

**CIPFA PRUDENTIAL CODE FOR
CAPITAL FINANCE IN LOCAL AUTHORITIES -
PRUDENTIAL INDICATORS FOR 2004/05**

CAPITAL EXPENDITURE

1. ACTUAL AND ESTIMATED CAPITAL EXPENDITURE

	2002/3 Actual £000	2003/4 Forecast £000	2004/5 Estimate £000	2005/6 Estimate £000	2006/7 Estimate £000
Gross*	8,220	9,712	15,344	16,845	11,204
Net	4,537	8,493	11,812	15,912	10,334

* *excludes investments*

2. THE PROPORTION OF THE BUDGET FINANCED FROM GOVERNMENT GRANTS AND COUNCIL TAX THAT IS SPENT ON INTEREST.

The negative figures reflect that the Authority is a net investor and so the interest earned is used to help fund the budget.

2002/3 Actual £000	2003/4 Forecast £000	2004/5 Estimate £000	2005/6 Estimate £000	2006/7 Estimate £000
-4,619	-2,841	-3,075	-2,399	-1,524

3. THE IMPACT ON THE LEVEL OF COUNCIL TAX OF THE CAPITAL PROGRAMME

This calculation highlights the lost interest and consequent Council Tax impact of the net Capital expenditure shown above.

Estimated capital spending in:	Value of lost interest £000	Council Tax equivalent £
2004/05	561	9.99
2005/06	796	14.04
2006/07	490	8.55

4. THE CAPITAL FINANCING REQUIREMENT

The need for the Authority to borrow to finance capital expenditure. Whilst the Authority has capital reserves it will not need to borrow for capital purposes:

31/3/03 Actual £000	2003/4 £000	2004/5 £000	2005/6 Estimate £000	2006/7 Estimate £000
0	0	0	0	0

5. NET BORROWING AND THE CAPITAL FINANCING REQUIREMENT.

Net external borrowing must not be used to finance revenue spending except in the short term. In the short term legitimate uses are to cover cash flow e.g. funding salaries pending receipt of Council Tax income or return of investments.

The Council will need to demonstrate that all net borrowing is for short-term purposes.

EXTERNAL DEBT

6. THE ACTUAL EXTERNAL BORROWING AT 31 MARCH 2003

£4m which was short-term borrowing for cash-flow purposes.

7. THE AUTHORISED LIMIT FOR EXTERNAL DEBT

This is the maximum limit for borrowing.

It is a worst-case scenario based on delaying return of funds from the fund managers until after the year-end if this is in the Council's interests.

2003/4	2004/5	2005/6	2006/7
£000	£000	Estimate	Estimate
		£000	£000
10,000	15,000	15,000	15,000

8. THE OPERATIONAL BOUNDARY FOR EXTERNAL DEBT

These reflect an estimate of the more likely position. Although it can be exceeded without further approval it represents an early warning monitoring device to ensure that the authorised limit (above) is not exceeded:

2004/5	2005/6	2006/7
£000	Estimate	Estimate
	£000	£000
7,000	7,000	7,000

TREASURY MANAGEMENT

9. ADOPTION OF THE CIPFA CODE

The Prudential Code requires the Authority to have adopted the CIPFA Code of Practice for Treasury Management in the Public Services.

This has been adopted.

10. EXPOSURE TO INVESTMENTS WITH FIXED INTEREST AND VARIABLE INTEREST.

These limits are given as a percentage of total investments.

The parameters currently set for our Fund Managers could result in 75% of the funds being at variable rates, but in practice this is very unlikely to be reached.

	2004/5	2005/6 Estimate	2006/7 Estimate
Upper limit on fixed rate exposure	100%	100%	100%
Upper limit on variable rate exposure	75%	75%	75%

Gilts and Corporate Bonds are deemed to be variable rate investments for the purpose of this indicator.

11. BORROWING REPAYMENT PROFILE

The proportion of 2004/5 borrowing that will mature in successive periods. As all the borrowing will be temporary, 100% will mature in less than 12 months:

	Upper limit	Lower limit
Under 12 months	100%	100%
12 months and within 24 months	0%	0%
24 months and within 5 years	0%	0%
5 years and within 10 years	0%	0%
10 years and above	0%	0%

12. INVESTMENT REPAYMENT PROFILE

Limit on the value of investments that cannot be redeemed within 364 days. The only investments that meet this criterion are time deposits that are invested to a fixed maturity date for a year or longer.

2004/5 £000	2005/6 Estimate £000	2006/7 Estimate £000
20,000	15,000	10,000