

ANNEX B

NON-TREASURY MANAGEMENT PRUDENTIAL INDICATORS

ANNEX B: Non-Treasury Prudential Indicators

1. BACKGROUND

- 1.1** The Council measures and manages its capital expenditure, borrowing and commercial and service investments with reference to the following indicators. It is now a requirement of the CIPFA Prudential Code that these are reported on a quarterly basis

2. CAPITAL EXPENDITURE

- 2.1** Cotswold District Council has undertaken and is planning capital expenditure as summarised below.

| Capital Expenditure | 2024/25 actual (£) | 2025/26 forecast (£) | 2026/27 budget (£) | 2027/28 budget (£) |
|----------------------------|-------------------------------|---------------------------------|-------------------------------|-------------------------------|
| General Fund services | 6,909,309 | 4,272,000 | 7,744,000 | 4,208,000 |
| Capital investments | 211,101 | 0 | 0 | 0 |

- 2.2** The main General Fund capital projects this year include expenditure in respect of Disabled Facilities Grants, purchase of Ubico Vehicles, expenditure on the council property portfolio.

3. CAPITAL FINANCING REQUIREMENT

- 3.1** 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) and capital receipts used to replace debt.

| Capital Financing Requirement (CFR) | 2024/25 actual (£) | 2025/26 forecast (£) | 2026/27 budget (£) | 2027/28 budget (£) |
|--|-------------------------------|---------------------------------|-------------------------------|-------------------------------|
| General Fund services | 360,000 | 470,000 | 2,970,000 | 2,570,000 |
| Capital investments | 0 | 0 | 0 | 0 |
| TOTAL CFR | 360,000 | 470,000 | 2,970,000 | 2,570,000 |

4. GROSS DEBT AND THE CAPITAL FINANCING REQUIREMENT

- 4.1** 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.

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| | 31/03/2025 actual (£) | 31/03/2026 forecast (£) | 31/03/2027 budget (£) | 31/03/2028 budget (£) | Debt at 30.6.2025 (£) |
|-------------------------------|--------------------------|----------------------------|--------------------------|--------------------------|-----------------------------|
| Gross Debt and CFR | | | | | |
| Debt (incl. PFI & leases) | 260,000 | 160,000 | 5,000 | 2,730,000 | 260,000 |
| Capital Financing Requirement | 360,000 | 470,000 | 2,970,000 | 2,570,000 | |

5. DEBT AND THE AUTHORISED LIMIT AND OPERATIONAL BOUNDARY

- 5.1** 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.

| Debt, Authorised Limit and Operational Boundary | Maximum Debt Q1 2025/26 (£) | Debt as at 30/06/2025 (£) | 2025/26 Authorised Limit (£) | 2025/26 Operational Boundary (£) | Complied? Yes/No |
|--|-----------------------------------|---------------------------------|------------------------------------|---|---------------------|
| Borrowing | 10,000,000 | 0 | 10,000,000 | 5,000,000 | Yes |
| PFI and Finance Leases | 0 | 0 | 0 | 0 | Yes |
| TOTAL Debt | 10,000,000 | 0 | 10,000,000 | 5,000,000 | |

- 5.2** 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.

6. NET INCOME FROM COMMERCIAL AND SERVICE INVESTMENTS TO NET REVENUE STREAM

- 6.1** The Council's income from commercial and service investments as a proportion of its net revenue stream has been and is expected to be as indicated below.

| | 2024/25 actual (£) | 2025/26 forecast (£) | 2026/27 forecast (£) | 2027/28 budget (£) |
|--|-----------------------|-------------------------|-------------------------|-----------------------|
| Total net income from service and commercial investments | 237,992 | 406,505 | 434,229 | 440,206 |
| Proportion of net revenue stream | 1.42% | 2.49% | 3.10% | 3.44% |

7. PROPORTION OF FINANCING COST TO NET REVENUE STREAM

- 7.1** Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP are charged to revenue.
- 7.2** 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 Rate, and general government grants.

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| | 2024/25 actual (£) | 2025/26 forecast (£) | 2026/27 | 2027/28 |
|----------------------------------|-------------------------------|---------------------------------|----------------|----------------|
| Financing costs (£) | 11,233 | 14,000 | 107,000 | 534,000 |
| Proportion of net revenue stream | 0.10% | 0.09% | 0.77% | 4.17% |

(END)