

Prudential Indicator Calculations**PRUDENTIAL INDICATORS OF AFFORDABILITY****Estimates of Incremental Impact of Capital Investments Decisions on the Council Tax**

This prudential indicator shows the potential impact of the capital investment decisions on the Council Tax.

Description	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate
Incremental Impact on Band D Council Tax	£9.34	£5.44	£2.96

Estimates of Incremental Impact of Capital Investments Decisions on the Housing Rents

This prudential indicator shows the potential impact of the HRA capital investment decisions on the average weekly rent.

Description	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate
Incremental Impact on Average Weekly Housing Rents	£0.00	£0.00	£0.00

Total Actual / Estimates of Capital Expenditure

The prudential indicator for capital expenditure should be based upon a capital programme that takes into account the Council's asset management and capital investment strategies.

Description	2011/12 Actual £'000	2012/13 Estimate £'000	2013/14 Estimate £'000	2014/15 Estimate £'000	2015/16 Estimate £'000
Total General Fund Capital Expenditure	7,285	10,661	3,194	5,021	1,251
Total HRA Capital Expenditure	62,723	9,038	9,090	8,364	5,396
Total Actual / Estimates of Capital Expenditure	70,008	19,699	12,284	13,385	6,647

Prudential Indicator CalculationsTotal Actual / Estimates of Financing Costs

Description	2011/12 Actual £'000	2012/13 Estimate £'000	2013/14 Estimate £'000	2014/15 Estimate £'000	2015/16 Estimate £'000
Total General Fund Financing Costs	995	1,182	1,498	1,683	1,784
Total HRA Financing Costs	(20)	1,958.00	1,914.00	1,914.00	1,841.00
Total Actual / Estimates of Financing Costs	975	3,140	3,412	3,597	3,625

Actual / Estimates of Ratio of Financing Costs to Net Revenue Stream

The net revenue stream is the estimate of the amounts to be met from government grants and local taxpayers, and for the Housing Revenue Account, is the estimate of the amounts to be met from housing subsidy and rent income.

Since the Council is 'debt-free' the ratio of financing costs to net revenue stream will be negative. This reflects the fact that for 'debt-free' authorities, the negative financing costs are making a contribution to the consolidated revenue account.

Description	2011/12 Actual %	2012/13 Estimate %	2013/14 Estimate %	2014/15 Estimate %	2015/16 Estimate %
General Fund Ratio of Financing Costs to Net Revenue Stream	7.0	7.8	9.5	10.9	11.3
HRA Ratio of Financing Costs to Net Revenue Stream	(0.1)	11.5	10.5	10.0	9.2

Prudential Indicator Calculations**Actual / Estimates of Capital Financing Requirement**

The Capital Financing Requirement will reflect the Council's underlying need to finance capital expenditure.

Description	2011/12 Actual £'000	2012/13 Estimate £'000	2013/14 Estimate £'000	2014/15 Estimate £'000	2015/16 Estimate £'000
General Fund Capital Financing Requirement	28,621	32,560	36,940	39,842	40,350
HRA Capital Financing Requirement	57,882	57,882	57,882	57,882	57,882
Total Actual / Estimates of Capital Financing Requirement	86,503	90,442	94,822	97,724	98,232

Authorised Limit

In England and Wales the prudential indicator for the Authorised Limit for external debt for the current year is the statutory limit determined under Section 3 (1) of the Local Government Act 2003: 'A local authority shall determine and keep under review how much money it can afford to borrow'

The Authorised Limit should not be set so high that it would never in any possible circumstances be breached. It should reflect a level of borrowing which, while not desired, could be afforded but may not be sustainable. The Authorised Limit must therefore be set to establish the outer boundary of the Council's borrowing, based on a realistic assessment of the risks.

Description	2013/14 Estimate £'000	2014/15 Estimate £'000	2015/16 Estimate £'000
Borrowing	120,000	130,000	140,000
Other long term liabilities	0	0	0
Authorised Limit	120,000	130,000	140,000

Prudential Indicator Calculations**Operational Boundary**

The Operational Boundary is the focus of day-to-day treasury management activity within the authority. It is a means by which the authority manages its external debt to ensure that it remains within the self-imposed Authorised Limit. The Operational Boundary may be breached temporarily on occasions due to variations in cashflow. However, a sustained or regular trend above the Operational Boundary would be significant and should lead to further investigation.

Description	2013/14 Estimate £'000	2014/15 Estimate £'000	2015/16 Estimate £'000
Borrowing	110,000	120,000	130,000
Other long term liabilities	0	0	0
Operational Boundary	110,000	120,000	130,000

Actual External Debt

The prudential indicator for actual external debt will not be directly comparable to the authorised limit and operational boundary, since the actual external debt will reflect the actual position at one point in time.

Description	2011/12 Actual £'000
Actual borrowing as at 31 March 2011	64,934
Actual long term liabilities as at 31 March 2011	0
Actual External Debt as at 31 March 2011	64,934

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Gross Debt and Capital Financing Requirement

The Code makes it necessary, if a financial strategy is to be prudent, that it is one in which in the medium term gross debt is only used for capital purposes. In the Code this requirement is to be demonstrated through a comparison of gross debt with the Capital Financing Requirement.

Description	£'000
Total Capital Financing Requirement at 31 March 2012	86,503

2012/13 Estimated Change in Capital Financing Requirement	
Capital expenditure	19,699
Application of useable capital receipts	(300)
Application of capital grants/contributions	(14,353)
The replacement for MRP	(1,107)
Additional voluntary contributions	0
Total Estimated Change in Capital Financing Requirement 2012/13	3,939

2013/14 Estimated Change in Capital Financing Requirement	
Capital expenditure	12,284
Application of useable capital receipts	(300)
Application of capital grants/contributions	(6,246)
The replacement for MRP	(1,358)
Additional voluntary contributions	0
Total Estimated Change in Capital Financing Requirement 2013/14	4,380

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2014/15 Estimated Change in Capital Financing Requirement	
Capital expenditure	13,385
Application of useable capital receipts	(300)
Application of capital grants/contributions	(8,650)
The replacement for MRP	(1,533)
Additional voluntary contributions	0
Total Estimated Change in Capital Financing Requirement 2014/15	2,902

Capital Financing Requirement:	
Estimated Opening Balance 2011/12	86,503
Estimated Closing Balance 2014/15	97,724
This is an increase over the three years of	11,221

Prudential Indicators for Treasury Management

The first prudential indicator for treasury management is not a numerical indicator, but a statement of good practice:

'The Council adopts the 2011 edition of the CIPFA Code of Practice for Treasury Management in the Public Services'

Adopted by the Council 7 February 2012 (Executive Committee)

Prudential Indicator Calculations**Operational Boundaries to Exposure to Interest Rate Risks**

Interest rate risk management is a top priority for local authority management. The setting of upper limits has the effect of setting ranges within which the Council will limit its exposure to both fixed and variable interest rate movements.

Description	2013/14 £'000	2014/15 £'000	2015/16 £'000
Total projected interest payable on borrowing	2,129	2,139	2,191
Total projected interest receivable on investments	(75)	(75)	(150)
Net Interest	2,054	2,064	2,041
Upper limit - fixed rates = 100%	(75)	(75)	(150)
Upper limit - variable rates = 20%	(15)	(15)	(30)

This means that the Head of Treasury Services will manage fixed interest rate exposure within the range 0% to 100% and variable interest rate exposure within the range 0% to 20%

Operational Boundary to the Exposure Inherent in the Maturity Structure of Borrowings

This indicator is designed to be a control over the Council having a large concentration of fixed rate debt needing to be replaced at times of uncertainty over interest rates. The indicator is, in effect, a limit on longer term interest rate exposure and is set for the forthcoming year.

The analysis of borrowing by maturity used in the Code uses the same periods as that required in the local authority SORP.

Amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate.

Period	Upper Limit	Lower Limit
Under 12 months	100%	0%
12 months and within 24 months	20%	0%
24 months and within 5 years	20%	0%
5 years and within 10 years	20%	0%
10 years and above	100%	0%

Prudential Indicator Calculations**Principal Sums Invested for Periods Longer than 364 Days**

The purpose of the prudential limit for principal sums invested for periods longer than 364 days is for the Council to contain its exposure to the possibility of loss that might arise as a result of having to seek early repayment or redemption of principal sums invested.

Description	At 31/3/2013
	£'000
Longer-term investments	0
Less - Held for operational purposes	0
Current Assets - Investments	0
Current Assets - Cash and at Bank	0
Total available for investment longer term	0

Limits to be placed on investments to final maturities beyond year end:	£'000
31/03/13	0
31/03/14	0
31/03/15	0