

APPENDIX A

THE CAPITAL PRUDENTIAL INDICATORS 2015/16 – 2017/18

The Council's capital expenditure plans are the key driver of treasury management activity. The outputs of the capital expenditure plans are reflected in prudential indicators, which are designed to assist members to review and confirm capital expenditure plans.

Capital Expenditure

This prudential Indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle.

Capital Expenditure	2013/14 Actual £000	2014/15 Estimate £000	2015/16 Estimate £000	2016/17 Estimate £000	2017/18 Estimate I £000
Total	4,040	2,377	2,875	TBA	TBA

The table below summarises the above capital expenditure plans and how these plans are being financed. Any shortfall of resources results in a financing need (borrowing).

The Council is currently debt-free and the approved Capital Programme for 2015/16 is being financed from capital receipts, capital grants and reserves. Any opportunities to undertake prudential borrowing in the future will be assessed on a business case basis in the light of emerging priorities and resource availability.

Capital Expenditure	2013/14 Actual £000	2014/15 Estimate £000	2015/16 Estimate £000	2016/17 Estimate £000	2017/18 Estimate £000
Total	4,040	2,377	2,875	TBA	TBA
Financed by:					
Capital receipts	1,455	1,095	1,501		
Capital grants	1,549	282	366		
New Homes Bonus	218	460	464		
Reserves	818	540	544		
Net financing need for the year	Nil	Nil	Nil	Nil	Nil

The Council's Borrowing Need (the Capital Financing Requirement)

The second prudential indicator is the Council's Capital Financing Requirement (CFR). It is essentially a measure of the Council's underlying need to borrow if the figure is greater than zero. The negative figure reflects the fact that the Council is debt-free and has a nil borrowing requirement.

	2013/14 Actual £000	2014/15 Estimate £000	2015/16 Estimate £000	2016/17 Estimate £000	2017/18 Estimate £000
Capital Financing Requirement (CFR)					
Total CFR	- 98	- 98	- 98	- 98	- 98
Movement in CFR	Nil	Nil	Nil	Nil	Nil
Net borrowing requirement (the Council is debt free)	Nil	Nil	Nil	Nil	Nil

AFFORDABILITY PRUDENTIAL INDICATORS

The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances. **The Council is asked to approve the following indicators:**

Ratio of financing costs to net revenue stream

This indicator identifies the trend in the receipt of net investment income against the net revenue stream. It is calculated by dividing investment income and interest received by the Council's Net Budget Requirement.

	2013/14 Actual	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate
Ratio of net investment income to net revenue stream. (surplus)	1.8%	1.2%	1.4%	2.9%	3.9%

Estimates of the incremental impact of capital investment decisions on council tax

This indicator calculates the notional cost of the impact of lost investment income on the Council Tax, from spending capital resources.

	2013/14 Actual £	2014/15 Estimate £	2015/16 Estimate £	2016/17 Estimate £	2017/18 Estimate £
Future incremental impact of capital investment decisions on the band D council tax (Notional cost)	0.30	0.14	0.20	TBA	TBA