

THE CAPITAL PRUDENTIAL AND TREASURY INDICATORS 2024/25 – 2026/27

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.

(a) Capital Expenditure

Capital expenditure is where the Council spends money on assets, such as property or vehicles that will be used for more than one year. This includes spending on assets owned by other bodies, loans and grants to other bodies enabling them to buy assets.

Capital Expenditure	2024/25 Draft Capital Strategy £000	2025/26 Estimate £000	2026/27 Estimate £000
General Fund	23,895	33,558	13,803
HRA	54,831	56,459	35,939
Total Capital Expenditure	78,726	90,017	49,742

(b) Affordability Prudential Indicator

The previous sections cover the overall capital and control of borrowing prudential indicators, but within this 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. The Authority is asked to approve the following indicators: -

Ratio of financing costs to net revenue stream

Ratio of financing costs to net revenue stream %	2023/24 Estimate %	2024/25 Draft Capital Strategy %
General Fund	4%	6%
HRA	14%	14%

General Fund: Net revenue stream is the RSG, NNDR grant and Council Tax raised for the year.

HRA: The net revenue stream is the total HRA income shown in the Council's accounts from received rents, service charges and other incomes. The ratio of financing costs to net revenue stream reflects the high level of debt as a result of self financing.

The estimates of financing costs include current commitments and the proposals in this budget report.