

Prudential indicators – South Oxfordshire DC

1 Affordability

1.1 Ratio of financing costs to net revenue stream

This indicator compares the net interest payable less investment income receivable to the overall net revenue spending of the council. Because the council has a high level of investment income and lower level of borrowing this indicator is negative and remains so throughout the period.

<i>Table A-1</i>	2026/27	2027/28	2028/29	2029/30	2030/31
Ratio of Financing Costs to Net Revenue Stream	Estimate	Estimate	Estimate	Estimate	Estimate
Non-HRA	-(22.7%)	-(17.5%)	-(13.8%)	-(12.3%)	-(10.8%)

1.2 Net income from commercial investments to net revenue stream

This indicator estimates the proportion of its commercial investment income to its net revenue stream, as an indicator of the council's exposure to risk in relation to the potential loss of commercial investment income.

<i>Indicator A-2</i>	2026/27	2027/28	2028/29	2029/30	2030/31
Ratio of net income from commercial investments to net revenue stream	estimate	estimate	estimate	estimate	estimate
Non – HRA	2.8%	2.8%	2.7%	2.6%	2.5%

2 Prudence

2.1 Gross borrowing and the capital financing requirement

It is prudent to ensure that borrowing is only used to fund capital (as opposed to revenue) expenditure. The indicator to measure whether this is achieved is to demonstrate that external borrowing does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years.

<i>Indicator P-1</i>	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
	Actual	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
	£m	£m	£m	£m	£m	£m	£m
Capital Financing requirement	3.12	7.95	8.39	8.66	9.63	10.59	10.06
Gross Borrowing	3.12	4.83	0.44	0.44	1.50	1.50	0.00

In this instance the capital financing requirement is shown as £3.12m in 2024/25 but increases as borrowing begins to be undertaken. The head of finance reports that the authority had no difficulty meeting this requirement in 2025/26 and 2026/27.

The proposed 2026/27 to 2030/31 capital programme includes £3.8 million debt financing for capital projects. The forecast capital financing requirement for 2026/27 is £8.39 million.

2.2 Capital expenditure

The first indicator shows the total capital expenditure plans of the council's approved plus provisional programme including capital growth proposals put forward.

<i>Indicator P-2</i>	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
	£m	£m	£m	£m	£m	£m
Estimates of capital expenditure	31.87	50.60	11.54	3.22	3.19	2.38

The second indicator records actual capital expenditure for the previous financial year.

<i>Indicator P-3</i>	2024/25	2024/25
	Estimate	Actual
	£m	£m
Actual capital expenditure	34.50	18.80

2.3 Borrowing need

This indicator reflects the authority's underlying need to borrow for a capital purpose, its Capital Financing Requirement (CFR). This borrowing may not need to take place externally, and the council may judge it prudent to make use of cash that it has already invested for long term purposes.

<i>Indicator P-4</i>	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
	£m	£m	£m	£m	£m	£m
Estimate of Capital Financing Requirement						
Non HRA	7.95	8.39	8.66	9.63	10.59	10.06
Estimate of movement in year						
Non HRA	4.83	0.44	0.27	0.97	0.97	-0.54

The capital financing requirement as at 31 March each year is derived from specific balances within the balance sheet, and adjustments are made for capital expenditure, and the resources applied to finance the expenditure. The authority's capital expenditure is resourced immediately from capital receipts, reserves, grants, contributions and directly from revenue. The actual CFR for 31 March 2025 is shown below.

<i>Indicator P-5</i>	31/3/25
	Actual
	£m
Actual Capital Financing Requirement	
Non HRA	3.12
Actual movement in year	
Non HRA	3.12