

THE PRUDENTIAL CODE INDICATORS

CAPITAL EXPENDITURE

1 The actual capital expenditure that was incurred in 2002/03 and the estimates of capital expenditure for the current and future years that are recommended for approval are:-

	Capital Expenditure				
	2002/03 Actual £000's	2003/04 Probable £000's	2004/05 Estimate £000's	2005/06 Estimate £000's	2006/07 Estimate £000's
General Fund	5,029	14,739	9,366	5,100	4,836
HRA	<u>9,851</u>	<u>11,449</u>	<u>11,178</u>	<u>11,000</u>	<u>9,383</u>
Total	14,880	26,188	20,544	16,100	14,219

2 Estimates of the ratio of financing costs to net revenue stream(net requirement) for the current and future years, and the actual figures for 2002/03 are:-

	Ratio of financing costs to net revenue stream				
	2002/03 Actual %	2003/04 Probable %	2004/05 Estimate %	2005/06 Estimate %	2006/07 Estimate %
Financing costs re General Fund Capital Exp	0.92	4.35	9.35	11.70	12.64
HRA Capital Exp	1.76	4.31	7.00	8.50	9.36

Note

The estimates of financing costs include current commitments and the proposals in the budget reports. For SBC the costs relate to interest foregone by the use of General Fund and Housing capital receipts. The financing of 2002/03 expenditure is used as the base year. Expenditure financed from housing receipts is a cost to the General Fund which prior to their use earns interest thereon.

3 Estimates of the end of year capital financing requirement for the current and future years and the actual capital financing requirement at 31st March 2003 are:-

	Capital financing requirement				
	31/03/2003 Actual £000's	31/03/2004 Probable £000's	31/03/2005 Estimate £000's	31/03/2006 Estimate £000's	31/03/2007 Estimate £000's
	-4,878	-5,000	-5,000	-5,000	-5,000

Note

The capital financing requirement measures the underlying need to borrow for capital purposes. As the council is currently 'Debt Free' this requirement is negative.

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4 The estimated incremental impact of capital expenditure budget proposals is as follows:-

For Band D Council Tax

	2004/05	2005/06	2006/07
	£12	£20	£14
Note			
Use of Capital Receipts for Financing:-	£000's	£000's	£000's
GF Programme	8,637	4,329	4,015
Hsg Programme	4,752	3,656	3,334
Total	13,389	7,985	7,349
Cumulative Financing Cost (Interest Foregone @ 5%)	335	869	1,252
Incremental Impact Band D Tax Base(equivalent dwellings) 27,264.71	335	534	383
Incremental impact on Council Tax	£12	£20	£14

EXTERNAL DEBT

5 In order to ensure that over the medium term net borrowing will only be for capital purposes, net external borrowing should not exceed the total of capital financing requirement in the preceding year plus estimated current and next 2 years requirement.

Note

As the council is currently 'Debt Free' net external borrowing is nil.

6 Authorised limit for external debt

	2002/03	2003/04	2004/05	2005/06	2006/07
	£000's	£000's	£000's	£000's	£000's
Borrowing	15,000	15,000	15,000	15,000	15,000
Other Long Term Liabilities	Nil	Nil	Nil	Nil	Nil

Note

As the council is currently 'Debt Free' borrowing for capital purposes is not envisaged and this indicator therefore reflects the potential need to borrow short term for cashflow purposes. Other Long Term Liabilities includes items such as finance leases which are nil for this council

7 The Code also requires an Operational Limit to be set which can be less than the authorised Limit, however in this councils circumstances it is recommended that the Operational Limit equates to the Authorised Limit.

TREASURY MANAGEMENT

8 The council has adopted the CIPFA Code of Practice for Treasury Management and manages its treasury position in terms of borrowings and investments in accordance with the code.

Note

In day to day cash management no distinction can be made between revenue and capital cash.

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9 Treasury Management Strategy

Upper limit of variable interest rate exposure as a %age of total debt

	2002/03	2003/04	2004/05	2005/06	2006/07
	100%	100%	100%	100%	100%

Short term borrowing limit	2002/03 £000's	2003/04 £000's	2004/05 £000's	2005/06 £000's	2006/07 £000's
	15,000	15,000	15,000	15,000	15,000

Note

A typical strategy will include the following :-

An upper limit on fixed interest rate exposures expressed as a % of total debt.

An upper limit on variable interest rate exposures expressed as a % of total debt.

Upper and lower limits for the maturity structure of borrowings eg % by categories:-

- Under 12 months
- 12 up to 24 months
- 24 months up to 5 years
- 5 up to 10 years
- Over 10 years

As the council is currently 'Debt Free' borrowing for capital purposes is not envisaged and the limits need therefore to reflect the potential need to borrow short term for cashflow purposes.

