

1 Capital Expenditure:

The 2009/10 actual capital expenditure and estimates of capital expenditure for the current and future years that are recommended for approval are:

	2008/09 Actual £000's	2009/10 Probable £000's	2010/11 Estimate £000's	2011/12 Estimate £000's	2012/13 Estimate £000's
General Fund	10,938	9,570	8,946	5,155	3,376
HRA	10,611	19,263	17,994	17,960	17,400
Total	21,549	28,833	26,940	23,115	20,776

2 Ratio of financing costs to net revenue stream:

	2008/09 Actual %	2009/10 Probable %	2010/11 Estimate %	2011/12 Estimate %	2012/13 Estimate %
Financing costs re					
General Fund Capital Exp	-2.65%	0.33%	1.23%	5.12%	5.24%
HRA Capital Exp	-5.17%	-1.59%	-0.61%	-0.36%	0.88%

General Fund: Net revenue stream is the RSG, NNDR grant and Council Tax raised for the year. In 2008/09 the Council was debt free and earned interest which was retained in the General Fund. As a result, the indicator was negative for 2008/09. From 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. In addition, the General fund is having to pay the interest costs on the 'supported borrowing' undertaken on behalf of the HRA.

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 while the HRA investment interest is greater than the supported borrowing costs.

3 Net Borrowing requirement

	2008/09 Actual £000's	2009/10 Probable £000's	2010/11 Estimate £000's	2011/12 Estimate £000's	2012/13 Estimate £000's
Brought forward 1 April	-39,420	-30,710	11,000	8,145	13,600
Borrowing	2,000	11,000	22,000	35,600	46,600
Investments	-32,710	-19,422	-13,855	-8,997	-5,831
Carried forward 31 March	-30,710	-8,422	8,145	26,603	40,769
In year borrowing requirement	0	11,000	11,000	13,600	11,000

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 requirement for the current and next two years. **Net borrowing will have moved by £70,000,000 from 2008/09 to 2012/13.** NB: £55,000,000 relates to supported borrowing, the remaining £15,000,000 being used to fund the Council's capital programme.

4 Capital financing requirement

	2008/09 Actual £000's	2009/10 Probable £000's	2010/11 Estimate £000's	2011/12 Estimate £000's	2012/13 Estimate £000's
Capital financing requirement GF	26,743	26,743	26,743	26,743	26,743
Capital financing requirement HRA	-32,865	-21,305	-10,305	695	11,695
Total Capital financing requirement	-6,122	5,438	16,438	27,438	38,438

The Capital Financing Requirement reflects the amount of money the Council would need to borrow to fund it's capital programme. This indicator is negative while the Council has no external debt, having borrowed money from the HRA. When the indicator becomes positive the Council will need to borrow to fund the capital programme. However, the borrowing is 'supported borrowing' whereby the Government will pay the interest costs on the borrowing.

5 Incremental impact on capital investment decisions

	2009/10 £	2010/11 £	2011/12 £	2012/13 £
Increase in Council Tax (band D)	0.00	0.00	6.62	6.54
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 compares the original Capital Strategy years programme (February 2009 Executive) updated for the decent homes supported borrowing to the February 2010 Capital Strategy, **an increase in the capital expenditure would mean less capital resources available to invest, resulting in less 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 (September 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 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.

Treasury Management Prudential Indicators*

6 Authorised Limit for external debt

	2008/09 Actual £000's	2009/10 Probable £000's	2010/11 Estimate £000's	2011/12 Estimate £000's	2012/13 Estimate £000's
Borrowing	0	26,560	38,120	49,120	60,120
Other long term liabilities	0	0	0	0	0
Total	0	26,560	38,120	49,120	60,120

7 Operational Boundary for external debt

	2008/09 Actual £000's	2009/10 Probable £000's	2010/11 Estimate £000's	2011/12 Estimate £000's	2012/13 Estimate £000's
Borrowing	0	21,560	33,120	44,120	55,120
Other long term liabilities	0	0	0	0	0
Total	0	21,560	33,120	44,120	55,120

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

	2008/09 Actual £000's	2009/10 Probable £000's	2010/11 Estimate £000's	2011/12 Estimate £000's	2012/13 Estimate £000's
Fixed rate borrowing - fixed rate investments	-27,800	-31,750	-2,970	13,930	29,433

As the amount of supported borrowing increases, so the limit becomes more positive

9 Upper limit for variable interest rate exposure

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

	2008/09 Actual £000's	2009/10 Probable £000's	2010/11 Estimate £000's	2011/12 Estimate £000's	2012/13 Estimate £000's
Variable rate borrowing - variable rate investments	-2,910	-21,500	-25,000	-25,000	-25,000

These are negative while investment income exceeds the investment payments.

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

	2008/09 Actual £000's	2009/10 Probable £000's	2010/11 Estimate £000's	2011/12 Estimate £000's	2012/13 Estimate £000's
Sums invested for over 364 days	2,000	2,000	5,000	5,000	5,000