

**General Fund Prudential Indicator Calculations**

The purpose of the prudential indicators is to demonstrate that the Council's financial plans meet the statutory requirement to be affordable, prudent and sustainable.

**General Fund 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.

Strategic Theme	2012/13 Actual £'000	2013/14 Estimate £'000	2014/15 Estimate £'000	2015/16 Estimate £'000	2016/17 Estimate £'000
OTHER	659	1,225	2,176	2,530	1,425
PROVIDE GREAT THINGS FOR ME TO SEE DO AND VISIT	2,289	1,671	1,402	176	56
MAINTAIN THE ASSETS OF OUR CITY	235	163	383	350	0
HELP ME FIND SOMEWHERE SUITABLE TO LIVE	1,404	1,880	960	540	540
IMPROVE THE ENVIRONMENT AND MY NEIGHBOURHOOD	884	578	3,220	315	0
SAFE CITY	0	2	0	0	0
A LEARNING CITY	1	0	0	0	0
PROSPEROUS CITY	108	563	0	0	0
ACCESSIBLE CITY	1,334	175	0	0	0
<b>Total General Fund Capital Expenditure</b>	<b>6,914</b>	<b>6,255</b>	<b>8,141</b>	<b>3,911</b>	<b>2,021</b>

**General Fund Financing costs**

The figures for the actual financing costs will be taken from the Council's financial statements using the definition of financing costs specified in the Prudential Code. Estimates for the current and future years should be calculated in a manner consistent with this definition.

Description	2012/13 Actual £'000	2013/14 Estimate £'000	2014/15 Estimate £'000	2015/16 Estimate £'000	2016/17 Estimate £'000
Interest payable with respect to short term borrowing	53	130	170	857	867
Interest payable under 'irredeemable' long term liabilities	0	0	0	0	0
Interest and investment income	(18)	(45)	(45)	(45)	(45)
Replacement for Minimum Revenue Provision (England and Wales)	1,107	1,328	1,470	1,521	1,423
Voluntary contribution to financing costs in respect of short-life assets	0	0	0	0	0
<b>Total General Fund Financing Costs</b>	<b>1,142</b>	<b>1,413</b>	<b>1,595</b>	<b>2,333</b>	<b>2,245</b>

**General Fund Estimates of the 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. An important theme of the Code is transparency. For this reason the authority's calculation of the net revenue stream should be consistent with the figure that can be identified in the Income and Expenditure Account for 'Net Operating Expenditure'.

When 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 Income and Expenditure Account.

Description	2012/13 Actual £'000	2013/14 Estimate £'000	2014/15 Estimate £'000	2015/16 Estimate £'000	2016/17 Estimate £'000
Financing costs	1,142	1,413	1,595	2,333	2,245
Net revenue stream (General Fund Expenditure - Budget Book/Financial Strategy)	13,757	14,027	13,168	12,160	11,387
<b>Ratio of financing costs to net revenue stream %</b>	<b>8.3</b>	<b>10.1</b>	<b>12.1</b>	<b>19.2</b>	<b>19.7</b>
Negative for a debt free authority	%	%	%	%	%

**Estimates of the incremental impact of capital investment decisions on the Council Tax**

A fundamental constraint on capital investment by a local authority is its scope to afford its financial implications. For local authorities it is ultimately determined by a judgement about acceptable council tax levels.

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

Description	2014/15 Estimate £'000	2015/16 Estimate £'000	2016/17 Estimate £'000
Total budgetary requirements for the authority with existing capital programme	12,986	11,422	11,475
Total budgetary requirements for the authority with proposed capital programme	13,168	12,160	11,387
Difference	182	738	(88)
<b>Incremental Impact on Band D Council Tax</b>	<b>£5.38</b>	<b>£21.71</b>	<b>-£2.58</b>

**General Fund Capital Financing Requirement**

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

*Actual General Fund Capital Financing Requirement at 31 March 2013*

Estimate of General Fund Capital Financing Requirement 31 March 2012	<b>£'000</b>
Property, Plant and Equipment	111,474
Investment Properties	41,265
Heritage Assets	22,436
Intangible Assets / Other Long term Assets	779
Revaluation Reserve	(59,231)
Capital Adjustment Account	(84,779)
<b>Estimate of General Fund Capital Financing Requirement 31 March 2013</b>	<b>31,944</b>

*Estimated General Fund Capital Financing Requirement at 31 March 2014*

Estimate of General Fund Capital Financing Requirement 31 March 2013	31,944
Estimate of change in Property, Plant and Equipment	0
Estimate of change in Investment Properties	0
Estimate of change in Intangible Assets / Other Long term Assets	0
Estimate of change in Revaluation Reserve	0
Estimate of change in Capital Adjustment Account	2,790
<b>Estimate of General Fund Capital Financing Requirement 31 March 2014</b>	<b>34,734</b>

*Estimated General Fund Capital Financing Requirement at 31 March 2015*

Estimate of General Fund Capital Financing Requirement 31 March 2014	34,734
Estimate of change in Property, Plant and Equipment	0
Estimate of change in Investment Properties	0
Estimate of change in Intangible Assets / Other Long term Assets	0
Estimate of change in Revaluation Reserve	0
Estimate of change in Capital Adjustment Account	2,918
<b>Estimate of General Fund Capital Financing Requirement 31 March 2015</b>	<b>37,652</b>

*Estimated General Fund Capital Financing Requirement at 31 March 2016*

Estimate of General Fund Capital Financing Requirement 31 March 2015	37,652
Estimate of change in Property, Plant and Equipment	0
Estimate of change in Investment Properties	0
Estimate of change in Intangible Assets / Other Long term Assets	0
Estimate of change in Revaluation Reserve	0
Estimate of change in Capital Adjustment Account	(560)
<b>Estimate of General Fund Capital Financing Requirement 31 March 2016</b>	<b>37,092</b>

*Estimated General Fund Capital Financing Requirement at 31 March 2017*

Estimate of General Fund Capital Financing Requirement 31 March 2016	37,092
Estimate of change in Property, Plant and Equipment	0
Estimate of change in Investment Properties	0
Estimate of change in Intangible Assets / Other Long term Assets	0
Estimate of change in Revaluation Reserve	0
Estimate of change in Capital Adjustment Account	(915)
<b>Estimate of General Fund Capital Financing Requirement 31 March 2017</b>	<b>36,177</b>

## HRA Prudential Indicator Calculations

## APPENDIX B

Local authorities that have a Housing Revenue Account (HRA) are required to prepare separate calculations for their HRA and non-HRA elements.

### HRA 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	2012/13 Actual £'000	2013/14 Estimate £'000	2014/15 Estimate £'000	2015/16 Estimate £'000	2016/17 Estimate £'000
Help me find somewhere suitable to live	8,945	9,558	11,945	7,477	8,358
<b>Total HRA Capital Expenditure</b>	<b>8,945</b>	<b>9,558</b>	<b>11,945</b>	<b>7,477</b>	<b>8,358</b>

### HRA Financing costs

Description	2012/13 Actual £'000	2013/14 Estimate £'000	2014/15 Estimate £'000	2015/16 Estimate £'000	2016/17 Estimate £'000
Interest payable with respect to short term borrowing	0	0	0	0	0
Interest payable under 'irredeemable' long term liabilities	1,989	1,989	1,989	1,989	1,989
Interest and investment income	(44)	(45)	(45)	(50)	(55)
Voluntary Revenue Provision (England and Wales)	0	0	0	0	0
Voluntary contribution to financing costs in respect of short-life assets	0	0	0	0	0
<b>Total HRA Financing Costs</b>	<b>1,945</b>	<b>1,944</b>	<b>1,944</b>	<b>1,939</b>	<b>1,934</b>

### HRA Estimates of the ratio of financing costs to net revenue stream

### APPENDIX B

For the Housing Revenue Account the net revenue stream, for the purposes of the Code, is the amount to be met from housing subsidy and rent income.

Description	2012/13 Actual £'000	2013/14 Estimate £'000	2014/15 Estimate £'000	2015/16 Estimate £'000	2016/17 Estimate £'000
Financing costs	1,945	1,944	1,944	1,939	1,934
Net revenue stream	17,568	18,624	19,348	20,315	21,331
<b>Ratio of financing costs to net revenue stream %</b>	<b>11.1</b>	<b>10.4</b>	<b>10.0</b>	<b>9.5</b>	<b>9.1</b>
Negative for a debt free authority	%	%	%	%	%

### Estimates of the incremental impact of capital investment decisions on the Housing Rents

A fundamental constraint on HRA capital investment by a local authority is its scope to afford its financial implications. For local authorities it is ultimately determined by a judgement about acceptable rent levels.

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

Description	2014/15 Estimate £'000	2015/16 Estimate £'000	2016/17 Estimate £'000
Forecast HRA budgetary requirements for the authority with existing HRA capital programme	19,348	20,315	21,331
Forecast HRA budgetary requirements for the authority with proposed HRA capital programme	19,348	20,315	21,331
Difference	0	0	0
<b>Incremental Impact on average weekly housing rents</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£0.00</b>

## HRA Capital Financing Requirement

## APPENDIX B

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

### Actual HRA Capital Financing Requirement at 31 March 2013

Description	£'000
Property, Plant and Equipment	192,200
Investment Properties	0
Revaluation Reserve	(3,611)
Capital Adjustment Account	(130,707)
<b>Actual HRA Capital Financing Requirement 31 March 2013</b>	<b>57,882</b>

### Estimated HRA Capital Financing Requirement at 31 March 2014

Estimate of HRA Capital Financing Requirement 31 March 2013	57,882
Estimate of change in Property, Plant and Equipment	8,945
Estimate of change in Investment Properties	0
Estimate of change in Intangible Assets / Other Long term Assets	0
Estimate of change in Revaluation Reserve	0
Estimate of change in Capital Adjustment Account	(8,945)
<b>Estimate of HRA Capital Financing Requirement 31 March 2014</b>	<b>57,882</b>

### Estimated HRA Capital Financing Requirement at 31 March 2015

Estimate of HRA Capital Financing Requirement 31 March 2014	57,882
Estimate of change in Property, Plant and Equipment	9,558
Estimate of change in Investment Properties	0
Estimate of change in Intangible Assets / Other Long term Assets	0
Estimate of change in Revaluation Reserve	0
Estimate of change in Capital Adjustment Account	(9,558)
<b>Estimate of HRA Capital Financing Requirement 31 March 2015</b>	<b>57,882</b>

*Estimated HRA Capital Financing Requirement at 31 March 2016*

Estimate of HRA Capital Financing Requirement 31 March 2015	57,882
Estimate of change in Property, Plant and Equipment	11,945
Estimate of change in Investment Properties	0
Estimate of change in Intangible Assets / Other Long term Assets	0
Estimate of change in Revaluation Reserve	0
Estimate of change in Capital Adjustment Account	(11,945)
<b>Estimate of HRA Capital Financing Requirement 31 March 2016</b>	<b>57,882</b>

*Estimated HRA Capital Financing Requirement at 31 March 2017*

Estimate of HRA Capital Financing Requirement 31 March 2015	57,882
Estimate of change in Property, Plant and Equipment	7,477
Estimate of change in Investment Properties	0
Estimate of change in Intangible Assets / Other Long term Assets	0
Estimate of change in Revaluation Reserve	0
Estimate of change in Capital Adjustment Account	(7,477)
<b>Estimate of HRA Capital Financing Requirement 31 March 2017</b>	<b>57,882</b>

**CLG Limit on indebtedness**

The limit on indebtedness for the HRA is £57.882 m



**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	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate
Incremental Impact on Band D Council Tax	£5.38	£21.71	-£2.58

**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	2014/15 Estimate	2015/16 Estimate	2016/17 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	2012/13 Actual £'000	2013/14 Estimate £'000	2014/15 Estimate £'000	2015/16 Estimate £'000	2016/17 Estimate £'000
Total General Fund Capital Expenditure	6,914	6,255	8,141	3,911	2,021
Total HRA Capital Expenditure	8,945	9,558	11,945	7,477	8,358
<b>Total Actual / Estimates of Capital Expenditure</b>	<b>15,859</b>	<b>15,813</b>	<b>20,086</b>	<b>11,388</b>	<b>10,379</b>

Prudential Indicator CalculationsTotal Actual / Estimates of Financing Costs

Description	2012/13 Actual £'000	2013/14 Estimate £'000	2014/15 Estimate £'000	2015/16 Estimate £'000	2016/17 Estimate £'000
Total General Fund Financing Costs	1,142	1,413	1,595	2,333	2,245
Total HRA Financing Costs	1,945.00	1,944.00	1,944.00	1,939.00	1,934.00
<b>Total Actual / Estimates of Financing Costs</b>	<b>3,087</b>	<b>3,357</b>	<b>3,539</b>	<b>4,272</b>	<b>4,179</b>

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	2012/13 Actual %	2013/14 Estimate %	2014/15 Estimate %	2015/16 Estimate %	2016/17 Estimate %
General Fund Ratio of Financing Costs to Net Revenue Stream	8.3	10.1	12.1	19.2	19.7
HRA Ratio of Financing Costs to Net Revenue Stream	11.1	10.4	10.0	9.5	9.1

**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	2012/13 Actual £'000	2013/14 Estimate £'000	2014/15 Estimate £'000	2015/16 Estimate £'000	2016/17 Estimate £'000
General Fund Capital Financing Requirement	31,944	34,734	37,652	37,092	36,177
HRA Capital Financing Requirement	57,882	57,882	57,882	57,882	57,882
<b>Total Actual / Estimates of Capital Financing Requirement</b>	<b>89,826</b>	<b>92,616</b>	<b>95,534</b>	<b>94,974</b>	<b>94,059</b>

**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	2014/15 Estimate £'000	2015/16 Estimate £'000	2016/17 Estimate £'000
Borrowing	110,000	120,000	130,000
Other long term liabilities	0	0	0
<b>Authorised Limit</b>	<b>110,000</b>	<b>120,000</b>	<b>130,000</b>

**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.

<b>Description</b>	<b>2014/15 Estimate £'000</b>	<b>2015/16 Estimate £'000</b>	<b>2016/17 Estimate £'000</b>
Borrowing	95,000	115,000	120,000
Other long term liabilities	0	0	0
<b>Operational Boundary</b>	<b>95,000</b>	<b>115,000</b>	<b>120,000</b>

**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.

<b>Description</b>	<b>2012/13 Actual £'000</b>
Actual borrowing as at 31 March 2012	64,934
Actual long term liabilities as at 31 March 2012	0
<b>Actual External Debt as at 31 March 2011</b>	<b>64,934</b>

**Prudential Indicator Calculations**  
**PRUDENTIAL INDICATORS OF PRUDENCE**

**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 2013	<b>89,826</b>

<b>2013/14 Estimated Change in Capital Financing Requirement</b>	
Capital expenditure	15,813
Application of useable capital receipts	(300)
Application of capital grants/contributions	(11,395)
The replacement for MRP	(1,328)
Additional voluntary contributions	0
<b>Total Estimated Change in Capital Financing Requirement 2013/14</b>	<b>2,790</b>

<b>2014/15 Estimated Change in Capital Financing Requirement</b>	
Capital expenditure	20,086
Application of useable capital receipts	(300)
Application of capital grants/contributions	(15,398)
The replacement for MRP	(1,470)
Additional voluntary contributions	0
<b>Total Estimated Change in Capital Financing Requirement 2014/15</b>	<b>2,918</b>

**Prudential Indicator Calculations**

<b>2015/16 Estimated Change in Capital Financing Requirement</b>	
Capital expenditure	11,388
Application of useable capital receipts	(300)
Application of capital grants/contributions	(10,127)
The replacement for MRP	(1,521)
Additional voluntary contributions	0
<b>Total Estimated Change in Capital Financing Requirement 2015/16</b>	<b>(560)</b>

<b>Capital Financing Requirement:</b>	
Estimated Opening Balance 2012/13	89,826
Estimated Closing Balance 2015/16	94,974
This is an increase over the three years of	5,148

**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	2014/15 £'000	2015/16 £'000	2016/17 £'000
Total projected interest payable on borrowing	2,159	2,846	2,856
Total projected interest receivable on investments	(90)	(95)	(100)
<b>Net Interest</b>	<b>2,069</b>	<b>2,751</b>	<b>2,756</b>
<b>Upper limit - fixed rates = 100%</b>	(90)	(95)	(100)
<b>Upper limit - variable rates = 20%</b>	(18)	(19)	(20)

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.

<b>Description</b>	<b>At 31/3/2014</b>
	<b>£'000</b>
Longer-term investments	0
Less - Held for operational purposes	0
Current Assets - Investments	0
Current Assets - Cash and at Bank	0
<b>Total available for investment longer term</b>	<b>0</b>

<b>Limits to be placed on investments to final maturities beyond year end:</b>	<b>£'000</b>
31/03/14	0
31/03/15	0
31/03/16	0