

## Annex A

PRUDENTIAL INDICATORS			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
			Probable Outturn	estimate	estimate	estimate	estimate	estimate
			£'000	£'000	£'000	£'000	£'000	£'000
<b>1)</b>	<b>Capital Expenditure</b>							
	To allow the authority to plan for capital financing as a result of the capital programme. To enable the monitoring of capital budgets to ensure they remain within budget	Non - HRA	57,621	51,478	43,392	22,090	12,348	4,641
		HRA	7,305	7,305	8,575	7,128	8,973	6,772
		<b>TOTAL</b>	<b>64,926</b>	<b>58,783</b>	<b>51,967</b>	<b>29,218</b>	<b>21,321</b>	<b>11,413</b>
<b>2)</b>	<b>Ratio of financing costs to net revenue stream</b>							
	This indicator estimates the cost of borrowing in relation to the net cost of Council services to be met from government grant and council tax payers. In the case of the HRA the net revenue stream is the income from Rents and Subsidy	Non - HRA	8.95%	9.59%	10.11%	9.73%	9.26%	8.81%
		HRA	2.50%	2.06%	2.15%	2.14%	2.08%	2.05%
<b>3)</b>	<b>Incremental impact of capital investment decisions - Council Tax</b>		£ p	£ p	£ p	£ p	£ p	£ p
	Shows the actual impact of capital investment decisions on council tax. The impact on council tax is a fundamental indicator of affordability for the Council to consider when setting forward plans. The figure relates to how much of the increase in council tax is used in financing the capital programme and any related revenue implications that flow from it.	Increase in Council Tax (band D) per annum	21.72	22.85	27.06	6.32	0.88	0.00
<b>4)</b>	<b>Incremental impact of capital investment decisions - Hsg Rents</b>		£ p	£ p	£ p	£ p	£ p	£ p
	Shows the actual impact of capital investment decisions on HRA rent. For CYC, the HRA planned capital spend is based on the government's approved borrowing limit so there is no impact on HRA rents.	Increase in average housing rent per week	0.00	0.00	0.00	0.00	0.00	0.00
<b>5)</b>	<b>Capital Financing Requirement as at 31 March</b>		£'000	£'000	£'000	£'000	£'000	£'000
	Indicates the Council's underlying need to borrow money for capital purposes. The majority of the capital programme is funded through government support, government grant or the use of capital receipts. The use of borrowing increases the CFR.	Non - HRA	143,623	160,738	163,182	157,181	153,637	150,082
		HRA	18,869	18,869	18,869	18,869	18,869	18,869
		<b>TOTAL</b>	<b>156,779</b>	<b>179,607</b>	<b>182,051</b>	<b>176,050</b>	<b>172,506</b>	<b>168,951</b>

<b>6a)</b>	<b>Authorised Limit for external debt -</b>		£'000	£'000	£'000	£'000	£'000	£'000
	The authorised limit is a level set above the operational boundary in acceptance that the operational boundary may well be breached because of cash flows. It represents an absolute maximum level of debt that could be sustained for only a short period of time. The council sets an operational boundary for its total external debt, gross of investments, separately identifying borrowing from other long term liabilities for 3 financial years.	borrowing	192	212	212	212	206	204
		other long term liabilities	0	10	10	10	10	10
		TOTAL	192	222	222	222	216	214
<b>6b)</b>	<b>Operational Boundary for external debt -</b>		£'000	£'000	£'000	£'000	£'000	£'000
	The operational boundary is a measure of the most likely, prudent, level of debt. It takes account of risk management and analysis to arrive at the maximum level of debt projected as part of this prudent assessment. It is a means by which the authority manages its external debt to ensure that it remains within the self imposed authority limit. It is a direct link between the Council's plans for capital expenditure; our estimates of the capital financing requirement; and estimated operational cash flow for the year.	borrowing	172	192	192	192	186	183
		other long term liabilities	0	10	10	10	10	10
		TOTAL	172	202	202	202	196	193
<b>7)</b>	<b>Adoption of the CIPFA in Public Services: Code of Practice and Cross-Sectoral Guidance Notes</b>	Recommended in the Treasury Management Strategy 2010/11 to 2014/15						
<b>8a)</b>	<b>Upper limit for fixed interest rate exposure</b>							
	The Council sets limits to its exposures to the effects of changes in interest rates for 3 years. The Council should not be overly exposed to fluctuations in interest rates which can have an adverse impact on the revenue budget if it is overly exposed to variable rate investments or debts	Net principal re fixed rate borrowing / investments	148%	110%	110%	110%	111%	111%
<b>8b)</b>	<b>Upper limit for variable rate exposure</b>							
	The Council sets limits to its exposures to the effects of changes in interest rates for 3 years. The Council should not be overly exposed to fluctuations in interest rates which can have an adverse impact on the revenue budget if it is overly exposed to variable rate investments or debts	Net principal re variable rate borrowing / investments	-48%	-10%	-10%	-10%	-11%	-11%

			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
			£'000	£'000	£'000	£'000	£'000	£'000
9)	<b>Upper limit for total principal sums invested for over 364 days</b>							
	The Council sets an upper limit for each forward financial year period for the level of investments that mature in over 364 days. These limits reduce the liquidity and interest rate risk associated with investing for more than one year. The limits are set as a percentage of the average balances of the investment portfolio.	Upper Limit	£10,000	£10,000	£10,000	£10,000	£10,000	£10,000
10)	<b>Maturity structure of new fixed rate borrowing during 2006/07</b>		Upper Limit	Lower Limit				
		under 12 months	30%	0%				
	To minimise the impact of debt maturity on the cash flow of the Council. Over exposure to debt maturity in any one year could mean that the Council has insufficient liquidity to meet its repayment liabilities, and as a result could be exposed to risk of interest rate fluctuations in the future where loans are maturing. The Council therefore sets limits whereby long term loans mature in different periods thus spreading the risk.	12 months and within 24 months	30%	0%				
		24 months and within 5 years	35%	0%				
		5 years and within 10 years	40%	0%				
		10 years and above	90%	30%				

### Glossary Of Abbreviations

HRA Housing Revenue Account  
SORP Statement of Recommended Practice - for Local Authority Accounting

CYC City of York Council  
CFR Capital Financing Requirement