

PRUDENTIAL INDICATOR MONITORING

The following tables and paragraphs provide an overview of the main changes to the General Fund Prudential Indicators set in February 2015 as part of the 2015/16 Council Tax setting processes. Where relevant a comparison between budgeted and actual indicators is also provided.

1. Gross Capital Expenditure – General Fund

Table 1 – 2014/15 Actual, 2015/16 to 2018/19 Estimates

	2014/15 £m	2015/16 £m	2016/17 £m	2017/18 £m	2018/19 £m
Estimated gross capital expenditure per 2015/16 Prudential Indicators	38.128	50.680	21.604	14.641	14.509
Actual / revised estimated gross capital expenditure per 2016/17 Prudential Indicators	35.082	49.700	28.262	18.327	16.952
Movement	- 3.046	- 0.980	+ 6.658	+ 3.686	+ 2.443

The above movements reflect the changes which have arisen in the Council's budgeted gross capital expenditure as detailed in the 2015/2020 Financial Plan (report 62/16 refers), including project rephasing and the inclusion of new projects such as Brechin Business Park Extension and Replacement of The Gables Residential Unit.

2. Estimates of Capital Financing Requirement - General Fund

Table 2 – 2014/15 Actual, 2015/16 to 2018/19 Estimates

	Actual As At 31/03/15 £m	Estimate As At 31/03/16 £m	Estimate As At 31/03/17 £m	Estimate As At 31/03/18 £m	Estimate As At 31/03/19 £m
Estimated capital financing requirement per 2015/16 Prudential Indicators	214.982	224.592	225.621	254.543	245.089
Actual / revised capital financing requirement per 2016/17 Prudential Indicators	209.053	217.380	223.483	250.460	241.798
Movement	- 5.929	- 7.212	- 2.138	- 4.083	- 3.291

The above movements in the estimated capital financing requirement reflect a number of different factors, including:

- the changes which have arisen in the Council's budgeted capital expenditure, in particular the aforementioned rephasing of some projects;
- the level of new borrowing incurred;
- the repayment of principal made in year; and
- the special repayments of debt which have been, and will continue, to be made.

The revised capital financing requirement has been established with each of these factors having been taken into account, hence the significant variance when compared with the position previously reported.

3. Estimates Of Ratio Of Financing Costs To Net Revenue Stream - General Fund

Table 3 – 2014/15 Actual, 2015/16 to 2018/19 Estimates

	2014/15	2015/16	2016/17	2017/18	2018/19
Estimated ratios per 2015/16 Prudential Indicators	8.69%	9.49%	9.81%	10.08%	10.25%
Actual / revised ratios per 2016/17 Prudential Indicators	8.86%	8.71%	9.81%	10.19%	10.81%
Movement	+ 0.17	- 0.78%	-	+ 0.11%	+ 0.56%

A decrease in the estimated net revenue stream figures used to calculate this indicator in 2017/18 and 2018/19 years has led to a slight increase to the ratio in these years.

4. **Estimates Of The Incremental Impact Of Capital Investment Decisions On The Council Tax**

Table 4 - 2015/16 to 2016/17 Estimates

	Estimate 2015/16	Estimate 2016/17	Estimate 2017/18
Estimated impact per 2015/16 Prudential Indicators	£nil	£nil	£nil
Revised impact per 2016/17 Prudential Indicators	£nil	£nil	£nil
Movement	£nil	£nil	£nil

5. **Gross Borrowing And The Capital Financing Requirement**

The Council continues to meet the requirements of this indicator so there is nothing further to report in this regard.

6. **Authorised Limit**

Table 5 – Authorised Limit

	2015/16 £m	2016/17 £m	2017/18 £m	2018/19 £m
Limit per 2015/16 Prudential Indicators	304.414	302.394	337.269	333.777
Revised Limit per 2016/17 Prudential Indicators	304.414	302.394	335.372	331.849
Movement	-	-	- 1.897	- 1.928

The movement in the authorised limit in 2017/18 and 2018/19 reflects the updated capital cost of the Forfar Academy Community Campus project. No change has been made to the limits set specifically for borrowing, which remain at £220 million in each year.

7. **Operational Boundary**

Table 6 – Operational Boundary

	2015/16 £m	2016/17 £m	2017/18 £m	2018/19 £m
Limit per 2015/16 Prudential Indicators	289.414	287.394	322.269	318.777
Revised Limit per 2016/17 Prudential Indicators	289.414	287.394	320.372	316.849
Movement	-	-	- 1.897	- 1.928

As with the authorised limit, the movement in the operational boundary in 2017/18 and 2018/19 reflects the updated capital cost of the Forfar Academy Community Campus project. No change has been made to the boundaries set specifically for borrowing, which remain at £205 million in each year.

8. **Actual External Debt**

The Council's actual external debt (comprising of borrowing, finance lease liabilities and PPP / PFI liabilities) has decreased by £4.873 million (net), from £251.177 million to £246.304 million, between 1 April 2014 and 31 March 2015. The actual external debt reflects the position at a particular point in time.

9. **Adoption of the CIPFA Code of Practice for Treasury Management**

The Council continues to adopt the CIPFA Code of Practice for Treasury Management in the Public Services, the latest version of the Code being adopted by the Council in March 2010 (report 244/10 refers). The Code was updated in 2011 however no formal adoption of the revised version was required. It is however confirmed that the Council is now following the 2011 edition of the Code.