

Title:	Prudential Indicators
Portfolio Holder:	Cllr Carbin – Finance Portfolio Holder
Reporting Officer:	Steve Harding – Management Accountant
Key Decision:	No

1 Purpose

To revise the Prudential Indicators following changes in the capital programme and investment performance and to recommend them to Council.

2 Background

- 2.1 It is a statutory duty under S.3 of the Local Government Act 2003 and supporting regulations, for the Council to determine and keep under review how much it can afford to borrow. The amount so determined is termed the “Affordable Borrowing Limit”.
- 2.2 The Council must have regard to the Prudential Code when setting its Affordable Borrowing Limit, which essentially requires it to ensure that total capital investment remains within sustainable limits and, in particular, that the impact upon its future council tax levels is ‘acceptable’.
- 2.3 Whilst termed an “Affordable Borrowing Limit”, the capital plans to be considered for inclusion incorporate those planned to be financed by both external borrowing and other forms of liability, such as credit arrangements. The affordable borrowing limit is to be set, on a rolling basis, for the current financial year and two successive financial years.

3 Key Issues

The original prudential indicators for 2005/06 were considered by Cabinet on 9 February and determined by Council on 23 February. They may be revised at any time during the financial year. Changes to the capital programme arising from slippage and additional schemes and a treasury management review means that some indicators need to be revised.

The revised indicators are attached at appendix A.

Only Council can undertake the formal setting of the indicators.


Financial Implications: There are no financial implications arising from this report.

Legal Implications: There are no legal implications arising from this report.

Human Rights Implications: The Human Rights implications of the actions recommended in this report have been considered and are acceptable and the checklist has been addressed.

4 Recommendation

Council is recommended to adopt the revised prudential indicators.

 Plain English guidance given

5 September 2005

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Background papers:

The Prudential Code for Capital Finance in Local Authorities

N: Finance\ Capital\2005-06\Programme\ Revised Prudential Indicators 31-08-05