

Report of the Head of Financial Services

Local Government Act 2003 – Prudential Indicators

1.0 Report summary

- 1.1 Every Council is required to prepare a schedule of Prudential Indicators in respect of the capital budget for the coming financial year.

2.0 Recommendations

- 2.1 The Committee is recommended to:

- (i) approve the Prudential Indicators attached as annex A

3.0 Introduction

- 3.1 The Local Government Act 2003 requires that each Council prepares a schedule of Prudential Indicators in respect of the capital programme for the coming year and is required to monitor performance against the targets.
- 3.2 Attached as annex A is the schedule of indicators for the years 2004/05 to 2006/07.
- 3.3 Monitoring of the indicators will form part of the quarterly financial and performance monitoring process and will be reported by exception.

Local Government Act 1972

Background Papers

Capital estimates 2006/07 – Working papers

Local Government Act 2003

CIPFA Prudential Code for Capital Finance in Local Government 2003

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APPENDIX A

1.0 Council Objective

- 1.1 The Prudential Code relates to the Council's capital budget which covers a whole variety of services and therefore impacts on all of the Council's objectives.
- 1.2 Establishing a capital budget that is affordable contributes to keeping council tax down

2.0 Specific Targets

- 2.1 The Prudential Code relates to the Council's capital budget which covers a whole variety of services and therefore impacts on a number of Specific Targets

3.0 Sustainability Issue

- 3.1 The capital programme of a local authority is the planned investment in land, buildings, equipment and other assets that will be used in the provision of the Council's services.

4.0 Equality Issue

- 4.1 Matter considered and no issues identified.

5.0 Community Safety issues (Section 17)

- 5.1 Matter considered and no issues identified.

6.0 Human Rights Issues

- 6.1 Matter considered and no issues identified.

7.0 Financial Implications

- 7.1 Included in the body of the report

8.0 Legal Implications

- 8.1 Matter considered and no issues identified.

9.0 Consultations

- 9.1 Matter considered and no issues identified.

10.0 Risk assessment

- 10.1 Implementation of the Code as part of the Local Government Act 2003 is mandatory

11.0 Health & Safety Issues

- 11.1 Matter considered and no issues identified.

PRUDENTIAL CODE INDICATORS

Annex A

	Actual 2004/05	Estimate 2005/06	Estimate 2006/07
1. <u>AFFORDABILITY</u>			
Measures the ratio of net financing costs to net revenue stream			
a) General Fund	7.04%	6.45%	6.32%
b) HRA	5.88%	6.98%	9.01%
Estimates of the incremental impact of new capital investment decisions : (per £1 million n 2005/06)			
a) on the Council Tax (Band D - annual)	£	£ 2.07	£ 4.09
b) on HRA Housing Rents (average weekly rent)		0.17	0.35
2. <u>PRUDENCE</u>			
	£000	£000	£000
Net external borrowing	15,022	17,000	20,000
CAPITAL EXPENDITURE AND EXTERNAL DEBT			
Capital expenditure :			
General Fund	2,822	3,971	3,831
HRA	3,328	3,020	4,007
Total capital expenditure	6,150	6,991	7,838
Capital Financing Requirement at end of year :			
General Fund	10,689	9,038	10,843
HRA	7,989	9,701	10,439
Total Capital Financing Requirement	18,678	18,739	21,282
Authorised limit of external debt	34,000	35,000	36,000
Operational boundary for external debt	28,000	29,000	30,000
3. <u>TREASURY MANAGEMENT</u>			
The Authority has adopted the CIPFA Code of Practice for Treasury Management in the Public Services.			
Debt Maturity - based upon current profiles :			
	%	%	%
10 years and above	97.3	96.2	96.3
5-10 years	1.8	3.7	3.7
2-5 years	0.0	0.0	0.0
1-2 years	0.1	0.0	0.0
under 12 months	0.8	0.1	0.0
Maximum % Borrowing at Fixed Rates	100%	100%	100%
Maximum % Borrowing at Variable Rates	30%	30%	30%
Maximum Invested for a year or longer	50%	50%	50%