

Treasury Management Prudential Indicators

1 Capital Expenditure:

The 2010/11 actual capital expenditure and estimates of capital expenditure for the current and future years that are recommended for approval are:

	2010/11 Estimate £000's	2010/11 Actual £000's	2011/12 Estimate £000's	2012/13 Estimate £000's	2013/14 Estimate £000's
General Fund	7,311	6,069	9,949	3,562	3,682
HRA	17,639	17,300	15,466	13,504	13,504
Total	24,950	23,369	25,415	17,066	17,186

2 Ratio of financing costs to net revenue stream:

	2010/11 Estimate %	2010/11 Actual %	2011/12 Estimate %	2012/13 Estimate %	2013/14 Estimate £000's
Financing costs re					
General Fund Capital Exp	0	0	0	0	0
HRA Capital Exp	(0)	(0)	(0)	(0)	(0)

General Fund: Net revenue stream is the RSG, NNDR grant and Council Tax raised for the year. In 2008/09 the Council was debt free and earned interest which was retained in the General Fund. As a result, the indicator was negative for 2008/09. From 2009/10 onwards the General Fund pays more interest to the HRA than it is predicted to earn from investments and the indicator is now positive. In addition, the General fund is having to pay a proportion of the interest costs on the 'supported borrowing' undertaken on behalf of the HRA.

HRA: The net revenue stream is the income from received rents and service charges. The ratio of financing costs to net revenue stream is negative while the HRA investment interest is greater than the supported borrowing costs.

3 Net Borrowing requirement

	2010/11 Estimate £000's	2010/11 Actual £000's	2011/12 Estimate £000's	2012/13 Estimate £000's	2013/14 Estimate £000's
Brought forward 1 April	(10,534)	(10,534)	1,014	9,733	11,733
Borrowing	17,551	17,004	25,733	27,733	29,733
Investments	(16,000)	(15,990)	(16,000)	(16,000)	(16,000)
Carried forward 31 March	1,551	1,014	9,733	11,733	13,733
In year borrowing requirement	12,110	12,004	10,895	2,000	2,000

The net borrowing requirement is defined as borrowing less investments. The net borrowing requirement may not, except in the short term, exceed the total capital financing requirement in the preceding year, plus the estimates of any additional financing requirement for the current and next two years. **Net borrowing will have moved by £16,895,000 from 2010/11 to 2012/13.** NB: Of the £34.4m borrowing at 2014/15, £25.6m relates to supported borrowing for the HRA, the remaining £8.8m being used to fund the Council's capital programme.

4 Capital financing requirement

	2010/11 Estimate £000's	2010/11 Actual £000's	2011/12 Estimate £000's	2012/13 Estimate £000's	2013/14 Estimate £000's
Capital financing requirement GF	27,543	26,743	28,743	30,563	32,383
Capital financing requirement HRA	(10,505)	(9,739)	(3,810)	(3,810)	(3,810)

Total Capital financing requirement	17,038	17,004	24,933	26,753	28,573
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The Capital Financing Requirement reflects the amount of money the Council would need to borrow to fund its capital programme. This indicator is negative while the Council has no external debt, having borrowed money from the HRA. When the indicator becomes positive the Council will need to borrow to fund the capital programme. However, where the borrowing is 'supported borrowing' the Government will pay the interest costs on the borrowing. Prudential borrowing needs to be met from Council Tax.

5 Incremental impact on capital investment decisions

	2010/11 £	2010/11 £	2011/12 £	2012/13 £	2013/14 £
Increase in Council Tax (band D)	0	0	5	13	19
Increase in average housing rent per week	0	0	0	0	0

General Fund -This is an indicator of the affordability of the capital programme and its effect on the Council Tax. This indicator compares the original Capital Strategy years programme (February 2010 Executive) to the current (February 2011) Capital Strategy. **An increase in the capital expenditure requires increased borrowing, and an additional interest charge, and provision for repayment of debt, to be borne by the General Fund.** This is expressed as an increased cost on the average band D property.

HRA -This is an indicator of the affordability of the capital programme and its effect on the rent payer. This indicator compares the original years programme (September Executive) to the revised programme (February Executive), an increase in the programme would mean less resources available to invest resulting in less investment interest earned by the HRA. As the HRA borrowing is all supported, there is no gain or loss on rent - the costs are met through the subsidy system.

6 Authorised Limit for external debt

	2010/11 Estimate £000's	2010/11 Actual £000's	2011/12 Estimate £000's	2012/13 Estimate £000's	2013/14 Estimate £000's
Borrowing	38,920	38,920	46,849	53,599	59,947
Other long term liabilities	0	0	0	0	0
Total	38,920	38,920	46,849	53,599	59,947

7 Operational Boundary for external debt

	2010/11 Estimate £000's	2010/11 Actual £000's	2011/12 Estimate £000's	2012/13 Estimate £000's	2013/14 Estimate £000's
Borrowing	33,920	33,920	41,849	48,599	54,947
Other long term liabilities	0	0	0	0	1
Total	33,920	33,920	41,849	48,599	54,948

The operational boundary differs from the authorised limit in that it is the level up to which the Council may have to borrow. The Council may need to borrow short term for cash flow purposes.

8 Upper limit for fixed interest rate exposure

This is defined as net principal re fixed rate borrowing less fixed rate investments

	2010/11 Estimate £000's	2010/11 Actual £000's	2011/12 Estimate £000's	2012/13 Estimate £000's	2013/14 Estimate £000's
Fixed rate borrowing - fixed rate investments	19,920	1,014	27,849	34,599	40,947

As the amount of supported borrowing increases, so the limit becomes more positive

9 Upper limit for variable interest rate exposure

This is defined as net principal re variable rate borrowing less variable rate investments

	2010/11 Estimate £000's	2010/11 Actual £000's	2011/12 Estimate £000's	2012/13 Estimate £000's	2013/14 Estimate £000's
10 Variable rate borrowing - variable rate investments	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)

These are negative while investment income exceeds the investment payments.

11 Upper limit for total principal sums invested for over 364 days

	2010/11 Estimate £000's	2010/11 Actual £000's	2011/12 Estimate £000's	2012/13 Estimate £000's	2013/14 Estimate £000's
Sums invested for over 364 days	10,000	10,000	2,000	2,000	2,000