

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	2013/14 Actual £'000	2014/15 Estimate £'000	2015/16 Estimate £'000	2016/17 Estimate £'000	2017/18 Estimate £'000
KEEP PLACE LOOKING GOOD	1,149	3,621	937	0	0
KEEP ME/MY ENVIRONMENT SAFE & HEALTHY	429	397	403	400	400
HELP ME FIND SOMEWHERE TO LIVE	1,042	1,344	379	379	379
WELL RUN COUNCIL	495	2,069	2,769	1,053	274
PROVIDE GREAT THINGS FOR ME TO SEE & DO	52	1,344	56	56	56
DELIVER GOOD DEVELOPMENT	651	544	268	3,000	8,000
HELP ME RUN A SUCCESSFUL BUSINESS	560	1,000	0	0	0
Total General Fund Capital Expenditure	4,377	10,320	4,813	4,888	9,109

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	2013/14 Actual £'000	2014/15 Estimate £'000	2015/16 Estimate £'000	2016/17 Estimate £'000	2017/18 Estimate £'000
Interest payable with respect to short term borrowing	141	150	325	862	707
Interest payable under 'irredeemable' long term liabilities	0	0	0	0	0
Interest and investment income	(61)	(50)	(50)	(50)	(50)
Replacement for Minimum Revenue Provision (England and Wales)	1,327	1,332	1,571	1,577	1,744
Voluntary contribution to financing costs in respect of short-life assets	0	0	0	0	0
Total General Fund Financing Costs	1,407	1,432	1,846	2,389	2,401

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	2013/14 Actual £'000	2014/15 Estimate £'000	2015/16 Estimate £'000	2016/17 Estimate £'000	2017/18 Estimate £'000
Financing costs	1,407	1,432	1,846	2,389	2,401
Net revenue stream (General Fund Expenditure - Budget Book/Financial Strategy)	15,243	12,798	12,520	11,883	11,503
Ratio of financing costs to net revenue stream %	9.2	11.2	14.7	20.1	20.9
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	2015/16 Estimate £'000	2016/17 Estimate £'000	2017/18 Estimate £'000
Total budgetary requirements for the authority with existing capital programme	12,130	11,883	11,503
Total budgetary requirements for the authority with proposed capital programme	12,520	11,883	11,503
Difference	390	0	0
Incremental Impact on Band D Council Tax	£11.22	£0.00	£0.00

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 2014

Estimate of General Fund Capital Financing Requirement 31 March 2013	£'000
Property, Plant and Equipment	118,002
Investment Properties	31,965
Heritage Assets	22,615
Intangible Assets / Other Long term Assets	477
Revaluation Reserve	(57,531)
Capital Adjustment Account	(83,450)
Estimate of General Fund Capital Financing Requirement 31 March 2014	32,078

Estimated General Fund Capital Financing Requirement at 31 March 2015

Estimate of General Fund Capital Financing Requirement 31 March 2014	32,078
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	7,266
Estimate of General Fund Capital Financing Requirement 31 March 2015	39,344

Estimated General Fund Capital Financing Requirement at 31 March 2016

Estimate of General Fund Capital Financing Requirement 31 March 2015	39,344
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	1,689
Estimate of General Fund Capital Financing Requirement 31 March 2016	41,033

Estimated General Fund Capital Financing Requirement at 31 March 2017

Estimate of General Fund Capital Financing Requirement 31 March 2016	41,033
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	5,999
Estimate of General Fund Capital Financing Requirement 31 March 2017	47,032

Estimated General Fund Capital Financing Requirement at 31 March 2018

Estimate of General Fund Capital Financing Requirement 31 March 2017	47,032
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	3,857
Estimate of General Fund Capital Financing Requirement 31 March 2018	50,889

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	2013/14 Actual £'000	2014/15 Estimate £'000	2015/16 Estimate £'000	2016/17 Estimate £'000	2017/18 Estimate £'000
MAINTAIN OUR PROPERTY ASSETS	6,710	7,562	6,635	4,950	4,740
HELP ME FIND SOMEWHERE TO LIVE	743	5,161	4,903	5,068	2,121
Total HRA Capital Expenditure	7,453	12,723	11,538	10,018	6,861

HRA Financing costs

Description	2013/14 Actual £'000	2014/15 Estimate £'000	2015/16 Estimate £'000	2016/17 Estimate £'000	2017/18 Estimate £'000
Interest payable with respect to short term borrowing	0	0	0	0	0
Interest payable under 'irredeemable' long term liabilities	1,994	1,994	1,994	1,994	1,994
Interest and investment income	(46)	(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
Total HRA Financing Costs	1,948	1,949	1,949	1,944	1,939

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	2013/14 Actual £'000	2014/15 Estimate £'000	2015/16 Estimate £'000	2016/17 Estimate £'000	2017/18 Estimate £'000
Financing costs	1,948	1,949	1,949	1,944	1,939
Net revenue stream	18,533	18,624	19,918	20,516	21,131
Ratio of financing costs to net revenue stream %	10.5	10.5	9.8	9.5	9.2
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	2015/16 Estimate £'000	2016/17 Estimate £'000	2017/18 Estimate £'000
Forecast HRA budgetary requirements for the authority with existing HRA capital programme	19,918	20,516	21,131
Forecast HRA budgetary requirements for the authority with proposed HRA capital programme	19,918	20,516	21,131
Difference	0	0	0
Incremental Impact on average weekly housing rents	£0.00	£0.00	£0.00

HRA Capital Financing Requirement

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

Actual HRA Capital Financing Requirement at 31 March 2014

Description	£'000
Property, Plant and Equipment	201,010
Investment Properties	0
Revaluation Reserve	(10,021)
Capital Adjustment Account	(133,107)
Actual HRA Capital Financing Requirement 31 March 2014	57,882

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	7,453
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	(7,453)
Estimate of HRA Capital Financing Requirement 31 March 2015	57,882

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	12,723
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	(12,723)
Estimate of HRA Capital Financing Requirement 31 March 2016	57,882

Estimated HRA Capital Financing Requirement at 31 March 2017

Estimate of HRA Capital Financing Requirement 31 March 2016	57,882
Estimate of change in Property, Plant and Equipment	11,538
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	(11,538)
Estimate of HRA Capital Financing Requirement 31 March 2017	57,882

Estimated HRA Capital Financing Requirement at 31 March 2018

Estimate of HRA Capital Financing Requirement 31 March 2017	57,882
Estimate of change in Property, Plant and Equipment	10,018
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	(10,018)
Estimate of HRA Capital Financing Requirement 31 March 2018	57,882

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	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate
Incremental Impact on Band D Council Tax	£11.22	£0.00	£0.00

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	2015/16 Estimate	2016/17 Estimate	2017/18 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	2013/14 Actual £'000	2014/15 Estimate £'000	2015/16 Estimate £'000	2016/17 Estimate £'000	2017/18 Estimate £'000
Total General Fund Capital Expenditure	4,377	10,320	4,813	4,888	9,109
Total HRA Capital Expenditure	7,453	12,723	11,538	10,018	6,861
Total Actual / Estimates of Capital Expenditure	11,830	23,043	16,351	14,906	15,970

APPENDIX C

Prudential Indicator CalculationsTotal Actual / Estimates of Financing Costs

Description	2013/14 Actual £'000	2014/15 Estimate £'000	2015/16 Estimate £'000	2016/17 Estimate £'000	2017/18 Estimate £'000
Total General Fund Financing Costs	1,407	1,432	1,846	2,389	2,401
Total HRA Financing Costs	1,948.00	1,949.00	1,949.00	1,944.00	1,939.00
Total Actual / Estimates of Financing Costs	3,355	3,381	3,795	4,333	4,340

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	2013/14 Actual %	2014/15 Estimate %	2015/16 Estimate %	2016/17 Estimate %	2017/18 Estimate %
General Fund Ratio of Financing Costs to Net Revenue Stream	9.2	11.2	14.7	20.1	20.9
HRA Ratio of Financing Costs to Net Revenue Stream	10.5	10.5	9.8	9.5	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	2013/14 Actual £'000	2014/15 Estimate £'000	2015/16 Estimate £'000	2016/17 Estimate £'000	2017/18 Estimate £'000
General Fund Capital Financing Requirement	32,078	39,344	41,033	47,032	50,889
HRA Capital Financing Requirement	57,882	57,882	57,882	57,882	57,882
Total Actual / Estimates of Capital Financing Requirement	89,960	97,226	98,915	104,914	108,771

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	2015/16 Estimate £'000	2016/17 Estimate £'000	2017/18 Estimate £'000
Borrowing	120,000	125,000	130,000
Other long term liabilities	0	0	0
Authorised Limit	120,000	125,000	130,000

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	2015/16 Estimate £'000	2016/17 Estimate £'000	2017/18 Estimate £'000
Borrowing	110,000	115,000	120,000
Other long term liabilities	0	0	0
Operational Boundary	110,000	115,000	120,000

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	2013/14 Actual £'000
Actual borrowing as at 31 March 2014	74,939
Actual long term liabilities as at 31 March 2014	0
Actual External Debt as at 31 March 2014	74,939

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 2014	89,960

2014/15 Estimated Change in Capital Financing Requirement	
Capital expenditure	23,043
Application of useable capital receipts	(300)
Application of capital grants/contributions	(14,145)
The replacement for MRP	(1,332)
Additional voluntary contributions	0
Total Estimated Change in Capital Financing Requirement 2014/15	7,266

2015/16 Estimated Change in Capital Financing Requirement	
Capital expenditure	16,351
Application of useable capital receipts	(300)
Application of capital grants/contributions	(12,791)
The replacement for MRP	(1,571)
Additional voluntary contributions	0
Total Estimated Change in Capital Financing Requirement 2015/16	1,689

Prudential Indicator Calculations

2016/17 Estimated Change in Capital Financing Requirement	
Capital expenditure	14,906
Application of useable capital receipts	(300)
Application of capital grants/contributions	(7,030)
The replacement for MRP	(1,577)
Additional voluntary contributions	0
Total Estimated Change in Capital Financing Requirement 2016/17	5,999

Capital Financing Requirement:	
Estimated Opening Balance 2013/14	89,960
Estimated Closing Balance 2016/17	104,914
This is an increase over the three years of	14,954

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	2015/16 £'000	2016/17 £'000	2017/18 £'000
Total projected interest payable on borrowing	2,319	2,856	2,701
Total projected interest receivable on investments	(95)	(100)	(105)
Net Interest	2,224	2,756	2,596
Upper limit - fixed rates = 100%	(95)	(100)	(105)
Upper limit - variable rates = 20%	(19)	(20)	(21)

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 31/3/2015
	£'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
31/03/15	0
31/03/16	0
31/03/17	0