

**Prudential Indicator Monitoring**

The following tables and paragraphs provide an overview of the main changes to the General Fund Prudential Indicators set in February 2014 as part of the 2014/15 Council Tax setting processes. Where relevant a comparison between budgeted and actual indicators is also provided.

**1. Gross Capital Expenditure – General Fund**

Table 1 – 2013/14 Actual, 2014/15 to 2017/18 Estimates

|  | 2013/14<br>£m | 2014/15<br>£m | 2015/16<br>£m | 2016/17<br>£m | 2017/18<br>£m |
|--|---------------|---------------|---------------|---------------|---------------|
| Estimated gross capital expenditure per 2014/15 Prudential Indicators                  | 25.126        | 44.585        | 39.472        | 16.107        | 12.505        |
| Actual / revised estimated gross capital expenditure per 2015/16 Prudential Indicators | 20.780        | 38.128        | 46.930        | 21.604        | 14.641        |
| Movement   | - 4.346       | - 6.457       | + 7.458       | + 5.497       | + 2.136       |

The above movements reflect the changes which have arisen in the Council's budgeted gross capital expenditure as detailed in the 2014/2019 Financial Plan (report 61/15 refers), including project rephasing and the addition into the capital programme of resources for future phases of the Arbroath Primary Schools project.

**2. Estimates of Capital Financing Requirement - General Fund**

Table 2 – 2013/14 Actual, 2014/15 to 2017/18 Estimates

|  | Actual<br>As At<br>31/03/14<br>£m | Estimate<br>As At<br>31/03/15<br>£m | Estimate<br>As At<br>31/03/16<br>£m | Estimate<br>As At<br>31/03/17<br>£m | Estimate<br>As At<br>31/03/18<br>£m |
|--|-----------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Estimated capital financing requirement per 2014/15 Prudential Indicators        | 214.157                           | 227.910                             | 232.783                             | 226.968                             | 253.841                             |
| Actual / revised capital financing requirement per 2015/16 Prudential Indicators | 212.123                           | 214.982                             | 220.842                             | 221.919                             | 250.893                             |
| Movement   | - 2.034                           | - 12.928                            | - 11.941                            | - 5.049                             | - 2.948                             |

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 – 2013/14 Actual, 2014/15 to 2017/18 Estimates

|   | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 |
|---|---------|---------|---------|---------|---------|
| Estimated ratios per 2014/15 Prudential Indicators        | 9.06%   | 9.58%   | 10.40%  | 10.61%  | 10.90%  |
| Actual / revised ratios per 2015/16 Prudential Indicators | 9.45%   | 8.69%   | 9.35%   | 9.67%   | 9.94%   |
| Movement  | + 0.39% | - 0.89% | - 1.05% | - 0.94% | - 0.96% |

A slight increase in the estimated net revenue stream figures used to calculate this indicator for 2014/15 onwards has led to a slight reduction to the ratio in each year.

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

Table 4 - 2014/15 to 2015/16 Estimates

|  | Estimate<br>2014/15 | Estimate<br>2015/16 | Estimate<br>2016/17 |
|--|---------------------|---------------------|---------------------|
| Estimated impact per 2014/15 Prudential Indicators | £nil                | £nil                | £nil                |
| Revised impact per 2015/16 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

|   | 2014/15<br>£m | 2015/16<br>£m | 2016/17<br>£m | 2017/18<br>£m |
|---|---------------|---------------|---------------|---------------|
| Limit per 2014/15 Prudential Indicators         | 306.434       | 304.414       | 302.394       | 335.331       |
| Revised Limit per 2015/16 Prudential Indicators | 306.434       | 304.414       | 302.394       | 337.269       |
| Movement  | -             | -             | -             | + 1.938       |

The movement in the authorised limit in 2017/18 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

|   | 2014/15<br>£m | 2015/16<br>£m | 2016/17<br>£m | 2017/18<br>£m |
|---|---------------|---------------|---------------|---------------|
| Limit per 2014/15 Prudential Indicators         | 291.434       | 289.414       | 287.394       | 320.331       |
| Revised Limit per 2015/16 Prudential Indicators | 291.434       | 289.414       | 287.394       | 322.269       |
| Movement  | -             | -             | -             | + 1.938       |

As with the authorised limit, the movement in the operational boundary in 2017/18 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 £6.053 million (net), from £257.230 million to £251.177 million, between 1 April 2013 and 31 March 2014. 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.