

Prudential Indicators Quarter Two 2025/26

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.

	2024/25 draft outturn* £'m	2025/26 forecast £'m	2026/27 budget £'m
General Fund services	4.3	3.9	6.4
Council housing (HRA)	5.2	17.2	15.1

* 2024/25 figures are based on the draft outturn position and may be subject to change.

The main General Fund capital projects to date have included Coalville regeneration project £1.1m, Disabled Facility Grants (DFG) £0.7m and Fleet replacement programme and food waste collections £7.5m. HRA capital expenditure is recorded separately and to date includes New Supply £5.7m, Home Improvement Projects £9.7m and Other HRA Projects £2.8m.

Capital Financing Requirement: 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 Minimum Revenue Provision (MRP)/loans fund repayments and capital receipts used to replace debt. The actual CFR is calculated on an annual basis.

	2024/25 draft outturn* £'m	2025/26 forecast £'m	2026/27 budget £'m
General Fund services	34	32.6	31.3
Council housing (HRA)	54.9	55.4	61.9
TOTAL CFR	88.9	88.6	93.2

* 2024/25 figures are based on the draft outturn position and may be subject to change

Gross Debt and the Capital Financing Requirement: 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.

	2024/25 draft outturn* £'m	2025/26 budget £'m	2026/27 budget £'m	Debt at 30.09.25 £'m
Debt (incl. PFI & leases)	55.1	53.8	52.5	54.5
Capital Financing Requirement	88.9	88.6	93.2	

* 2024/25 figures are based on the draft outturn position and may be subject to change.

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.

	Maximum debt 2025/26	Debt at 30.09.25	2025/26 Authorised Limit	2025/26 Operational Boundary	Complied? Yes/No
Borrowing	55.1	54.5	100.8	90.8	Yes
PFI & Finance Leases	0.0	0.0	2.0	2.0	Yes
Total debt	55.1	54.5	102.8	92.8	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.

	2024/25 Forecast*	2025/26 Budget	2026/27 Budget
<u>General Fund</u>			
Net Financing Costs (£m)	1.6	1.9	1.8
Proportion of net revenue stream	8%	10%	11%
<u>Housing Revenue Account</u>			
Net Financing Costs (£m)	1.3	1.9	2.1
Proportion of net revenue stream	6%	9%	9%

* 2024/25 figures are based on the draft outturn position and may be subject to change.

Treasury Management Indicators: These indicators (Liability Benchmark, Maturity Structure of Borrowing, Long-Term Treasury Management Investments and other voluntary indicators are within the Audit and Governance Committee 12 November 2025 – Treasury Management Update Report – Quarter 2.