

## Treasury Management Prudential Indicators

### 1 Capital Expenditure:

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

	2010/11 Actual £000's	2011/12 Estimate £000's	2012/13 Estimate £000's	2013/14 Estimate £000's	2014/15 Estimate £000's
General Fund	6,069	6,512	7,964	3,322	3,962
HRA	17,300	13,182	11,472	10,900	16,110
<b>Total</b>	<b>23,369</b>	<b>19,694</b>	<b>19,436</b>	<b>14,222</b>	<b>20,072</b>

### 2 Ratio of financing costs to net revenue stream:

	2010/11 Actual %	2011/12 Estimate %	2012/13 Estimate %	2013/14 Estimate £000's	2014/15 Estimate £000's
Financing costs re					
General Fund Capital Exp	0.55%	0.68%	2.82%	5.47%	7.94%
HRA Capital Exp	0.00%	0.00%	0.00%	0.00%	0.00%

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

**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 Actual £000's	2011/12 Estimate £000's	2012/13 Estimate £000's	2013/14 Estimate £000's	2014/15 Estimate £000's
Brought forward 1 April	(10,534)	1,014	9,733	11,733	13,733
Borrowing	17,004	25,733	27,733	29,733	31,733
Investments	(15,990)	(16,000)	(16,000)	(16,000)	-16,000
Carried forward 31 March	1,014	9,733	11,733	13,733	15,733
In year borrowing requirement	12,004	10,895	2,000	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

### 4 Capital financing requirement

	2010/11 Actual £000's	2011/12 Estimate £000's	2012/13 Estimate £000's	2013/14 Estimate £000's	2014/15 Estimate £000's
Capital financing requirement GF	26,743	29,543	31,427	33,231	34,955
Capital financing requirement HRA	(9,739)	(3,810)	(3,810)	(3,810)	(3,810)
<b>Total Capital financing requirement</b>	<b>17,004</b>	<b>25,733</b>	<b>27,617</b>	<b>29,421</b>	<b>31,145</b>

**The Capital Financing Requirement reflects the amount of money the Council would need to borrow to fund its capital programme.** This positive figure reflects that the Council has a debt requirement. The large movement for HRA in 2012/13 resulted from the introduction of self-financing. The 1 April borrowing requirement is £188,000,000. Although taken out in March 2012, the indebtedness is for 2012/13.

## 5 Incremental impact on capital investment decisions

	2010/11 £	2011/12 £	2012/13 £	2013/14 £	2014/15 £
Increase in Council Tax (band D)	0.00	0.00	7.63	15.49	21.37
Increase in average housing rent per week	0.00	0.00	0.00	0.00	0.00

**General Fund** -This is an indicator of the affordability of the capital programme and its effect on the Council Tax. This indicator shows the expected costs including the updated Capital Strategy being reported to November 2011 Executive.

**HRA** -This is an indicator of the affordability of the capital programme and its effect on the rent payer. As the HRA has a net income, this is negative for 2011/12. It is assumed that the impact on rents will be neutral at this stage.

## 6 Authorised Limit for external debt

	2010/11 Actual £000's	2011/12 Estimate £000's	2012/13 Estimate £000's	2013/14 Estimate £000's	2014/15 Estimate £000's
Borrowing	38,920	36,855	43,605	49,953	58,905
Other long term liabilities	0	0	0	0	0
<b>Total</b>	<b>38,920</b>	<b>36,855</b>	<b>43,605</b>	<b>49,953</b>	<b>58,905</b>

## 7 Operational Boundary for external debt

	2010/11 Actual £000's	2011/12 Estimate £000's	2012/13 Estimate £000's	2013/14 Estimate £000's	2014/15 Estimate £000's
Borrowing	33,920	30,733	37,483	43,831	52,783
Other long term liabilities	0	0	0	1	2
<b>Total</b>	<b>33,920</b>	<b>30,733</b>	<b>37,483</b>	<b>43,832</b>	<b>52,785</b>

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 Actual £000's	2011/12 Estimate £000's	2012/13 Estimate £000's	2013/14 Estimate £000's	2014/15 Estimate £000's
Fixed rate borrowing		36,855	43,605	49,953	58,905
Fixed rate investments		(10,000)	(10,000)	(10,000)	(10,000)
<b>Net Fixed Rate Borrowing</b>	<b>1,014</b>	<b>26,855</b>	<b>33,605</b>	<b>39,953</b>	<b>48,905</b>

Please note that the Net Exposure is not itself a limit. As borrowing increases, the net will inevitably rise, by keeping a fixed investments constant. It is conceivable that we would have no fixed investments at a point in time, as part of cash flow management. It is therefore the separate Borrowing and Investment entries requiring approval.

## 9 Upper limit for variable interest rate exposure

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

	2010/11 Actual £000's	2011/12 Estimate £000's	2012/13 Estimate £000's	2013/14 Estimate £000's	2014/15 Estimate £000's
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10	Variable rate borrowing	0	19,851	26,601	32,949	41,901
	Variable rate investments	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)
	<b>Net Variable Rate Borrowing</b>	<b>(25,000)</b>	<b>(5,149)</b>	<b>1,601</b>	<b>7,949</b>	<b>16,901</b>

These are negative while sums invested exceed borrowing. It is the individual borrowing and investment limit, not the net variable rate borrowing which requires approval.

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

	2010/11 Actual £000's	2011/12 Estimate £000's	2012/13 Estimate £000's	2013/14 Estimate £000's	2014/15 Estimate £000's
Sums invested for over 364 days	10,000	2,000	2,000	2,000	2,000