Prudential Indicators Q1 2026/27

The Authority measures and manages its capital expenditure, borrowing and commercial and service investments (where applicable) 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 Authority has undertaken and is planning capital expenditure as summarised below:

Table 1: Capital Expenditure

Description	2025/26 actual	2026/27 forecast	2027/28 forecast	2028/29 forecast
General Fund services	81.240	96.225	27.778	11.080
Council housing (HRA)	19.174	36.215	23.056	16.549
Non-Financial Investments	0.000	0.000	0.000	0.000
Total	**100.413**	**132.440**	**50.834**	**27.629**

The original forecast for 2026/27 approved as part of the Capital Strategy 2026/27-2028/29 on 25 February 2026 was £110.212. Refer to Section 4 for a breakdown of the budget variances and movements from the February 2026 position to Quarter 1.

Capital Financing Requirement: The Authority'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), Loan Repayments and capital receipts used to replace debt.

Table 2: Capital Financing Requirement

Description	31.3.2026 actual	31.3.2027 forecast	31.3.2028 forecast	31.3.2029 forecast
General Fund services	244.564	285.031	281.881	292.819
Council housing (HRA)	127.324	142.662	149.486	149.486
Non-Financial Investments	65.683	58.000	62.986	62.437
Other Debt Liabilities	9.958	8.258	7.344	6.393
TOTAL CFR	**447.529**	**493.951**	**501.697**	**511.135**

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 Authority has complied and expects to continue to comply with this requirement in the medium term as is shown below.

Table 3: Gross Debt and Capital Financing Requirement

Description	31.3.2026 actual	31.3.2027 forecast	31.3.2028 forecast	31.3.2029 forecast
Debt (incl. PFI & leases)	365.671	371.369	379.114	417.594
Capital Financing Requirement	447.529	493.951	501.697	511.135

Debt and the Authorised Limit and Operational Boundary: The Authority 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: Debt and the Authorised Limit and Operational Boundary

Description	Debt at 30.6.26	Maximum debt Q1 2026/27	2026/27 Authorised Limit	2026/27 Operational Boundary	Complied With Y/N
Borrowing	365.671	405.439	495.523	485.523	
PFI and Finance Leases	9.958	9.958	10.129	9.129	
Total debt	**375.629**	**415.397**	**505.652**	**494.652**	**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/Loan 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: Proportion of Financing Costs to Net Revenue Stream

Description	2025/26 actual	2026/27 forecast	2027/28 forecast	2028/29 forecast
Proportion of net revenue stream (General Fund)	2.41%	6.66%	5.28%	4.80%
Proportion of net revenue stream (HRA)	9.99%	11.53%	11.87%	11.83

Treasury Management Indicators:

Maturity structure of borrowing: This indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of borrowing will be:

Table 6 Maturity Structure of fixed rate borrowing

Maturity structure of fixed rate borrowing	31/03/26 £m	31/03/26 %	31/03/27 Forecast £m	31/03/27 Forecast %
Under 12 months	**£64.072**	17.52%		0%
12 months and within 24 months	**£50.522**	13.82%	**77.550**	21%
24 months and within 5 years	**£65.567**	17.93%	**54.221**	15%
5 years and within 10 years	**£111.987**	30.63%	**150.342**	40%
10 years and Over	**£73.521**	20.11%	**89.256**	24%
Total Debt	**£365.671**	**100.00%**	**£371.369**	**100.00%**

Liability Benchmark: This indicator compares the Authority's actual existing borrowing against a liability benchmark that has been calculated to show the lowest risk level of borrowing. The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future and so shape its strategic focus and decision making. It represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level of £10m required to manage day-to-day cash flow.

Table 7 Liability Benchmark:

Description	31-Mar-2026 Actual £m	31-Mar-2027 Forecast £m	31-Mar-2028 Forecast £m
Loans CFR	£437.200	£472.500	£481.100
Less: Balance sheet resources	(£86.100)	(£86.100)	(£86.100)
Net loans requirement	**£351.100**	**£386.400**	**£395.000**
Plus: Liquidity allowance	£10.000	£10.000	£10.000
Liability benchmark	**£361.100**	**£396.400**	**£405.000**
Existing borrowing	**£365.671**	**£371.369**	**£379.114**

Following on from the medium-term forecast above, the long-term liability benchmark assumes capital expenditure funded by borrowing of approximately £15m a year, minimum revenue provision on new capital expenditure based on a 25-year asset life and income, expenditure and reserves all increasing by inflation of 2.5% p.a. This is shown in the chart below.

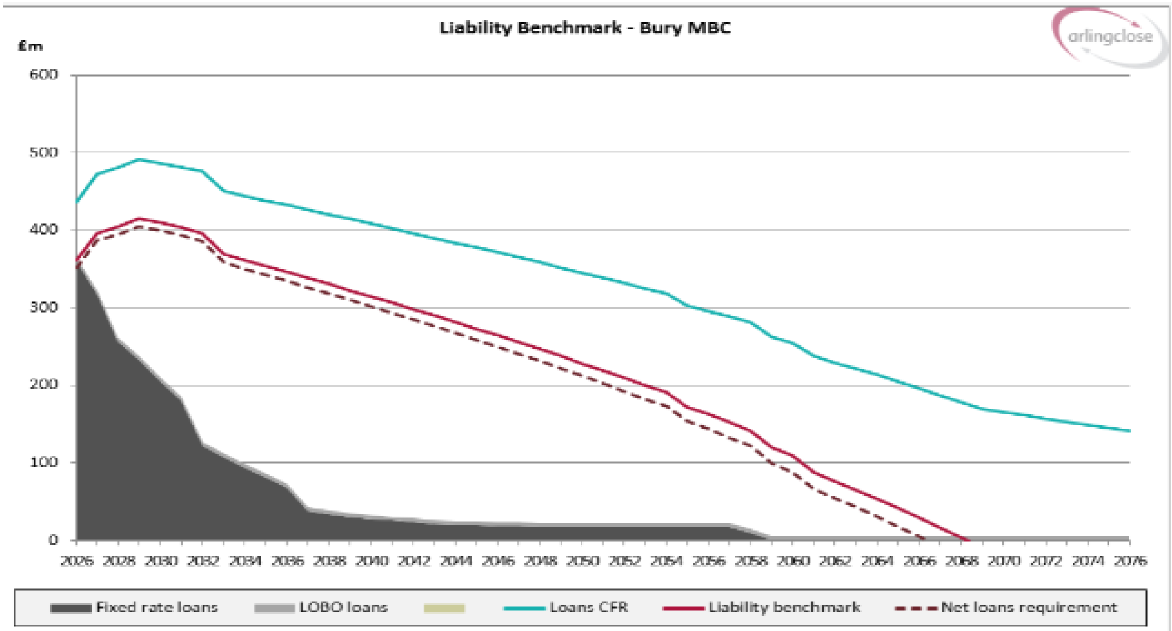

Chart Key:

Fixed rate loans - The grey shaded area represents the Council's existing loans and shows their current maturity profile.

Loans CFR - The blue line is calculated in accordance with the loans CFR definition in the Prudential Code and represents the Council's underlying need to borrow for capital spending that has not yet been financed by other means.

Net Loans Requirement - The dotted red line is based upon the CFR but factors in other balance sheet resources, such as cash-backed reserves and working capital. These balances improve the Council's cash position and enable it to maintain an under-borrowed position by not externally borrowing up to the full CFR, thus saving on interest costs. Should these resources decrease (for example if reserves are used up) then this line will be raised closer to the loans CFR suggesting that more borrowing is needed.

Liability Benchmark - The solid red line is the Council's net loans requirement plus short-term liquidity allowance (a notional buffer of £10m) for cashflow purposes. This is the level of borrowing the Council will need in order to maintain this desired cash position.