

## Prudential indicators – Vale of White Horse DC

### 1 Affordability

#### 1.1 Ratio of financing costs to net revenue stream

These indicators compare the financing costs 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 a relatively low borrowing this indicator is negative and remains so throughout the period.

<i>Indicator A-1</i>	2026/27	2027/28	2028/29	2029/30	2030/31
<b>Ratio of Financing Costs to Net Revenue Stream</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
Non - HRA	(16.5%)	(10.5%)	(7.3%)	(6.3%)	(5.4%)

#### 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
<b>Ratio of net income from commercial investments to net revenue stream</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
Non - HRA	0.2%	0.2%	0.2%	0.1%	0.1%

### 2 Prudence

#### 2.1 Gross debt 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
	<b>Actual</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Capital Financing requirement</b>	3.24	7.94	10.33	13.37	12.58	11.79	11.00
<b>Gross Borrowing</b>	3.24	4.70	2.40	3.35	0.00	0.00	0.00

In this instance the capital financing requirement is shown as £3.24m in 2024/25 and 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 £5.75 million borrowing for capital projects. The forecast capital financing requirement for 2026/27 is £10.33 million.

## 2.2 Capital expenditure

The first indicator shows the total capital expenditure plans of the council's existing programme including the 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
<b>Estimates of capital expenditure</b>	21.55	14.60	5.31	2.90	1.85	1.70

The second indicator records actual capital expenditure for the previous financial year 2024/25.

<i>Indicator P-3</i>	2024/25	2024/25
	Estimate	Actual
	£m	£m
<b>Actual capital expenditure</b>	27.5	18.1

Slippage from the previous financial year led to the capital programme for 2024/25 totalling £27.5 million as at 31 March 2025 – the actual expenditure for the year totalled £18.1 million thus represented an underspend against that latest budget.

## 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
<b>Estimate of Capital Financing Requirement</b>						
Non HRA	7.94	10.33	13.37	12.58	11.79	11.00
<b>Estimate of movement in year</b>						
Non HRA	4.70	2.39	3.04	-0.79	-0.79	-0.79

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 borrowing.

The actual CFR for 31 March 2025 is shown below.

<b>Indicator P-5</b>	<b>31/3/25</b>
	<b>Actual</b>
	<b>£m</b>
<b>Actual Capital Financing Requirement</b>	
Non HRA	3.24
<b>Actual movement in year</b>	3.24
Non HRA	