

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	5,539	6,756	5,685	3,962
HRA	17,300	13,182	16,346	16,584	23,090
Total	23,369	18,721	23,102	22,269	27,052

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%	1.82%	3.94%	4.48%
HRA Capital Exp	0.00%	0.00%	28.46%	27.11%	25.87%

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 reflects the high level of debt as a result of supported borrowing.

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	208,626	214,226	216,226
Borrowing - HRA	17,004	218,626	218,626	218,626	218,626
Borrowing - General Fund		0	5,600	7,600	9,600
Investments	(15,990)	(10,000)	(10,000)	(10,000)	-10,000
Carried forward 31 March	1,014	208,626	214,226	216,226	218,226
In year borrowing requirement	12,004	201,622	5,600	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	8,461	16,271	18,009	19,667
Capital Financing Requirement HRA	(9,739)	218,626	218,626	218,626	218,626
Total Capital Financing Requirement	17,004	227,087	234,897	236,635	238,293

The Capital Financing Requirement (CFR) reflects the amount of money the Council would need to borrow to fund its capital programme. This is split between the Housing Revenue Account CFR (HRACFR) and the General Fund CFR (GFCFR). The positive figures reflects that the Council has a debt requirement. The large movement in the **HRACFR for 2012/13** results from the introduction of self-financing. The borrowing requirement is a result of HRA self financing to be taken out on 28 March is £200,852,537, the remainder of the HRA balance relates to expenditure before 1 April 2012. Although the debt is taken out in March 2012, the indebtedness is for 2012/13. The movement in **GFCFR for 2012/13** includes an adjustment for £21.5m - this relates to a CLG special determination adjustment on the HRA CFR. To maintain overall CFR balance an adjustment is required to the GF CFR. There is also £2,800,000 additional borrowing for the capital programme.

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	8.42	16.56	22.08
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 February 2012 Audit Committee.

HRA -This is an indicator of the affordability of the capital programme and its effect on the rent payer. As all borrowing is supported this is nil for 2011/12. From 2012/13 under self financing, the cost of borrowing, in terms of interest cost, and any provision for the future reduction in debt liability, is covered by no longer making contributions to CLG in the form of negative subsidy payments. It is therefore assumed that the impact on rents will be neutral.

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 - HRA	23,126	218,626	218,626	218,626	218,626
Borrowing - General Fund	15,800	7,800	10,600	12,600	14,600
Other long term liabilities	0	0	0	0	0
Total	38,926	226,426	229,226	231,226	233,226

The authorised limit in that it is the level up to which the Council may borrow without getting further approval from Council. The Council may need to borrow short term for cash flow purposes, exceeding the operational boundary. The authorised limit allows for £5m headroom, which is in addition to our capital plans.

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 - HRA	23,126	218,626	218,626	218,626	218,626
Borrowing - General Fund	800	2,800	5,600	7,600	9,600
Other long term liabilities	0	0	0	0	0
Total	23,926	221,426	224,226	226,226	228,226

The operational boundary differs from the authorised limit in that it is the level up to which the Council expects to have to borrow. The Council may need to borrow short term for cash flow purposes, exceeding the operational boundary. The authorised limit allows for £5m headroom.

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 - HRA	23,126	218,626	218,626	218,626	218,626
Fixed Rate Borrowing - General fund	800	2,800	5,600	7,600	9,600
Fixed Rate Investments	(16,000)	(10,000)	(10,000)	(10,000)	(10,000)
Net Fixed Rate Borrowing	7,926	211,426	214,226	216,226	218,226

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
Variable rate borrowing - HRA	0	201,622	201,622	201,622	201,622
Variable rate borrowing - General Fund		2,800	5,600	7,600	9,600
Variable rate investments	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)
Net Variable Rate Borrowing	(25,000)	179,422	182,222	184,222	186,222

Positive figures show that borrowing exceeds investment levels. It is the individual borrowing and investment limit, not the net variable rate borrowing which requires approval.

10 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