

LANCASHIRE COMBINED FIRE AUTHORITY

Meeting to be held on 21 February 2022

CAPITAL STRATEGY & BUDGET 2022/23-2026/27

(Appendix 1 refers)

Contact for further information:

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Table 1 Executive Summary and Recommendations

Executive Summary

The report sets out the draft capital programme for 2022/23-2026/27.

As in previous years, the draft programme allows for items included within various asset management plans. Estimated slippage of £6.2m has already been moved from the 2021/22 capital programme into the 2022/23 capital programme, as agreed by Resources Committee.

The resultant programme of £47m is extremely large. As highlighted in the report the majority of costs and timing relating to property projects are estimates only at this stage and will be refined in due course.

Anticipated capital funding of £37.4m is available over the life of the programme, leaving a shortfall of £9.5m.

In order to balance the programme the Authority will need to borrow £7.5m (£2m has already been set aside) which results in an anticipated additional revenue charge of £0.4m which is incorporated into the draft revenue budget, reported elsewhere on the agenda.

After allowing for the impact of the borrowing the programme is considered prudent, sustainable and affordable.

Recommendation

The Combined Fire Authority is asked to approve: -

- The Capital Strategy;
- The proposed Capital Budget;
- The Prudential Indicators as set out at Appendix 1.

Capital Budget Strategy

The Authority's capital strategy is designed to ensure that the Authority's capital investment:

- assists in delivering the corporate objectives
- provides the framework for capital funding and expenditure decisions, ensuring that capital investment is in line with priorities identified in asset management plans

- ensures statutory requirements are met, i.e. Health and Safety issues
- supports the Medium-Term Financial Strategy by ensuring all capital investment decisions consider the future impact on revenue budgets
- demonstrates value for money in ensuring the Authority's assets are enhanced/preserved
- describes the sources of capital funding available for the medium term and how these might be used to achieve a prudent and sustainable capital programme.

Managing capital expenditure

The Capital Programme is prepared annually through the budget setting process and is reported to the Authority for approval each February. The programme sets out the capital projects taking place in the financial years 2022/23 to 2026/27 and will be updated in May to reflect the effects of the final level of slippage from the current financial year (2021/22).

The majority of projects originate from approved asset management plans, subject to assessments of ongoing requirements. Bids for new capital projects are evaluated and prioritised by Executive Board prior to seeking Authority approval.

A budget manager is responsible for the effective financial control and monitoring of their elements of the capital programme. Quarterly returns are submitted to the Director of Corporate Services on progress to date and estimated final costs. Any variations are dealt with in accordance with the Financial Regulations (Section 4.71). Where expenditure is required or anticipated which has not been included in the capital programme, a revision to the Capital Programme must be approved by Resources Committee before that spending can proceed.

Proposed Capital Budget

Capital expenditure is expenditure on major assets such as new buildings, significant building modifications and major pieces of equipment/vehicles.

The Service has developed asset management plans which assist in identifying the long-term capital requirements. These plans, together with the operational equipment register have been used to assist in identifying total requirements and the relevant priorities.

Slippage from 2021/22

The 2022/23 programme includes various items of estimated slippage expected from the 2021/22 programme, previously agreed by Resources Committee: -

Table 2 Details of Slippage from previous year

Item	Budget £m
Pumping appliances x 7	1.490
Command support units x 2	0.580
Turn table ladder (TTL) x 1	0.675
Water Tower x 2	1.000
Prime mover x 1	0.215
Pod x 1	0.028
CCTV on appliances	0.100
Enhanced station facilities at Blackpool	0.200
Drill tower replacements	0.150
ESMCP	1.000
Various ICT systems/hardware	0.755
Total	6.193

Vehicles

The Fleet Asset Management plan has been used as a basis to identify the following vehicle replacement programme, which is based on current approved lives:-

Table 3 Vehicle Requirements (Numbers and cost by type per year)

Type of Vehicle	No of Vehicles				
	2022/23 (inc Slippage)	2023/24	2024/25	2025/26	2026/27
Pumping Appliance	7	6	5	6	6
Command Unit	2	-	-	-	-
Water Tower	-	2	-	-	-
Aerial appliance	1	-	-	-	-
All-Terrain Vehicle	1	-	-	-	-
Prime mover	2	-	-	-	-
Pod	1	-	-	-	-
Operational Support Vehicles	16	16	18	11	12
	32	22	23	21	18
	Budget (£m)				
Pumping Appliance	1.490	1.337	1.156	1.421	1.457
Command Unit	0.580	-	-	-	-
Water Tower	-	1.000	-	-	-
Aerial appliance	0.750	-	-	-	-
All-Terrain Vehicle	0.016	-	-	-	-
Prime mover	0.215	-	-	-	-
Pod	0.028	-	-	-	-
Operational Support Vehicles	0.359	0.459	0.504	0.260	0.353
	3.437	2.795	1.660	1.682	1.810

Numbers are based on anticipated delivery dates, not order date. Several of the vehicles have long lead times, and stage payments, hence the actual timing of spend is subject to change, with any deliveries spanning across years inevitably resulting in

the need to move spend between years, usually this will be in the form of slippage into subsequent years, but occasionally there will be a need to pull budget forward to reflect an earlier delivery/stage completion date. This will be reported to Resources Committee as delivery dates are agreed.

Both the Water Towers and Aerial Appliance requirements have been approved previously by CFA. With the exception of the these all other vehicles are replacements.

It is worth noting that LFRS currently has several vehicles provided and maintained by Government under New Dimensions (5 Prime Movers and 1 Utility Terrain Vehicle), which under LFRS replacement schedules would be due for replacement during the period of the programme. However, our understanding is that Government will issue replacement vehicles if they are beyond economic repair, or if the national provision requirement changes. Should LFRS be required to purchase replacement vehicles, grant from Government may be available to fund them. Based on the current position, we have not included these vehicles (or any potential grant) in our replacement plan.

In addition, Fleet Services continue to review future requirements for the replacement of all vehicles in the portfolio, hence there may be some scope to modify requirements as these reviews are completed, and future replacement programmes will be adjusted accordingly.

Operational Equipment

With the exception of CCTV on appliances, which is an existing project that has previously been approved, all other requirements are replacements for existing end of life equipment:

Table 4 Equipment Requirements (Cost per year)

	2022/23 (inc Slippage)	2023/24	2024/25	2025/26	2026/27
	£m	£m	£m	£m	£m
Thermal Imaging Cameras	-	0.250	-	-	-
Breathing Apparatus (BA) and Telemetry equipment	-	-	0.550	-	-
Cutting and extrication equipment	1.500	-	-	-	-
CCTV on appliances	0.100	-	-	-	-
	1.600	0.250	0.550	-	-

The cost of replacing cutting and extrication equipment will vary dependent upon whether these are battery operated or not, and we are currently awaiting the evaluation and a decision on this. As such further work is required to refine the £1.5m estimate.

Each of these groups of assets is subject to review prior to replacement, which may result in a change of requirements or the asset life.

ICT

The majority of the spend is on replacement/upgraded systems, with the exception of:-

- Data Warehouse, which will extract data from our business systems and create common data sets to aid performance management, data analysis and enable users to have self-service access
- Dynamic cover tool, which supports the Service in determining optimum appliance configuration based on available resources
- Digitisation of Fire appliances – where additional Vehicle Mounted Data Systems (VMDS) units will be provided, to improve connectivity and accessibility for Service Delivery staff outside of the office based environment.

All replacements identified in the programme will be subject to review, with both the requirement for the potential upgrade/replacement and the cost of such being revisited prior to any expenditure being incurred.

Table 5 ICT Requirements (Cost per year)

	2022/23 (inc Slippage)	2023/24	2024/25	2025/26	2026/27
	£m	£m	£m	£m	£m
New Systems					
Data Warehouse	0.100	-	-	-	-
Dynamic Cover Tool	0.150	-	-	-	-
Replace Existing Systems					
Performance management	0.100	-	-	-	-
Hydrant Management system	0.025	-	-	-	-
Incident Command system	0.100	-	-	-	-
Asset Management system	0.050	-	-	-	0.100
HFSC referral system	0.100	-	-	-	-
Pooled PPE system	-	0.080	-	-	-
Community Fire Risk Management Information System (CFRMIS)	-	0.100	-	-	-
Rota management package (WT/On call)	-	-	0.100	-	-
Storage Area Network	-	-	0.120	-	-
GIS Risk Info (Cadcorp)	-	-	-	0.100	-
WAN (Intrinsic)	-	-	-	0.450	-
IRS/MIS (3TC)	-	-	-	0.050	-
New Operational Communications					
Digitisation of Fire appliances - additional VMDS units	0.254	-	-	-	-
Replace Operational Communications					
ESMCP (Airwave replacement – assumed funded by grant)	1.000	-	-	-	-
VMDS replace existing kit	0.361	-	-	-	-
Incident Ground Radios	0.180	-	-	-	-
Total ICT Programme	2.420	0.180	0.220	0.600	0.100

(Note HR & Payroll and the Finance system are both outsourced and form part of ongoing SLAs, as such no allowance has been made for their future replacement, as it is assumed that any replacement costs are covered by the existing SLA. If at some point the Service moved away from the current SLAs, then we will incur costs in implementing new systems. We have not allowed for this.)

Buildings

The only new scheme included in the above programme is Service Training Centre (STC) Props, which reflects the need to upgrade/replace some of the training props at STC which are nearing end of life. This scheme is at the initial design/feasibility stage with a considerable amount of work required to develop this into a more detailed scheme with more accurate costings.

Table 6 Building Requirements (Cost per year)

	2022/23 (inc Slippage)	2023/24	2024/25	2025/26	2026/27
	£m	£m	£m	£m	£m
New Schemes					
STC Props	-	-	-	5.000	-
Existing Schemes					
SHQ relocation	-	3.250	8.750		-
C50 – Preston replacement station	0.500	7.250	-	-	-
C52 Fulwood replacement station	-	-	-	2.500	-
W30 – Blackpool Welfare	0.450	-	-	-	-
Drill tower replacements (notional 2 per year)	0.450	0.300	0.300	0.300	0.300
	1.400	11.050	9.050	7.800	0.300

In terms of all the building proposals it must be noted that we are still developing requirements/designs hence costings are indicative only. Furthermore timings have not been agreed pending the ECR and the publication of the Government White Paper on Fire Reform, with the latter pushing back the timeframes for SHQ relocation. As such the costs and timings shown are to provide some context for decision making at this early stage of scheme developments.

Total Capital Requirements

The following table details capital requirements over the five-year period:

Table 7 Summary Capital Requirements

	2022/23 (inc Slippage)	2023/24	2024/25	2025/26	2026/27	TOTAL
	£m	£m	£m	£m	£m	£m
Vehicles	3.437	2.795	1.660	1.682	1.810	11.385
Operational Equipment	1.600	0.250	0.550	-	-	2.400
IT Equipment	2.420	0.180	0.220	0.600	0.100	3.520
Buildings	1.400	11.050	9.050	7.800	0.300	29.600
	8.857	14.275	11.480	10.082	2.210	46.905

Capital Funding

Capital expenditure can be funded from the following sources:

Prudential Borrowing

The Prudential Code gives the Authority increased flexibility over its level of capital investment and much greater freedom to borrow, should this be necessary, to finance planned expenditure. However, any future borrowing will incur a financing charge against the revenue budget for the period of the borrowing.

Given the financial position of the Authority we have not needed to borrow since 2007, and repaid a large proportion of our borrowing in October 2017.

Capital Grant

Capital grants are received from other bodies, typically the Government, in order to facilitate the purchase/replacement of capital items.

There is an expectation that the ESMCP project costs carried forwards from 2021/22 will receive £1.0m grant funding which is included in the programme, however we have not had any confirmation that LFRS costs will be met from grant. To date no other capital grant funding has been made available for 2022/23, nor has any indication been given that capital grant will be available in future years, and hence no allowance has been included in the budget.

Capital Receipts

Capital receipts are generated from the sale of surplus property and vehicle assets, with any monies generated being utilised to fund additional capital expenditure either in-year or carried forward to fund the programme in future years.

The Authority expects to hold £1.7m of capital receipts as at 31 March 2022. This will be fully utilised during the 5-year programme.

Anticipated sale proceeds of £2m have been included in respect of the potential sale of the existing Fulwood site, reflecting the relocation of SHQ and the development of Fulwood Fire Station.

Capital Reserves

Capital Reserves have been created from under spends on the revenue budget in order to provide additional funding to support the capital programme in future years. The Authority expects to hold £16.7m of capital reserves as at 31 March 2022, after allowing for the transfer of the year end revenue underspend of £0.4m and the transfer of £0.4m of earmarked reserves into this (as referred to in the reserves and balances policy elsewhere on this agenda). Over the life of the programme we anticipate utilising all these reserves.

Revenue Contribution to Capital Outlay (RCCO)

Any revenue surpluses may be transferred to a Capital Reserve in order to fund additional capital expenditure either in-year or carried forward to fund the programme in future years.

As referred to in the Revenue Budget report, elsewhere on this agenda, the revenue contribution to capital in 22/23 has been increased to £4.0m, with gradual reductions over the remainder of the five-year programme, giving a total contribution of £15.8m over the life of the programme. This reduces the need to borrow and hence the capital financing charge associated with this.

Drawdown of Earmarked Reserves

£0.25m has been drawn down from the Innovation Reserve to fund the digitisation of fire appliances project.

Drawdown of General Reserves

No allowance has been made for the drawdown of any of the general reserve.

Total Capital Funding

The following table details available capital funding over the five-year period:

Table 8 Summary Capital Funding

	2022/23 (inc Slippage)	2023/24	2024/25	2025/26	2026/27	TOTAL
	£m	£m	£m	£m	£m	£m
Capital Grant	1.000	-	-	-	-	1.000
Capital Receipts	-	0.139	1.542	-	2.000	3.681
Capital Reserves	3.603	10.936	2.143	-	-	16.682
Earmarked Reserves	0.254	-	-	-	-	0.254
Revenue Contributions	4.000	3.200	3.200	2.700	2.700	15.800
	8.857	14.275	6.885	2.700	4.700	37.417

Summary Programme

Based on the draft capital programme as presented we have a shortfall of £9.5m:

Table 9 Summary Capital Requirements and Funding Available

	2022/23 (inc Slippage)	2023/24	2024/25	2025/26	2026/27	TOTAL
	£m	£m	£m	£m	£m	£m
Capital Requirements	8.857	14.275	11.480	10.082	2.210	46.905
Capital Funding	8.857	14.275	6.885	2.700	4.700	37.417
Surplus/(Shortfall)	-	-	(4.595)	(7.382)	2.490	(9.487)

This a very large funding gap, demonstrating that the programme as set out is not achievable without significant borrowing.

Impact on the Revenue budget

The capital programme shows the Authority utilising all of its capital reserves and receipts part way through 2024/25, meaning that the remainder of the capital programme will need to be met from either capital grant (if available), additional revenue contributions or from new borrowing.

Any borrowing will impact the revenue budget as capital financing (interest payable and Minimum Revenue Provision - MRP) charges. As we have already set aside funds (prepaid MRP) to offset our existing £2.0m of PWLB borrowing we would need to take out new borrowing of £7.5m. This has a significant impact on the revenue budget, in terms of interest payments and setting aside a sum equivalent to the Minimum Revenue Provision (MRP), as shown in the table below. (Note both the interest rate and the life over which MRP is charged are subject to change.)

Table 10 Cost of Borrowing

	25 Year
	2.0%
Interest per annum	£150k
MRP	£300k
	£450k

The revenue budget, reported elsewhere on the agenda, incorporates £0.4m in future years budgets reflecting the need to borrow.

Programme Assumptions

It is also worth highlighting that the programme is based around a number of assumptions which could change: -

- All costings are subject to refinement during the design and procurement phases;
- Vehicle replacements are based on the Fleet Asset management Plan, however the scale of replacements in 22/23 is extremely high and hence some slippage is likely;
- New Dimensions vehicle replacements are expected to be carried out by Government, however this position may change;
- No allowance has been made for developments in operational equipment, which may justify future investments. At the present time this would need to be met from the Innovation reserve, of which we have £0.25m remaining, or from the revenue budget (there is £0.2m of revenue budget available for this type of R&D investment);
- ICT software replacements are subject to review prior to replacement, which has led in the past to significant slippage;
- Operational Communications replacements (ESMCP) are subject to a great deal of uncertainty in terms of both timing and costs as they are related to a national replacement project, in addition there may be grant funding available for this which is also unknown at this time;
- The costs and timing for investment in STC Props and replacement of Preston and Fulwood Fire Stations and SHQ relocation are estimates only at this stage, based on current information, but clearly if/when any of these go ahead this will create a need for external borrowing;

- Capital grant may be made available in future years, in order to assist service transformation and greater collaboration, although this is felt to be unlikely.

Summary

Without borrowing the current programme is not balanced, as such the Authority will need to borrow £7.5m over the life of the programme. The cost of this borrowing is incorporated into the revenue budget in future years, which shows a balanced position throughout the medium-term planning period. Therefore, the Treasurer considers that the programme is prudent, sustainable and affordable.

As noted above, should any of the funding assumptions or expenditure items within the programme change, this will have an impact on the overall affordability of the programme.

Prudential Indicators

The Prudential Code gives the Authority increased flexibility over its level of capital investment and much greater freedom to borrow, should this be necessary, to finance planned expenditure. However, in determining the level of borrowing, the Authority must prepare and take account of a number of Prudential Indicators aimed at demonstrating that the level and method of financing capital expenditure is affordable, prudent and sustainable. These Indicators are set out at Appendix 1, along with a brief commentary on each. The Prudential Indicators are based on the programme set out above. These indicators will be updated to reflect the final capital outturn position and reported to the Resources Committee at the June meeting.

The main emphasis of these Indicators is to enable the Authority to assess whether its proposed spending and its financing is affordable, prudent and sustainable and in this context, the Treasurer's assessment is that, based on the indicators, this is the case for the following reasons: -

- In terms of prudence, the level of capital expenditure, in absolute terms, is considered to be prudent and sustainable at an annual average of £11.6m over the 3-year period. The trend in the capital financing requirement and the level of external debt are both considered to be within prudent and sustainable levels. Whilst new borrowing is required this only occurs at the tail end of the third year of the programme.
- In terms of affordability, the negative ratio of financing costs is attributable to interest receivable exceeding interest payable and Minimum Revenue Provision payments in each of the three years. This reflects the effect of the previous decision to set aside monies to repay debt.

Financial Implications

The financial implications

Human Resources Implications

None

Equality and Diversity Implications

The capital programme in respect of replacement/refurbishment of existing property will include some element of adaptations to ensure compliance with the Disability Discrimination Act.

Environmental Impact

The environmental impact of decisions relating to the capital programme will be considered as part of the project planning process, and where possible we will look to minimise the environmental impact of this where it is practical and cost effective to do so.

Business Risk Implications

The capital programme is designed to ensure that the Service has the appropriate assets in order to deliver its services; as such it forms a key element in controlling the risk to which the Authority is exposed. are set out on the report.

Local Government (Access to Information) Act 1985 List of Background Papers

Table 11 Details of any background papers

Paper: The Prudential Code for Capital Finance in Local Authorities

Date: 2021

Contact: Keith Mattinson

Reason for inclusion in Part 2 if appropriate: N/a

PRUDENTIAL CODE FOR CAPITAL FINANCE

Information

The Prudential Code for capital finance, issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), is in the form of a professional code of practice to support local authorities in taking decisions on capital expenditure, borrowing and investments. In reaching these decisions the Authority must follow good professional practice and must assess the implications of capital expenditure in terms of affordability, prudence and sustainability. To enable authorities to demonstrate that its decisions reflect these principles, the code sets out indicators that must be used and factors which must be considered.

Capital Expenditure and Financing

The objective in consideration of the affordability of the Authority's capital plans is to ensure that total capital expenditure remains within sustainable limits.

Capital expenditure 2020/21 to 2024/25

The actual expenditure for 2020/21 and forecast expenditure 2021/22, and estimates of capital expenditure to be incurred in future years, as per the proposed capital programme and allowing for slippage from the 2021/22 programme, are:

Table 12 Capital expenditure by year

	2020/21 Actual	2021/22 Forecast	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
	£m	£m	£m	£m	£m
Capital Expenditure	2.654	4.451	8.857	14.275	11.480

This indicator for 2021/22 will also be updated at the year-end to reflect actual capital expenditure incurred.

Capital financing 2020/21 to 2024/25

All capital expenditure must be financed, either from external resources (government grants and other contributions), the Authority's own resources (revenue contributions, reserves and capital receipts) or debt (borrowing, leasing and Private Finance Initiative). The planned financing of the above expenditure is as follows:

Table 13 Capital financing by year

	2020/21 Actual	2021/22 Forecast	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
	£m	£m	£m	£m	£m
Grants and Contributions	-	-	1.000	-	-
Own Resources	2.654	4.451	7.857	14.275	6.885
Debt	-	-	-	-	4.595
Total	2.654	4.451	8.857	14.275	11.480

Borrowing Strategy

Capital Financing Requirement (CFR) 2020/21 to 2024/25

Table 14 Capital financing requirements by year

	2020/21 Actual	2021/22 Forecast	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
	£m	£m	£m	£m	£m
Capital Financing Requirement (Debt only)	-	-	-	-	4.595

The capital financing requirement measures the authority's underlying need to borrow for a capital purpose and reflects the effects of previous investment decisions as well as future planned expenditure. In accordance with best professional practice, the Authority does not associate borrowing with particular items or types of expenditure. External borrowing arises as a consequence of all the financial transactions of the Authority and not simply those arising from capital spending, but in the medium term the Treasurer anticipates that borrowing is undertaken for capital purposes only. These capital financing requirements then feed through into the anticipated level of external debt as reported in the Treasury Management Strategy elsewhere on the agenda but repeated here for completeness. As reported in the Treasury Management Strategy the Authority has made additional MRP provisions since 2010/11 in order to reduce capital financing requirements to nil.

Authorised limit and operational boundary for its total external debt

In respect of its external debt the Authority is required to set two limits over the three-year period: an authorised limit and an operational boundary. Both are based on the planned capital expenditure, estimates of the capital financing requirement and estimates of cash flow requirements for all purposes. It should be noted that these limits have then been uplifted to include potential borrowing associated with a future decision to go ahead with a replacement Headquarters.

The operational boundary is based on the most likely, but not worst case, scenario and represents the maximum level of external debt projected by these estimates. However, unexpected cashflow movements can occur during the year and some provision needs to be made in setting the authorised limit to deal with this.

The two indicators are as follows:

Table 15 Borrowing Limits by year

	2020/21 Actual	2021/22 Forecast	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
	£m	£m	£m	£m	£m
Authorised Limit for External Debt					
Borrowing	6,000	6,000	6,000	6,000	10,000
Other long-term liabilities	30,000	30,000	30,000	30,000	30,000
Total	36,000	36,000	36,000	36,000	40,000
Operational Boundary for External Debt					
Borrowing	3,000	3,000	3,000	3,000	8,000
Other long-term liabilities	17,000	17,000	16,000	15,000	15,000
Total	20,000	20,000	19,000	18,000	23,000

Gross debt and the Capital Financing Requirement

The Prudential Code requires that debt does not exceed the Capital Financing Requirement except in the short term, in order to ensure that over the medium term that debt will only be for capital purposes. This is a key indicator of prudence.

As reported in the Treasury Management Strategy, the Authority has made additional MRP provisions since 2010/11 in order to reduce Capital Financing Requirements and hence the charges associated with this, and in order to set monies aside to pay off debt as it matures. It used these monies to pay off £3.2m of debt in October 2017. As a result of this the level of debt now held, £2.0m, exceeds the capital financing requirement, has been zero after MRP payments made during 2019/20: -

Table 16 Debt and the Capital Financing Requirements by year

	2020/21 Actual	2021/22 Forecast	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
	£m	£m	£m	£m	£m
Debt	2.000	2.000	2.000	2.000	2.000
Capital Financing Requirement	-	-	-	-	4.595

Revenue Budget Implications

Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and Minimum Revenue Provision (MRP, or debt repayments) are

charged to revenue, offset by interest receivable. The net annual charge is known as financing costs.

As shown within the Treasury Management Strategy report elsewhere on the agenda, the financing costs are as follows:

Table 17 Impact on Revenue Budget by year

	2020/21 Actual	2021/22 Forecast	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
	£m	£m	£m	£m	£m
Interest payable	0.090	0.090	0.090	0.090	0.090
MRP	0.010	0.010	0.010	0.010	0.010
Interest receivable	(0.253)	(0.194)	(0.300)	(0.200)	(0.100)
Net financing costs	(0.153)	(0.094)	(0.200)	(0.100)	-

Proportion of financing costs to net revenue stream

Table 18 Proportion of financing costs to net revenue stream by year

	2020/21 Actual	2021/22 Forecast	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
Net financing costs	(£0.153m)	(£0.094m)	(£0.200m)	(£0.100m)	-
Ratio of Financing Costs to Net Revenue Stream	(0.27%)	(0.16%)	(0.32%)	(0.16%)	-

The negative percentage of this indicator reflects the low level of underlying debt (following the repayment of the majority of our long-term loans during 2017/18) for the Authority in comparison to the authority's level of investment income, i.e. interest receivable is greater than interest payable.