



NORTHAMPTON
BOROUGH COUNCIL

COUNCIL

8 December 2008

Agenda Status: Public

Directorate: Finance and Support

Report Title	PRUDENTIAL INDICATORS FOR CAPITAL FINANCE 2008-09 to 2010-11 - MONITORING TO 31 AUGUST 2008
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1. Summary

- 1.1 The CIPFA Prudential Code for Capital Finance in Local Authorities requires the Council to set a range of prudential indicators for 2008-09 and the two following years. These prudential indicators must then be monitored and revised, as appropriate, during the year.
- 1.2 Council approved the Council's prudential indicators for 2008-09 to 2010-11 at their budget-setting meeting of 28 February 2008.
- 1.3 A revision to the original prudential indicator for 2008-09 to 2010-11 for the upper limit for principal sums invested for more than 364 days was approved by Council on 21 July 2008
- 1.4 A report on was submitted to Cabinet on 5 November 2008 on the latest monitoring position for the Prudential Indicators for Capital Finance 2008-09, as at 31st August 2008. This report is attached at Appendix A.
- 1.5 The attached Cabinet report and annexes set out:
 - The statutory and regulatory background to the prudential indicators (Cabinet report)
 - The Council's latest approved prudential indicators for 2008-09 to 2010-11, with a commentary to support the individual prudential indicators (Cabinet report - Annex A)
 - Monitoring information on the approved prudential indicators for 2008-09 as at 31st August 2009 (Cabinet report - Annex B)
- 1.6 The Cabinet decision on 5 November 2008 was to recommend to Council that they approve revised prudential indicators for 2007-08 for the Council's Capital Expenditure Estimates, and Capital Financing Requirement (CFR)

2. Recommendations

2.1 That Council approve the revisions to the Council's prudential indicators for 2008-09, as set below.

a) Estimate of capital expenditure

	2008-09
Estimates of Capital Expenditure	Estimate as at 31 August 2008
	£000
General Fund (Non HRA)	10,214
Housing Revenue Account (HRA)	17,455
Total	27,699

b) Estimate of capital financing requirement (CFR)

Capital Financing Requirement (Closing CFR)				
	2007-08	2008-09	2009-10	2010-11
	31 March 2008 Actual £000	31 March 2009 Estimate £000	31 March 2010 Estimate £000	31 March 2011 Estimate £000
Non-HRA	21,150	25,695	25,075	24,480
HRA	(7,675)	(6,675)	(4,676)	(2,150)
Total	13,475	19,020	20,399	22,330

3. Report Background

The report background and relevant issues are as set out in the Cabinet report and annexes attached.

4. Implications (including financial implications)

4.1 Resources and Risk

4.1.1 The prudential indicators provide the framework in which the Council conducts its treasury and capital financing activities, consistent with good treasury risk management. They are monitored throughout the year and reported to Cabinet on a regular basis.

- 4.1.2 The Code indicates that “in all cases, the process of setting prudential indicators for treasury management should be accompanied by a clear and integrated forward treasury management strategy, and a recognition of the pre-existing structure of the authority’s borrowing and investment portfolios.” The indicators take account of the existing structure of borrowing and all reasonable restructuring activity that might occur.
- 4.1.3 Officers have considered whether there are any significant risks that could potentially prevent the Council from achieving its plans at the desired levels of affordability and prudence. These are considered at Annex A of the Cabinet report at individual indicator level.

4.2 Legal

- 4.2.1 Under the Local Government Act 2003 and the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 the Council must set prudential limits and indicators as part of the overall budget setting process. The CIPFA Prudential Code for Capital Finance in Local Authorities, which regarded as mandatory guidance associated with the statute, requires the authority’s Chief Finance officer to establish procedures for monitoring the Council’s performance against prudential indicators for the forthcoming and following two financial years, to report significant deviations from expectations, and to take any proposed revisions to Council for approval.

4.3 Other Implications

- 4.3.1 There are no other specific implications arising from this report.

5. Background Papers

As set out in the Cabinet report attached

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