ANNEX A

	PRUDENTIAL INDICATORS		2008/09 Probable Outturn	2009/10 estimate	2010/11 estimate	2011/12 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	53,199	57,019	41,777	21,031
		HRA	7,338	6,971	7,321	8,355
		TOTAL	60,537	63,990	49,098	29,386
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	4.74%	6.98%	7.79%	6.71%
		HRA	2.79%	3.00%	1.04%	1.40%
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	10.63	19.51	18.24	10.83
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 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	86,575	89,068	96,582	106,916
		HRA	12,035	13,035	14,035	14,035
		TOTAL	98,610	102,103	110,617	120,951
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	147	186	218	251
		other long term liabilities	0	0	0	0
		TOTAL	147	186	218	251
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	125	145	170	196
		other long term liabilities	0	0	0	0
		TOTAL	125	145	170	196
7)	**Adoption of the CIPFA Code of Practice for Treasury Management in Public Services**					
	Ensuring 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	146%	117%	115%	114%
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	-50%	-50%	-50%	-50%
		Actual Net interest re variable rate borrowing / investments	-46%	-17%	-15%	-14%
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 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**		Upper Limit	Lower Limit		
	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.	under 12 months	10%	0%		
		12 months and within 24 months	10%	0%		
		24 months and within 5 years	25%	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