

Revised PI's as a result of Stevenage Homes Ltd (SHL) obtaining two star status

1 Capital Expenditure:

The 2007/08 actual capital expenditure and estimates of capital expenditure for the current and future years that are recommended for approval are:

	2007/08 Actual £000's	2008/09 Probable £000's	2009/10 Estimate £000's	2010/11 Estimate £000's	2011/12 Estimate £000's
General Fund	10,740	12,811	11,329	7,040	4,236
HRA	6,090	23,229	29,906	28,860	17,960
Total	16,830	36,040	41,235	35,900	22,196

2 Ratio of financing costs to net revenue stream:

	2007/08 Actual %	2008/09 Probable %	2009/10 Estimate %	2010/11 Estimate %	2011/12 Estimate %
Financing costs re					
General Fund Capital Exp	-6.29%	-2.71%	0.53%	0.51%	0.51%
HRA Capital Exp	-6.11%	-5.61%	-2.37%	-2.24%	-2.12%

General Fund: Net revenue stream is the RSG, NNDR grant and Council Tax raised for the year. As the Council is debt free and earns interest which is retained in the General Fund the indicator is negative for 2007/08 and 2008/09. 2009/10 onwards the General Fund pays more interest to the HRA than it is predicted to earn from investments and the indicator becomes positive.

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 because the HRA investment interest is greater than the supported borrowing of £560,000.

3 Net Borrowing requirement

The Council will borrow for the Arms Length Management Organisation (ALMO). This is supported borrowing, whereby the Council has the interest on the loan paid by the Government via the HRA subsidy system.

4 Capital financing requirement

	2007/08 Actual £000's	2008/09 Probable £000's	2009/10 Estimate £000's	2010/11 Estimate £000's	2011/12 Estimate £000's
Capital financing requirement					
General Fund	26742	26742	26,742	26,742	26,742
HRA	-32864	-32864	-32,304	-31,744	-31,744
Total	-6122	-6122	-5562	-5002	-5002

The Capital Financing Requirement reflects the amount of money the Council would need to borrow to fund its capital programme. This indicator can be negative which shows that the Council has no need to borrow. Should the Council have unsupported borrowing in excess of £6122m, then the Council will need to make a minimum revenue provision (MRP) in which ever year that occurs.

5 Incremental impact on capital investment decisions

	2008/09 £	2009/10 £	2010/11 £	2011/12 £
Increase in Council Tax (band D) *	-7.61	-1.29	0.38	0.01
Increase in average housing rent per week^	-0.01	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 compares the original years programme (June Executive) to the revised programme (February Executive), an increase in the programme would mean less resources available to invest resulting in less investment interest earned by the General Fund. A decrease in the programme would mean more resources available to invest, giving more interest earned. This is expressed as a saving/increased cost on the average band D property.

HRA -This is an indicator of the affordability of the capital programme and its effect on the Council Tax. This indicator compares the original years programme (June Executive) to the revised programme (February Executive), which has subsequently been increased by the ALMO borrowing. As the borrowing is supported, it will not have an effect on the available resources. Increasing the programme by borrowing other than supported borrowing would mean less resources available to invest resulting in less investment interest earned by the HRA. A decrease in the programme would mean more resources available to invest, giving more interest earned. This is expressed as a saving/increased cost on the average rent. As the borrowing for the ALMO is supported, this will not impact on the rent.

Treasury Management Prudential Indicators*

6 Authorised Limit for external debt

	2007/08 Actual £000's	2008/09 Probable £000's	2009/10 Estimate £000's	2010/11 Estimate £000's	2011/12 Estimate £000's
Borrowing	0	0	26,000	37,000	48,000
Other long term liabilities	0	0	0	0	0
Total	0	0	26000	37000	48000

7 Operational Boundary for external debt

	2007/08 Actual £000's	2008/09 Probable £000's	2009/10 Estimate £000's	2010/11 Estimate £000's	2011/12 Estimate £000's
Borrowing	0	0	21,000	32,000	43,000
Other long term liabilities	0	0	0	0	0
Total	0	0	21000	32000	43000

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

	2007/08 Actual £000's	2008/09 Probable £000's	2009/10 Estimate £000's	2010/11 Estimate £000's	2011/12 Estimate £000's
Fixed rate borrowing - fixed rate investments	-45,290	-42,000	-30,000	-23,500	-15,960

As the Council will have more investments than loans, these indicators are negative.

9

Upper limit for variable interest rate exposure

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

	2007/08 Actual £000's	2008/09 Probable £000's	2009/10 Estimate £000's	2010/11 Estimate £000's	2011/12 Estimate £000's
Variable rate borrowing - variable rate investments	-11,390	-16,000	-20,000	-20,000	-20,000

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

	2007/08 Actual £000's	2008/09 Probable £000's	2009/10 Estimate £000's	2010/11 Estimate £000's	2011/12 Estimate £000's
Sums invested for over 364 days	18,416	17,300	10,000	10,000	10,000

Glossary

Fixed interest is a loan or investment at a given rate of interest which will not vary over the course of the deal, irrespective of its length.

Variable interest is a loan or investment where the interest can be altered during the course of the deal. Many call accounts have variable interest.

11 Minimum Revenue Provision for 2009/10 MRP

The Capital Financing Requirement (CFR) measures the amount of borrowing the Council needs to fund its capital programme. The Council's CFR is negative (see indicator 4). Therefore it does not need to borrow or make a debt repayment know as the Minimum Revenue Provision MRP. The borrowing for the ALMO is supported and therefore does not affect this indicator.