

PRUDENTIAL INDICATORS - 2013/14 OUTTURN

The tables below detail the four prudential indicators applicable to 2013/14 which have been derived from the 2013/14 City Fund final accounts. These 'actual' indicators have been compared to the appropriate 'estimate' indicators. The **original** estimate indicators were prepared in February 2013 at the time of setting the 2013/14 budget and the **revised** estimate indicators were prepared to inform the setting of the 2014/15 budget in March 2014.

1. Actual capital expenditure 2013/14

	HRA	Non-HRA	Total
Estimate of capital expenditure (Original)	£7.803 m	£38.282 m	£46.085 m
Estimate of capital expenditure (Revised)	£2.838 m	£191.005 m	£193.843 m
Actual Capital Expenditure	£2.502 m	£181.183 m	£183.685 m

The variation between the revised and actual indicators is mainly due to rephrasing of capital expenditure to later years.

2. Actual capital financing requirement 2013/14

	HRA	Non-HRA	Total
Estimate of Capital Financing Requirement (Original)	£11.068 m	-£13.107 m	-£2.039 m
Estimate of Capital Financing Requirement (Revised)	£10.706 m	-£12.634 m	-£1.928 m
Actual Capital Financing Requirement	£10.924 m	-£12.866 m	-£1.942 m

The capital financing requirement indicates the underlying need to borrow and the overall negative figures are indicative of the City's debt-free status. The positive HRA indicators reflect internal borrowings from the City Fund. The method of calculating the HRA and non-HRA elements is prescribed under statute, with the overall figures derived directly from the balance sheet.

3. Actual External Debt as at 31.03.2014

	Borrowing	Other Long Term Liabilities	Total
Actual External Debt	£0	£0	£0

The Authorised Borrowing Limit for 2013/14 was set at zero and therefore the City Fund remains debt-free.

4. Actual Ratio of Financing Costs to Net Revenue Stream 2013/14

	HRA	Non-HRA	Total
Ratio of Financing Costs to Net Revenue Stream (Original)	0.25	-0.34	-0.29
Ratio of Financing Costs to Net Revenue Stream (Revised)	0.24	0.22	0.22
Actual Ratio of Financing Costs to Net Revenue Stream	0.24	0.22	0.22

This ratio seeks to represent the extent to which the net revenue consequences of borrowing impact on the net revenue stream.

The actual HRA ratio of 0.24 (which effectively means that financing costs consume some 24% of the HRA's net revenue stream) includes allowance for the internal borrowing from the City Fund and is in line with the estimated ratio.

Since the City Fund is a net lender in its Treasury operations and is in receipt of significant rental income from investment properties, the Non-HRA and Total ratios are usually negative. However, in 2013/14 these actual ratios are positive as a result of the treasury management decision to make a significant investment

of revenue cash balances in property i.e. exceptionally, revenue funding of capital exceeded income from investments.