

## Treasury Management Prudential Indicators

## APPENDIX A

### 1 Capital Expenditure:

The 2012/13 actual capital expenditure and revised estimates of capital expenditure for the current and future years that are recommended for approval are:

	2012/13 Estimate £000's	2012/13 Actual £000's	2013/14 Estimate £000's	2014/15 Estimate £000's	2015/16 Estimate £000's
General Fund	11,149	10,901	5,907	6,146	4,651
HRA	17,137	16,264	25,704	16,827	17,927
<b>Total</b>	<b>28,286</b>	<b>27,165</b>	<b>31,611</b>	<b>22,973</b>	<b>22,578</b>

\* based on July outturn report to July 2013 Executive

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

	2012/13 Estimate %	2012/13 Actual %	2013/14 Estimate %	2014/15 Estimate %	2015/16 Estimate %
Financing costs re					
General Fund Capital Exp	0.72%	0.80%	7.50%	13.48%	18.82%
HRA Capital Exp	17.52%	17.56%	16.60%	15.76%	14.57%

**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 self financing.

### 3 Net Borrowing requirement

	2012/13 Estimate £000's	2012/13 Actual £000's	2013/14 Estimate £000's	2014/15 Estimate £000's	2015/16 Estimate £000's
Brought forward 1 April	205,355	205,355	202,355	216,676	219,900
Borrowing - HRA	213,915	213,915	214,655	214,655	214,655
Borrowing - General Fund	11,845	0	10,581	13,805	17,654
Investments	(5,902)	(11,560)	(8,560)	(8,560)	(8,560)
Carried forward 31 March	219,858	202,355	216,676	219,900	223,749
In year borrowing requirement	14,503	(3,000)	14,321	3,224	3,849

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

	2012/13 Estimate £000's	2012/13 Actual £000's	2013/14 Estimate £000's	2014/15 Estimate £000's	2015/16 Estimate £000's
Capital Financing Requirement GF	16,685	15,440	18,453	20,903	23,764
Capital Financing Requirement HRA	214,655	214,655	212,655	212,655	207,155
Total Capital Financing Requirement	231,340	230,095	231,108	233,558	230,919

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 (GF CFR).

### 5 Incremental Impact on Capital Investment Decisions

	2012/13 Estimate £	2012/13 Actual £	2013/14 Estimate £	2014/15 Estimate £	2015/16 Estimate £
Increase in Council Tax (band D)	7.81	7.79	28.09	47.04	61.44
Increase in average housing rent per v	0.87	0.87	0.87	0.87	0.87

**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 March 2013 Executive.

**HRA** - This is an indicator of the affordability of the capital programme and its effect on the rent payer. 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.

#### 6 Authorised Limit for external debt

	2012/13 Estimate £	2012/13 Actual £000's	2013/14 Estimate £000's	2014/15 Estimate £000's	2015/16 Estimate £000's
Borrowing - HRA	217,685	217,685	217,685	217,685	217,685
Borrowing - General Fund	15,317	15,251	18,264	20,714	23,575
Other long term liabilities	0	0	0	0	0
<b>Total</b>	<b>233,002</b>	<b>232,936</b>	<b>235,949</b>	<b>238,399</b>	<b>241,260</b>

The authorised limit in that it is the level up to which the Council may borrow without getting further approval from Full 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

	2012/13 Estimate £	2012/13 Actual £000's	2013/14 Estimate £000's	2014/15 Estimate £000's	2015/16 Estimate £000's
Borrowing - HRA	217,685	217,685	217,685	217,685	217,685
Borrowing - General Fund	10,317	10,251	13,264	15,714	18,575
Other long term liabilities	0	0	0	0	0
<b>Total</b>	<b>228,002</b>	<b>227,936</b>	<b>230,949</b>	<b>233,399</b>	<b>236,260</b>

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

	2012/13 Estimate £	2012/13 Actual £000's	2013/14 Estimate £000's	2014/15 Estimate £000's	2015/16 Estimate £000's
Fixed Rate Borrowing - HRA	217,685	213,915	217,685	217,685	217,685
Fixed Rate Borrowing - General fund	10,317	0	13,264	15,714	18,575
Fixed Rate Investments	(10,000)	0	(10,000)	(10,000)	(10,000)
<b>Net Fixed Rate Borrowing</b>	<b>218,002</b>	<b>213,915</b>	<b>220,949</b>	<b>223,399</b>	<b>226,260</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

	2012/13 Estimate £	2012/13 Actual £000's	2013/14 Estimate £000's	2014/15 Estimate £000's	2015/16 Estimate £000's
Variable rate borrowing - HRA	217,685	0	217,685	217,685	217,685
Variable rate borrowing - General Fund	10,317	0	13,264	15,714	18,575
Variable rate investments	(35,000)	(11,650)	(40,000)	(40,000)	(40,000)
<b>Net Variable Rate Borrowing</b>	<b>193,002</b>	<b>(11,650)</b>	<b>190,949</b>	<b>193,399</b>	<b>196,260</b>

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

	2012/13 Estimate £	2012/13 Actual £000's	2013/14 Estimate £000's	2014/15 Estimate £000's	2015/16 Estimate £000's
Sums invested for over 364 days	2000	0	5,000	5,000	5,000