

**2010/11 ACTUAL PRUDENTIAL INDICATORS**

- 1.1 The Prudential Capital Finance system which came into force on 1<sup>st</sup> April 2004 allows authorities to borrow as much as they can prudently afford to pay back from their revenue resources (subject to national safeguards).
- 1.2 The Council set its original Prudential Indicators for 2010/11 in February 2010. It is a requirement of the Prudential Code for Capital Finance in Local Authorities that the Council calculates actuals for certain of the indicators and reports upon them after the end of the year to which the indicators relate. The actuals for the relevant indicators are shown below together with a comparison, where appropriate, with the indicator set in February 2010.

1.3 **Actual ratio of financing costs to net revenue stream**

This ratio sets an upper limit on the proportion of the Council's net revenue streams both for GF and HRA which goes to service debt.

	<b>2010/11 Original</b>	<b>2010/11 Actual</b>
General Fund	-2.5% to +2.5%	-2.24%
Housing Revenue Account	20% to 25%	16.43%
Overall	7.5% to 12.5%	8.00%

It can therefore be seen that with the exception of the Housing Revenue Account the ratios are within their permitted ranges. This ratio is calculated by taking the Housing Revenue Account capital financing costs which consist of premiums payable on previous debt repayments and depreciation charges netted down by investment interest earned on the HRA balances. This cost is then divided into the HRA net revenue stream i.e. rents, service charges etc to produce the ratio. The 2010/11 actual ratio is below the lower point in the range due to a significant reduction in depreciation charges. Up until 2010/11, the Council has always depreciated its housing stock as one entity i.e. land and buildings together. Under IFRS accounting principles, the Council is required to split its assets into components and where those components have appreciably different lives separate depreciation calculations must be made for each component. The minimum components are land and buildings with the land not being subject to depreciation. The value for the housing stock at 1/4/10 ( the date at which depreciation is calculated ) has been apportioned between land and buildings by the District Valuer and the resultant reduction in the value of the buildings element has resulted in the significant reduction in depreciation.

## **APPENDIX 'D' (Continued)**

### **1.4 Actual capital expenditure for 2010/11**

It should be noted that the General Fund Capital Programme and the General Fund Housing (Registered Social Landlords and Improvement Grants) part of the Housing Investment Programme are to be considered as one.

	<b>2010/11 Original</b>	<b>2010/11 Actual</b>
General Fund	£6,645,500	£2,246,976
Housing Revenue Account	£5,896,900	£5,755,023
Overall	12,542,400	£8,001,999

### **1.5 Actual capital financing requirement at 31/3/2011**

This is a key measure in that it measures the underlying need for an authority to borrow for capital purposes.

	<b>2010/11 Original</b>	<b>2010/11 Actual</b>
General Fund	-£1,326,896	-£1,326,896
Housing Revenue Account	-£370,204	-£370,204
Overall	-£1,697,100	-£1,697,100

This shows that the Council was able to finance its capital expenditure in 2010/11 from within its own means and did not generate any requirement to borrow.

- 1.6 The final indicator that requires reporting at the year end is the amount of external debt outstanding at the year end. The Council did not have any long or short term borrowing outstanding at the end of the year and therefore the actual external debt outstanding at 31<sup>st</sup> March is nil.