions £)	2027/28 budget (in millions £)	Debt at 30.06.25 (in millions £)
Debt (incl. PFI & leases)	59.3	65.8	72.9	55.1
Capital Financing Requirement (CFR)	88.8	94.2	100.1	

Debt and the Authorised Limit and Operational Boundary: The Council is legally obliged to set an affordable borrowing limit (also termed the Authorised Limit for external debt) each year. In line with statutory guidance, a lower “operational boundary” is also set as a warning level should debt approach the limit.

Table 4: Prudential Indicator: Debt and the Authorised Limit and Operational Boundary in £ millions

	Maximum debt 2025/26	Debt at 30.6.25	2025/26 Authorised Limit	2025/26 Operational Boundary	Complied ? Yes/No
Borrowing	55.1	55.1	98.8	88.8	Yes
PFI & Finance Leases	0.0	0.00	2.0	2.0	Yes
Total debt	55.1	55.1	100.8	90.8	Yes

Since the operational boundary is a management tool for in-year monitoring it is not significant if the boundary is breached on occasions due to variations in cash flow, and this is not counted as a compliance failure.

Proportion of Financing Costs to Net Revenue Stream: Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP / loans fund repayments are charged to revenue. The net annual charge is known as financing costs; this is compared to the net revenue stream i.e. the amount funded from Council Tax, business rates and general government grants.

Table 5: Prudential Indicator: Proportion of financing costs to net revenue stream

	2025/26 budget	2026/27 budget	2027/28 budget
<u>General Fund</u>			
Net Financing costs (£m)	1.8	1.7	1.7
Proportion of net revenue stream	9%	9%	9%
<u>Housing Revenue Account</u>			
Net Financing costs (£m)	1.4	1.6	1.1
Proportion of net revenue stream	7%	7%	7%