

NATIONALLY-SET HRA PRUDENTIAL INDICATORS

The four nationally-set HRA Prudential Indicators are as follows:

- i) The actual ratio of financing costs to net revenue stream for 2006/07 and estimates for the current year and for the period 2008/09 to 2010/11 are:

	2006/07 Actual	2007/08 Estimate	2008/09 Estimate	2009/10 Estimate	2010/11 Estimate
HRA Ratio	15.33%	16.65%	16.34%	15.84%	15.29%

- ii) The estimated incremental impact on average weekly rents of capital investment decisions proposed in the HRA budget report, over and above capital investment decisions that have previously been taken by the Council are:

	2008/09	2009/10	2010/11
HRA Rent (£54.86)	£0.02*	£0.07*	£0.07*

*based on 2008/09 average recommended weekly rent of £54.86

The average weekly rent recommended for 2008/09 is £54.86 (52 week basis). In practice, this indicator (which is intended to show the effect of rent increases arising from capital investment) cannot achieve its purpose as rents are set by the Government's rent formula.

- iii) The actual capital expenditure incurred in 2006/07 and estimates of capital expenditure to be incurred in the current financial year and for the period 2008/09 to 2010/11 are:

	2006/07 Actual £000s	2007/08 Estimate £000s	2008/09 Estimate £000s	2009/10 Estimate £000s	2010/11 Estimate £000s
HRA Capital Spend	25,771	23,607	20,800	21,230	20,830

- iv) The Capital Financing Requirement measures the Authority's underlying need to borrow for a capital purpose. On 24 November 2003, the Cabinet agreed the latest CIPFA Code of Practice for Treasury Management in the Public Services. The Council has, at any point in time, a number of cash flows both positive and negative, and manages its treasury position in terms of its borrowing and investments in accordance with its approved Treasury Management Strategy and Practices. External borrowing arises as a consequence of all the financial transactions of the Authority and not simply those arising from capital spending. By contrast, the Capital Financing Requirement reflects the Authority's underlying need to borrow for capital purposes.

The actual HRA Capital Financing Requirement in 2006/07 and estimates of the Capital Financing Requirement for the current financial year and the period 2008/09 to 2010/11 are:

	31.03.07. Actual £000s	31.03.08. Estimate £000s	31.03.09. Estimate £000s	31.03.10. Estimate £000s	31.03.11. Estimate £000s
HRA Capital Financing Requirement	196,208	205,087	210,563	215,999	221,395

CIPFA's Prudential Code for Capital Finance specifies the requirement that over the medium term net borrowing will only be for capital purposes, and that Authorities should ensure that net borrowing does not, except in the short term, exceed the total of the Capital Financing Requirement in the preceding year plus the estimates of any additional Capital Financing Requirement for the current and next two financial years. **Based upon current capital commitments and proposals in this budget report, there are not anticipated to be any difficulties for the current or future years, assuming the present subsidy regime remains significantly unchanged.**