

## PRUDENTIAL INDICATORS

## CAPITAL EXPENDITURE

The proposed indicative capital programme for the current financial year and the forthcoming financial years built upon the assumed level of resources is as follows:

	<b>Forecast 2010-11 £000</b>	<b>Estimate 2011-12 £000</b>	<b>Estimate 2012-13 £000</b>	<b>Estimate 2013-14 £000</b>
General Fund	39,092	31,931	9,519	9,004
Housing Revenue Account	62,936	43,179	29,335	29,104
Decent Neighbourhoods	9,300	3,934	36	0
<b>TOTAL</b>	<b>111,328</b>	<b>79,044</b>	<b>38,890</b>	<b>38,108</b>

The above figures exclude over-programming.

## CAPITAL FINANCING REQUIREMENT (CFR)

As a consequence of the proposed indicative capital programme, it is envisaged that the capital financing requirement, which reflects the underlying need to borrow to finance the capital programme, will be as follows:

	<b>Forecast 2010-11 £000</b>	<b>Estimate 2011-12 £000</b>	<b>Estimate 2012-13 £000</b>	<b>Estimate 2013-14 £000</b>
General Fund	127,120	116,955	92,714	84,810
Housing Revenue Account	414,829	414,829	414,829	414,829
<b>TOTAL</b>	<b>541,949</b>	<b>531,784</b>	<b>507,543</b>	<b>499,639</b>

The General Fund CFR includes allowance for new prudential borrowing of £5.4m regarding the Schools Development programme.

## NET BORROWING AND THE CAPITAL FINANCING REQUIREMENT

This is the key indicator of prudence. Its purpose is to ensure that net borrowing is only for capital purposes. This is achieved by measuring net external borrowing against the capital-financing requirement. Estimates of net external borrowing for the preceding year, the current year, and the next two financial years indicate that net borrowing will be less than the capital financing requirement. The Council is forecast to meet the demands of this indicator. The projections are:

	<b>Forecast 2010-11 £000</b>	<b>Estimate 2011-12 £000</b>	<b>Estimate 2012-13 £000</b>	<b>Estimate 2013-14 £000</b>
Net Borrowing	475,520	459,520	459,346	439,090
Capital Financing Requirement (CFR)	541,949	531,784	507,543	499,639
<b>Net Borrowing Less than CFR</b>	<b>-66,429</b>	<b>-72,264</b>	<b>-48,197</b>	<b>-60,549</b>

## **RATIO OF FINANCING COSTS TO THE NET REVENUE STREAM**

This indicator demonstrates the percentage of the GF budget and HRA budget that is consumed by financing the capital programme. It should be noted that the HRA expenditure is effectively reimbursed through the Housing Subsidy system.

	<b>Estimate 2011-12 %</b>	<b>Estimate 2012-13 %</b>	<b>Estimate 2013-14 %</b>
General Fund	4.3	4.3	2.9
Housing Revenue Account	28.56	31.10	30.33

## **INCREMENTAL IMPACT OF CAPITAL SPENDING ON THE GENERAL FUND AND HOUSING REVENUE ACCOUNT.**

The estimate of the incremental impact of capital decisions proposed over and above capital investment decisions that have already been taken by the council are as follows:

	<b>Estimate 2011-12 £</b>	<b>Estimate 2012-13 £</b>	<b>Estimate 2013-14</b>
General Fund– council tax £ per Band D home per annum	-8.77	-17.54	-42.36
Housing Revenue Account – rent £ per household per week	0.00	0.00	0.00

The impact on the Housing Revenue Account is shown as nil. It is anticipated that all the new investment will either be fully funded through housing subsidy or from other specific funding allocations.

## **BORROWING – AUTHORISED LIMIT & OPERATIONAL BOUNDARY**

The prudential indicators concerning the authorised limit for borrowing, and other treasury management activities, are set out in the Treasury Management Strategy report presented elsewhere on this agenda.