ANNEX A

	PRUDENTIAL INDICATORS		2007/08 estimate	2008/09 estimate	2009/10 estimate	2010/11 estimate
1)	**Capital Expenditure**		£'000	£'000	£'000	£'000
	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	35,468	40,229	24,673	9,468
		HRA	7,293	7,275	7,457	7,873
		TOTAL	42,761	47,504	32,130	17,341
2)	**Ratio of financing costs to net revenue stream**					
	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	6.00%	6.86%	7.63%	7.70%
		HRA	3.31%	3.62%	3.79%	4.00%
3)	**Incremental impact of capital investment decisions - Council Tax**		£ 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	4.34	6.52	0.00	0.00
4)	**Incremental impact of capital investment decisions - Hsg Rents**		£ p	£ p	£ p	£ p
	Shows the actual impact of capital investment decisions on HRA rent. For CYC, the HRA 2006/07 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
5)	**Capital Financing Requirement as at 31 March**					
	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	96,268	104,733	127,955	156,555
		HRA	15,669	16,669	17,669	18,669
		TOTAL	111,937	121,402	145,624	175,224
6a)	**Authorised Limit for external debt -**					
	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	179,700	194,000	214,000	234,000
		other long term liabilities	0	0	0	0
		TOTAL	179,700	194,000	214,000	234,000
6b)	**Operational Boundary for external debt -**					
	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	158,200	180,800	192,600	210,600
		other long term liabilities	0	0	0	0
		TOTAL	158,200	180,800	192,600	210,600
7)	**Adoption of the CIPFA Code of Practice for Treasury Management in Public Services**					
	Ensuring the keeping Treasury Management Practices remain in line with the SORP.	Treasury Management Policy Statement 12 Treasury Management Practices Policy Placed Before Council Annual Review Undertaken				
8a)	**Upper limit for fixed interest rate exposure**					
	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 interest re fixed rate borrowing / investments	150%	150%	150%	150%
		Actual Net interest re fixed rate borrowing / investments	n/a	n/a	n/a	n/a
8b)	**Upper limit for variable rate exposure**					
	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 interest re variable rate borrowing / investments	20%	20%	20%	20%
		Actual Net interest re variable rate borrowing / investments	n/a	n/a	n/a	n/a
9)	**Upper limit for total principal sums invested for over 364 days**		£10,000	£10,000	£10,000	£10,000
	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.	Current Investments over 364 days	£0	n/a	n/a	n/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.		
10)	**Maturity structure of new fixed rate borrowing during 2006/07** 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.		Actual £'000
		under 12 months	0
		12 months and within 24 months	4,001
		24 months and within 5 years	13,004
		5 years and within 10 years	5,002
		10 years and above	81,393

Glossary Of Abbreviations

HRA	Housing Revenue Account
CYC	City of York Council
CFR	Capital Financing Requirement
SORP	Statement of Recommended Practice - for Local Authority Accounting