

Appendix

Treasury Management Prudential Indicators

1 Capital Expenditure:

The 2011/12 actual capital expenditure and revised estimates of capital expenditure for the current and future years that are recommended for approval are:

	2011/12 Actual £000's	2012/13 Estimate £000's	2013/14 Estimate £000's	2014/15 Estimate £000's
General Fund	4,661	6,937	3,054	3,832
HRA	13,281	17,203	19,614	25,143
Total	17,942	24,140	22,668	28,975

Note: the 2012/13 estimate is based for the general fund, on the programme approved at the 11th September Executive, adjusted for LAMS £500k approved at October Full Council. This will differ to the capital report figure being reported to this committee, which will include estimates for slippage and late changes.

2 Ratio of financing costs to net revenue stream:

	2011/12 Actual %	2012/13 Estimate %	2013/14 Estimate £000's	2014/15 Estimate £000's
Financing costs re				
General Fund Capital Exp	0.00%	0.74%	4.33%	4.97%
HRA Capital Exp	0.00%	18.92%	18.20%	17.33%

General Fund: Net revenue stream is the RSG, NNDR grant and Council Tax raised for the year. Although forecast interest received (£137k) exceeds forecast interest paid (£110k), there is an MRP cost of £105k.

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

	2011/12 Actual £000's	2012/13 Estimate £000's	2013/14 Estimate £000's	2014/15 Estimate £000's
Brought forward 1 April	1,014	205,355	214,223	215,247
Borrowing - HRA	216,915	216,915	216,915	216,915
Borrowing - General Fund	0	0	8,332	11,392
Investments	(11,560)	(2,692)	(10,000)	-10,000
Carried forward 31 March	205,355	214,223	215,247	218,307
In year borrowing requirement	199,911	0	8,332	3,060

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

	2011/12 Actual £000's	2012/13 Estimate £000's	2013/14 Estimate £000's	2014/15 Estimate £000's
Capital Financing Requirement GF	6,992	10,723	13,728	15,386
Capital Financing Requirement HRA	217,655	217,655	217,655	217,655
Total Capital Financing Requirement	224,647	228,378	231,383	233,041

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).

5 Incremental Impact on Capital Investment Decisions

	2011/12 £	2012/13 £	2013/14 £	2014/15 £
Increase in Council Tax (band D)	0.00	3.62	19.67	26.21
Increase in average housing rent per week	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

	2011/12 Actual £000's	2012/13 Estimate £000's	2013/14 Estimate £000's	2014/15 Estimate £000's
Borrowing - HRA	217,685	217,685	217,685	217,685
Borrowing - General Fund	7,800	10,639	13,332	16,392
Other long term liabilities	0	0	0	0
Total	225,485	228,324	231,017	234,077

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

	2011/12 Actual £000's	2012/13 Estimate £000's	2013/14 Estimate £000's	2014/15 Estimate £000's
Borrowing - HRA	217,685	217,685	217,685	217,685
Borrowing - General Fund	2,800	5,639	8,332	11,392
Other long term liabilities	0	0	0	0
Total	220,485	223,324	226,017	229,077

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

	2011/12 Actual £000's	2012/13 Estimate £000's	2013/14 Estimate £000's	2014/15 Estimate £000's
Fixed Rate Borrowing - HRA	217,685	217,685	217,685	217,685
Fixed Rate Borrowing - General fund	2,800	5,639	8,332	11,392
Fixed Rate Investments	(10,000)	(10,000)	(10,000)	(10,000)
Net Fixed Rate Borrowing	210,485	213,324	216,017	219,077

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

9 Upper limit for variable interest rate exposure

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

	2011/12 Actual £000's	2012/13 Estimate £000's	2013/14 Estimate £000's	2014/15 Estimate £000's
Variable rate borrowing - HRA	200,681	200,681	200,681	200,681
Variable rate borrowing - General Fund	2,800	5,639	8,332	11,392
Variable rate investments	(11,560)	(35,000)	(35,000)	(35,000)
Net Variable Rate Borrowing	191,921	171,320	174,013	177,073

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. Given the more bouyant balances during 2012/13, and current markets, it would be prudent to revise the variable limit from £25M to £35M.

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

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

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2015/16 Estimate £000's
3,516
16,955
20,471

2015/16 Estimate £000's
5.86%
16.55%

2015/16 Estimate £000's
218,307
216,915
14,647
-10,000
206,915
3,255

2015/16 Estimate £000's
16,964
217,655
234,619

2015/16
£
33.04
0.00

2015/16
Estimate
£000's
217,685
19,647
0
237,332

2015/16
Estimate
£000's
217,685
14,647
0
232,332

2015/16
Estimate
£000's
217,685
14,647
(10,000)
222,332

2015/16
Estimate
£000's
200,681
14,647
(35,000)
180,328

2015/16
Estimate
£000's
2,000

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