

APPENDIX B

Prudential Indicators

5. Prudential indicators as at 12th June 2008:

	Indicator	2008-09 March 08 Budget £M	2008-09 12th June 08 £M
1	Capital Expenditure General Fund HRA Total	 42.683 12.822 55.505	 2.167 0.751 2.918
2	Capital Financing Sources Grants & Contributions Capital Receipts Revenue and Major Repair Allowance Prudential Borrowing Total	 10.052 26.238 4.283 14.932 55.505	 1.884 0.283 0.000 0.751 2.918
3	Capital Financing Requirement HRA General Fund Total CFR	 -2.033 32.192 34.225	 -2.043 25.798 23.755
4	Actual Net Borrowing	-23.275	-69.405
5	Authorised Limit for External Debt	100.000	62.584
6	Operational Boundary for External Debt	97.100	62.584
7	Incremental Impact on Band D Council Tax	£0.94	£0.00
8	TREASURY MANAGEMENT: (a) CIPFA Code Adopted (b) Interest Rate Exposure - Fixed Rate Borrowing - Variable Rate Borrowing (c) Investment Longer than 364 days (d) Maturity Structure of Borrowing: - Under 12 months - 1 to 2 years - 2 to 5 years - 5 to 10 years - 10 years+	 Yes 75 - 100% 0 - 25% £35.000 0-25% 0-25% 0-50% 0-75% 25-90%	 Yes 100% 0% £23.200 0.13% 4.90% 5.51% 27.17% 62.29%

PRUDENTIAL INDICATORS – A GUIDE

1. **Capital Financing Summary** – Although this indicator is not required by the Prudential Code, it is included within the monitoring so that the capital financing sources can be clearly identified.

2. **Capital Financing Requirement** – This is derived by aggregating specified items from the Council’s balance sheet and represents the underlying level of borrowing required to finance historic capital expenditure. The actual **net borrowing** is lower than this because of the reserve part of capital receipts accumulated till 31st March 2004, the beginning of the Prudential system.
3. **Actual Net Borrowing** – represents actual long term borrowing needs (including forward funding for future years) less temporary investments. This is a key indicator and Section 3 of the Local Government Act 2003 requires the Council to ensure that net borrowing does not exceed the Capital Financing Requirement.
4. **Authorised Borrowing Limit and Operational Boundary for external debt** – the former represents a maximum limit for borrowing, which must not be breached and therefore additional headroom has been included to cater for unplanned cash flow situations. The later is a better benchmark as it represents a more likely scenario.
5. **Incremental Impact on Band D Council Tax** – This represents the interest and Minimum Revenue Provision (Principal repayments) of all General Fund Borrowing gross of capital financing FSS. This indicator is calculated by taking the difference between debt charges based on the existing approved capital programme and the debt charges based on the actual spend to-date and dividing the result by the tax base for Council Tax.
6. **Incremental Impact on average weekly housing rent** – this would have represented the interest and principal repayments in respect of borrowing by the HRA. There is no planned un-supported borrowing for HRA in the current financial year and when the HRA does borrow in the future under the ALMO regime, that borrowing will be fully subsidised by the Government and therefore not impact on housing rent.
7. **Treasury Management** – these indicators form part of the treasury management strategy and policy statement approved each year before the beginning of the financial year. The main indicator is the adoption of CIPFA Code of Practice for Treasury Management, which the Council adopted before the current Prudential System was introduced.