

**PRUDENTIAL INDICATORS UPDATE – FOR 2008/09  
(EXECUTIVE – 5 FEBRUARY 2008)**

CAPITAL EXPENDITURE & EXTERNAL DEBT INDICATORS				Comment																																										
<p><b>1 Estimated Ratio of capital financing costs to the net Revenue Budget</b></p> <p>The estimated ratios of financing costs to the net Revenue Budget for the current and future years, and the actual figure for 2006/07 are as follows:</p> <table border="1"> <thead> <tr> <th rowspan="2">Year</th> <th colspan="2">Executive 21/08/07</th> <th colspan="3">Update for 2008/09</th> </tr> <tr> <th>Basis</th> <th>%</th> <th>Basis</th> <th>%</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>2006/07</td> <td>actual</td> <td>8.8</td> <td>actual</td> <td>8.8</td> <td></td> </tr> <tr> <td>2007/08</td> <td>estimate</td> <td>8.7</td> <td>probable</td> <td>8.1</td> <td></td> </tr> <tr> <td>2008/09</td> <td>estimate</td> <td>9.2</td> <td>estimate</td> <td>8.7</td> <td></td> </tr> <tr> <td>2009/10</td> <td>estimate</td> <td>9.7</td> <td>estimate</td> <td>9.2</td> <td></td> </tr> <tr> <td>2010/11</td> <td>estimate</td> <td>na</td> <td>estimate</td> <td>9.6</td> <td></td> </tr> </tbody> </table> <p>The estimates of financing costs include current Capital Plan commitments based on the latest Capital Plan, and are as reflected in the 2008/09 Revenue Budget and MTFS.</p>				Year	Executive 21/08/07		Update for 2008/09			Basis	%	Basis	%	%	2006/07	actual	8.8	actual	8.8		2007/08	estimate	8.7	probable	8.1		2008/09	estimate	9.2	estimate	8.7		2009/10	estimate	9.7	estimate	9.2		2010/11	estimate	na	estimate	9.6		<p>The calculations reflect capital financing costs less interest earned on the temporary investment of surplus cash balances.</p> <p>The updated estimates for 2007/08 to 2010/11 reflect the net effect of a range of factors, principally</p> <ul style="list-style-type: none"> <li>(a) a higher base 'net revenue budget' principally arising from some former specific grants (totalling £8.7m) being transferred into general formula grant (RSG) from 2008/09</li> <li>(b) a significantly higher return on investments being achieved as a result of interest rate increases together with a higher level of funds and balances available to invest</li> <li>(c) ongoing savings resulting from debt rescheduling exercises undertaken in 2007/08</li> <li>(d) variations in Prudential Borrowing resulting from changes reflected in the Q2 Capital Plan update (eg Waste Procurement project -£10.6m, Depots Rationalisation programme +£3.1m)</li> <li>(e) additional debt charge provision required for increased levels of Supported Borrowing approvals after 2008/09 on the Highways LTP and Education Capital approvals</li> </ul>	
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Prudential Indicator	Comment																									
<p><b>2 Estimates of the incremental impact of capital investment decisions on the Council Tax</b></p> <p>In considering its programme for future capital investment, the County Council is required within the Prudential Code to have regard to:</p> <ul style="list-style-type: none"> <li>➔ affordability (eg implications for Council Tax)</li> <li>➔ prudence and sustainability (eg implications for external borrowing)</li> <li>➔ value for money (eg option appraisal)</li> <li>➔ stewardship of assets (eg asset management planning)</li> <li>➔ service objectives (eg strategic planning for the authority)</li> <li>➔ practicality (eg achievability of the Capital Plan)</li> </ul> <p>A key measure of affordability is the incremental impact on Council Tax. The County Council can consider different options for its capital investment programme based on their differential impact on the Council Tax.</p> <p>The estimate of the incremental impact on Council Tax (at Band D) of past capital investment decisions which are reflected in the latest Capital Plan and also in the Revenue Budget for 2008/09, compared with the 2007/08 Council Tax are:</p> <table border="1" data-bbox="212 1121 1086 1281"> <thead> <tr> <th data-bbox="212 1121 342 1182">Year</th> <th colspan="2" data-bbox="387 1121 741 1182">Executive 21/08/07 Basis</th> <th colspan="2" data-bbox="801 1121 1086 1182">Update for 2008/09 Basis</th> </tr> <tr> <td></td> <td></td> <td>£ - p</td> <td></td> <td>£ - p</td> </tr> </thead> <tbody> <tr> <td data-bbox="212 1182 342 1214">2008/09</td> <td data-bbox="387 1182 517 1214">estimate</td> <td data-bbox="517 1182 741 1214">+ 2.61</td> <td data-bbox="801 1182 931 1214">estimate</td> <td data-bbox="931 1182 1086 1214">+0.99</td> </tr> <tr> <td data-bbox="212 1214 342 1246">2009/10</td> <td data-bbox="387 1214 517 1246">estimate</td> <td data-bbox="517 1214 741 1246">+ 3.81</td> <td data-bbox="801 1214 931 1246">estimate</td> <td data-bbox="931 1214 1086 1246">+3.20</td> </tr> <tr> <td data-bbox="212 1246 342 1281">2010/11</td> <td data-bbox="387 1246 517 1281">estimate</td> <td data-bbox="517 1246 741 1281">na</td> <td data-bbox="801 1246 931 1281">estimate</td> <td data-bbox="931 1246 1086 1281">+6.15</td> </tr> </tbody> </table>	Year	Executive 21/08/07 Basis		Update for 2008/09 Basis				£ - p		£ - p	2008/09	estimate	+ 2.61	estimate	+0.99	2009/10	estimate	+ 3.81	estimate	+3.20	2010/11	estimate	na	estimate	+6.15	<p>This Indicator shows the incremental impact on Band D Council Tax of the capital financing costs resulting from unsupported prudential borrowing required to fund the forecast Capital Plan. This borrowing includes the funding shortfall of Capital Bids approved by Executive on 3 February 2004, as part of the 10 year Capital Forecast projection, together with a number of subsequent funding approvals. The 10 year Capital Forecast is due to be reviewed during the 2008/09 financial year using a new capital prioritisation methodology.</p> <p>Debt charges resulting from Invest to Save schemes and certain other capital provisions are excluded however, as these are deemed to be self financed from within Directorate revenue budgets.</p> <p>The updated figures differ from those previously reported as a result of</p> <ul style="list-style-type: none"> <li>(i) capital financing cost variations as a result of capital expenditure slippage between years and reduced costs of borrowing together with savings from debt rescheduling</li> <li>(ii) the 2008/09 figures are compared with 2007/08 Council Tax whereas the previous ones are compared with 2006/07 Council Tax levels</li> <li>(iii) impact of prudential borrowing costs of the Waste Procurement project from 2009/10</li> </ul>
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<p><b>3 Capital Expenditure - Actual and Forecasts</b></p> <p>The actual capital expenditure that was incurred in 2006/07 and the estimates of capital expenditure to be incurred for the current and future years are:</p> <table border="1" data-bbox="212 475 1086 694"> <thead> <tr> <th rowspan="2">Year</th> <th colspan="2">Executive 21/08/07</th> <th colspan="2">Update for 2008/09</th> </tr> <tr> <th>Basis</th> <th>£m</th> <th>Basis</th> <th>£m</th> </tr> </thead> <tbody> <tr> <td>2006/07</td> <td>actual</td> <td>95.4</td> <td>actual</td> <td>95.4</td> </tr> <tr> <td>2007/08</td> <td>estimate</td> <td>118.9</td> <td>probable</td> <td>108.3</td> </tr> <tr> <td>2008/09</td> <td>estimate</td> <td>102.2</td> <td>estimate</td> <td>119.5</td> </tr> <tr> <td>2009/10</td> <td>estimate</td> <td>89.3</td> <td>estimate</td> <td>111.1</td> </tr> <tr> <td>2010/11</td> <td>estimate</td> <td>n/a</td> <td>estimate</td> <td>96.2</td> </tr> </tbody> </table> <p>The above estimates and those for certain other Prudential Indicators incorporate a number of figures that are based on:-</p> <ul style="list-style-type: none"> <li>(i) the latest Capital Plan approved by Executive on 20 November 2007</li> <li>(ii) expenditure on fixed assets funded directly from the Revenue Budget and not included in the Capital Plan</li> <li>(iii) recently notified Highways LTP allocations for 2008/09 together with updated indicative figures for subsequent years</li> <li>(iv) other known self funded variations</li> <li>(v) identified expenditure slippage between years</li> <li>(vi) various other refinements</li> </ul>	Year	Executive 21/08/07		Update for 2008/09		Basis	£m	Basis	£m	2006/07	actual	95.4	actual	95.4	2007/08	estimate	118.9	probable	108.3	2008/09	estimate	102.2	estimate	119.5	2009/10	estimate	89.3	estimate	111.1	2010/11	estimate	n/a	estimate	96.2	<p>The updated figures for 2007/08 to 2010/11 reflect the following significant variations compared with the figures submitted to Executive on 21 August 2007.</p> <ul style="list-style-type: none"> <li>(a) an improved Highways LTP Settlement for the years 2008/09 to 2010/11 announced in November 2007</li> <li>(b) improved Education Capital funding approvals for the years 2008/09 to 2010/11 announced by DCSF in October 2007</li> <li>(c) a number of additional provisions and variations to existing provisions which are self funded from capital grants and contributions, revenue contributions and earmarked capital receipts</li> <li>(d) capital expenditure rephasing between years</li> <li>(e) addition of a further year 2010/11 which includes bids approved in February 2004 as part of the 10 year capital forecast</li> <li>(f) variations relating to a number of other significant capital plan provisions such as Loans to Companies, Waste Procurement project, Depots Rationalisation Programme and Harrogate Library</li> <li>(g) various other refinements</li> </ul>
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<p><b>4 Capital Financing Requirement and Forecast (CFR)</b></p> <p>Actuals and estimates of the Capital Financing Requirement (CFR) at the defined year ends are as follows:</p> <table border="1" data-bbox="210 435 1086 655"> <thead> <tr> <th data-bbox="210 435 374 499">Date</th> <th colspan="2" data-bbox="421 435 757 499">Executive 21/08/07 Basis £m</th> <th colspan="2" data-bbox="804 435 1086 499">Update for 2008/09 Basis £m</th> </tr> </thead> <tbody> <tr> <td data-bbox="210 499 374 528">31 Mar 07</td> <td data-bbox="421 499 546 528">actual</td> <td data-bbox="546 499 757 528">317.8</td> <td data-bbox="804 499 929 528">actual</td> <td data-bbox="929 499 1086 528">317.8</td> </tr> <tr> <td data-bbox="210 528 374 557">31 Mar 08</td> <td data-bbox="421 528 546 557">estimate</td> <td data-bbox="546 528 757 557">352.1</td> <td data-bbox="804 528 929 557">probable</td> <td data-bbox="929 528 1086 557">340.9</td> </tr> <tr> <td data-bbox="210 557 374 585">31 Mar 09</td> <td data-bbox="421 557 546 585">estimate</td> <td data-bbox="546 557 757 585">379.8</td> <td data-bbox="804 557 929 585">estimate</td> <td data-bbox="929 557 1086 585">377.8</td> </tr> <tr> <td data-bbox="210 585 374 614">31 Mar 10</td> <td data-bbox="421 585 546 614">estimate</td> <td data-bbox="546 585 757 614">412.1</td> <td data-bbox="804 585 929 614">estimate</td> <td data-bbox="929 585 1086 614">419.0</td> </tr> <tr> <td data-bbox="210 614 374 655">31 Mar 11</td> <td data-bbox="421 614 546 655">estimate</td> <td data-bbox="546 614 757 655">n/a</td> <td data-bbox="804 614 929 655">estimate</td> <td data-bbox="929 614 1086 655">443.5</td> </tr> </tbody> </table> <p>The CFR measures the underlying need for the County Council to borrow for capital purposes. In accordance with best professional practice, the County Council does not earmark borrowing to specific items or types of expenditure. The County Council has an integrated treasury management approach and has adopted the CIPFA Code of Practice for Treasury Management. The County Council has, at any point in time, a number of cashflows, both positive and negative, and manages its treasury position in terms of its overall borrowings and investments in accordance with its approved Annual Treasury Management Strategy. In day to day cash management, no distinction is made between revenue and capital cash. External borrowing arises as a consequence of all the financial transactions of the County Council as a whole and not simply those arising from capital spending. In contrast, the CFR Indicator reflects the County Council's underlying need to borrow for capital purposes only.</p> <p>CIPFA's Prudential Code for Capital Finance in Local Authorities includes the following statement as a key definition of prudence:</p> <p>"In order to ensure that, over the medium term, net borrowing will only be for a capital purpose, the local authority should ensure that net external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceeding year plus the estimates of any additional capital financing requirement for the current and the next two financial years."</p>	Date	Executive 21/08/07 Basis £m		Update for 2008/09 Basis £m		31 Mar 07	actual	317.8	actual	317.8	31 Mar 08	estimate	352.1	probable	340.9	31 Mar 09	estimate	379.8	estimate	377.8	31 Mar 10	estimate	412.1	estimate	419.0	31 Mar 11	estimate	n/a	estimate	443.5	<p>The updated figures recommended for approval as part of the 2008/09 Budget process reflect the following main variations compared with the previous figures approved by the Executive on 21 August 2007.</p> <ul style="list-style-type: none"> <li>(a) increased Highways LTP and Education Supported borrowing approvals reflecting higher overall allocations together with a higher level of those allocations being funded by borrowing approval rather than cash grant</li> <li>(b) expenditure rephasing between years that is funded from borrowing</li> <li>(c) capital receipts rephasing between years that affects year on year borrowing requirements</li> <li>(d) variations to a number of other significant capital plan provisions which are funded from Prudential Borrowing including Loans to Companies, Waste Procurement project and the Depots rationalisation programme</li> <li>(e) addition of 2010/11 for indicative new borrowing approvals and Prudential Borrowing for bids previously agreed</li> <li>(f) using all forecast surplus capital resources in 2007/08 (Corporate Capital Pot) in lieu of borrowing in that year (impacts on 31/03/08 figure only)</li> <li>(g) various other refinements</li> </ul> <p>The Corporate Director - Finance and Central Services has previously reported that the County Council had no difficulty meeting this requirement in 2006/07. In addition the Corporate Director – Finance and Central Services does not envisage any difficulties for the current or future years of the Medium Term Financial Strategy. This opinion takes into account current spending commitments, existing and proposed Capital Plans, and the proposals in the separate Revenue 2008/09 Budget and Medium Term Financial Strategy report.</p>
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<p><b>5 Authorised Limit for External Debt</b></p> <p>In respect of its external debt, it is recommended that the County Council approves the following Authorised Limits for its total external debt for the next three financial years.</p> <p>The Prudential Code requires external borrowing and other long term liabilities to be identified separately. The figures shown below for the County Council however consist wholly of external debt with no other long term liabilities.</p> <p>The authorised limit for 2008/09 will be the statutory limit determined under section 3(1) of the Local Government Act 2003.</p> <table border="1" data-bbox="212 751 1108 975"> <thead> <tr> <th data-bbox="212 751 376 844">Year</th> <th data-bbox="421 751 719 844">Executive 21/08/07 Borrowing Limit £m</th> <th data-bbox="790 751 1108 844">Update for 2008/09 Borrowing Limit £m</th> </tr> </thead> <tbody> <tr> <td data-bbox="212 844 376 879">2007/08</td> <td data-bbox="421 844 719 879">389.8</td> <td data-bbox="790 844 1108 879">380.6</td> </tr> <tr> <td data-bbox="212 879 376 914">2008/09</td> <td data-bbox="421 879 719 914">412.1</td> <td data-bbox="790 879 1108 914">410.7</td> </tr> <tr> <td data-bbox="212 914 376 949">2009/10</td> <td data-bbox="421 914 719 949">451.6</td> <td data-bbox="790 914 1108 949">458.8</td> </tr> <tr> <td data-bbox="212 949 376 975">2010/11</td> <td data-bbox="421 949 719 975">n/a</td> <td data-bbox="790 949 1108 975">485.2</td> </tr> </tbody> </table>	Year	Executive 21/08/07 Borrowing Limit £m	Update for 2008/09 Borrowing Limit £m	2007/08	389.8	380.6	2008/09	412.1	410.7	2009/10	451.6	458.8	2010/11	n/a	485.2	<p>The Corporate Director - Finance and Central Services confirms that these authorised limits are consistent with the County Council's current commitments, existing Capital Plan, the proposals in the respective Revenue Budget and Capital Plan reports for future capital expenditure and financing, and with its approved Treasury Management Policy Statement.</p> <p>The Corporate Director - Finance and Central Services also confirms that the limits are based on the estimate of most likely prudent, but not worst case, scenario with sufficient headroom over and above this to allow for operational issues (eg unusual cash movements). To derive these limits a risk analysis has been applied to the Capital Plan, estimates of the capital financing requirement and estimates of cashflow requirements for all purposes.</p> <p>The updated figures reflect a number of refinements which are common to the Capital Financing Requirement (see <b>Indicator 4</b> above) and Operational Boundary for External Debt (see <b>Indicator 6</b>). Explanations for these changes are provided under <b>Indicators 4 and 6</b> respectively.</p>
Year	Executive 21/08/07 Borrowing Limit £m	Update for 2008/09 Borrowing Limit £m														
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<p><b>6 Operational Boundary for External Debt</b></p> <p>It is recommended that the County Council approves the following Operational Boundary for external debt for the same period.</p> <p>The proposed operational boundary for external debt is based on the same estimates as the Authorised Limit (ie <b>Indicator 5</b> above) but reflects an estimate of the most likely prudent, but not worst case, scenario without the additional headroom included within the Authorised Limit to allow for eg unusual cash flows.</p> <table border="1" data-bbox="212 628 1108 847"> <thead> <tr> <th>Year</th> <th>Executive 21/08/07 Borrowing Limit £m</th> <th>Update for 2008/09 Borrowing Limit £m</th> </tr> </thead> <tbody> <tr> <td>2007/08</td> <td>369.8</td> <td>360.6</td> </tr> <tr> <td>2008/09</td> <td>392.1</td> <td>390.7</td> </tr> <tr> <td>2009/10</td> <td>431.6</td> <td>438.8</td> </tr> <tr> <td>2010/11</td> <td>n/a</td> <td>465.2</td> </tr> </tbody> </table>	Year	Executive 21/08/07 Borrowing Limit £m	Update for 2008/09 Borrowing Limit £m	2007/08	369.8	360.6	2008/09	392.1	390.7	2009/10	431.6	438.8	2010/11	n/a	465.2	<p>The Operational Boundary represents a key management tool for the in year monitoring of external debt by the Corporate Director - Finance and Central Services.</p> <p>The updated figures reflect refinements which are common to the Capital Financing Requirement (see <b>Indicator 4</b> above) together with</p> <p>(a) relative levels of capital expenditure funded from surplus internal cash balances rather than taking external debt</p> <p>(b) loan repayment cover arrangements and the timing of such arrangements</p> <p>These two financing transactions affect external debt levels at any one point of time during the financial year but do not impact on the Capital Financing requirement.</p>																			
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<p><b>7 Actual External Debt</b></p> <p>The County Council's actual external debt is set out below and consists wholly of external borrowing.</p> <table border="1" data-bbox="212 1059 1108 1278"> <thead> <tr> <th rowspan="2">Year</th> <th colspan="2">Executive 21/08/07 £m</th> <th colspan="2">Update for 2008/09 £m</th> </tr> <tr> <th></th> <th></th> <th></th> <th></th> </tr> </thead> <tbody> <tr> <td>31 March 2007</td> <td>actual</td> <td>299.0</td> <td>actual</td> <td>299.0</td> </tr> <tr> <td>31 March 2008</td> <td>estimate</td> <td>-</td> <td>probable</td> <td>329.8</td> </tr> <tr> <td>31 March 2009</td> <td>estimate</td> <td>-</td> <td>estimate</td> <td>364.3</td> </tr> <tr> <td>31 March 2010</td> <td>estimate</td> <td>-</td> <td>estimate</td> <td>406.9</td> </tr> <tr> <td>31 March 2011</td> <td>estimate</td> <td>-</td> <td>estimate</td> <td>432.6</td> </tr> </tbody> </table>	Year	Executive 21/08/07 £m		Update for 2008/09 £m						31 March 2007	actual	299.0	actual	299.0	31 March 2008	estimate	-	probable	329.8	31 March 2009	estimate	-	estimate	364.3	31 March 2010	estimate	-	estimate	406.9	31 March 2011	estimate	-	estimate	432.6	<p>It should be noted that actual external debt is not directly comparable to the authorised limit (<b>Indicator 5 above</b>) and operational boundary (<b>Indicator 6 above</b>) since the actual external debt reflects a position at one point in time.</p>
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<p><b>TREASURY MANAGEMENT INDICATORS</b></p> <p><b>8 Adoption of CIPFA Code of Practice for Treasury Management</b></p> <p>The County Council formally adopted the CIPFA Code of Practice for Treasury Management in the Public Service at its meeting on 15 May 2002.</p>	<p>The County Council has fully complied with this Code following approval by Executive on 23 February 2004 of an updated Treasury Management Policy Statement incorporating 12 Treasury Management Practice statements – these statements will however be reviewed during 2008/09 to ensure they are fully compliant with all the changes in practices and Regulations that have taken place since 2004.</p>																														
<p><b>9 Interest Rate Exposures</b></p> <p>It is recommended that the County Council sets upper and lower limits on its fixed and variable interest rate exposures as a percentage of outstanding principals sums for 2008/09, 2009/10 and 2010/11 as set out below –</p> <table border="0" data-bbox="224 813 1075 1212"> <thead> <tr> <th></th> <th style="text-align: center;">Lower %</th> <th style="text-align: center;">Upper %</th> </tr> </thead> <tbody> <tr> <td colspan="3"><b>Borrowing</b></td> </tr> <tr> <td>- Fixed (07/08 lower limit was 70%)</td> <td style="text-align: center;">60</td> <td style="text-align: center;">100</td> </tr> <tr> <td>- Variable (07/08 upper limit was 30%)</td> <td style="text-align: center;">0</td> <td style="text-align: center;">40</td> </tr> <tr> <td colspan="3"><b>Investments</b></td> </tr> <tr> <td>- Fixed (07/08 upper limit was 20%)</td> <td style="text-align: center;">0</td> <td style="text-align: center;">30</td> </tr> <tr> <td>- Variable (07/08 lower limit was 80%)</td> <td style="text-align: center;">70</td> <td style="text-align: center;">100</td> </tr> <tr> <td colspan="3"><b>Combined Net Borrowing and Investments</b></td> </tr> <tr> <td>- Fixed</td> <td style="text-align: center;">120</td> <td style="text-align: center;">170</td> </tr> <tr> <td>- Variable</td> <td style="text-align: center;">-20</td> <td style="text-align: center;">-70</td> </tr> </tbody> </table>		Lower %	Upper %	<b>Borrowing</b>			- Fixed (07/08 lower limit was 70%)	60	100	- Variable (07/08 upper limit was 30%)	0	40	<b>Investments</b>			- Fixed (07/08 upper limit was 20%)	0	30	- Variable (07/08 lower limit was 80%)	70	100	<b>Combined Net Borrowing and Investments</b>			- Fixed	120	170	- Variable	-20	-70	<p>To increase both borrowing and lending flexibility, cover volatility of cash balances and be able to take full advantage of changing market conditions, some relatively minor changes are being proposed in 2008/09 as indicated opposite.</p> <p>This means that the Corporate Director – Finance and Central Services, will for <b>borrowing</b> manage fixed interest rate exposure within the range 60% to 100% of outstanding principal and variable interest rate exposure within the range 0% to 40% of outstanding principal</p> <p>for <b>investments</b> will manage fixed interest rate exposure within the range 0% to 30% of outstanding principal and variable rate exposure within the range 70% to 100% of outstanding principal. The split of investments between fixed and variable rates is based on the market convention that investments up to 365 days are regarded as being at variable rates.</p> <p>The <b>combined net borrowing and investment</b> position represents the formal Prudential Indicator for Interest Rate Exposures. On its own however it does not show clearly how borrowing and investments will be managed, hence the two separate 'local indicators' shown above.</p>
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<p><b>10 Maturity Structure of Borrowing</b></p> <p>It is recommended that the County Council sets upper and lower limits for the maturity structure of County Council borrowings as follows.</p> <p>The amount of projected borrowing maturing in each period as a percentage of total projected borrowing that is fixed rate:</p> <table border="1" data-bbox="230 566 1173 847"> <thead> <tr> <th data-bbox="230 566 629 659">Period</th> <th data-bbox="629 566 734 659">Lower Limit</th> <th data-bbox="734 566 835 659">Upper Limit %</th> <th colspan="2" data-bbox="835 566 1173 659">Memo item - actual at</th> </tr> <tr> <td></td> <td></td> <td></td> <th data-bbox="835 659 1010 735">1 April 06 %</th> <th data-bbox="1010 659 1173 735">1 April 07 %</th> </tr> </thead> <tbody> <tr> <td data-bbox="230 659 629 687">under 12 months</td> <td data-bbox="629 659 734 687">0</td> <td data-bbox="734 659 835 687">50</td> <td data-bbox="835 659 1010 687">2</td> <td data-bbox="1010 659 1173 687">2</td> </tr> <tr> <td data-bbox="230 687 629 716">12 months &amp; within 24 months</td> <td data-bbox="629 687 734 716">0</td> <td data-bbox="734 687 835 716">15</td> <td data-bbox="835 687 1010 716">2</td> <td data-bbox="1010 687 1173 716">2</td> </tr> <tr> <td data-bbox="230 716 629 745">24 months &amp; within 5 years</td> <td data-bbox="629 716 734 745">0</td> <td data-bbox="734 716 835 745">45</td> <td data-bbox="835 716 1010 745">17</td> <td data-bbox="1010 716 1173 745">11</td> </tr> <tr> <td data-bbox="230 745 629 774">5 years &amp; within 10 years</td> <td data-bbox="629 745 734 774">0</td> <td data-bbox="734 745 835 774">75</td> <td data-bbox="835 745 1010 774">15</td> <td data-bbox="1010 745 1173 774">11</td> </tr> <tr> <td data-bbox="230 774 629 802">10 years &amp; above</td> <td data-bbox="629 774 734 802">20</td> <td data-bbox="734 774 835 802">100</td> <td data-bbox="835 774 1010 802">64</td> <td data-bbox="1010 774 1173 802">74</td> </tr> <tr> <td data-bbox="230 802 629 847"></td> <td data-bbox="629 802 734 847"></td> <td data-bbox="734 802 835 847"></td> <td data-bbox="835 802 1010 847">100</td> <td data-bbox="1010 802 1173 847">100</td> </tr> </tbody> </table>	Period	Lower Limit	Upper Limit %	Memo item - actual at					1 April 06 %	1 April 07 %	under 12 months	0	50	2	2	12 months & within 24 months	0	15	2	2	24 months & within 5 years	0	45	17	11	5 years & within 10 years	0	75	15	11	10 years & above	20	100	64	74				100	100	<p>No changes are proposed to this Indicator which was marginally changed last year to provide increased borrowing flexibility and bring it into line with current practice adopted by many other local authorities. The lower limit of 20% for the period 10 years and above is designed to ensure that the County Council does not have the risk of having to repay all debt within a ten year period.</p>
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Prudential Indicator	Comment
<p><b>11 Total Principal Sums Invested for periods longer than 364 days</b></p> <p>A maximum of 20% of funds available for investment (both in house and externally managed) will be held in aggregate in ' non specified ' investments over 364 days. Based on estimated levels of funds and balances over the next three years, the need for liquidity and day to day cash flow requirements, it is forecast that £12m of the overall fund balances can be prudently committed to longer term investments over 364 days.</p>	<p>The maximum sum of £12m for investments longer than 364 days is the same as for 2007/08.</p> <p>The County Council currently has two such investments totalling £6m. A further 2 year investment of £2m made in November 2006 has ceased to be included in this category since November 2007.</p> <p>Prior to 31 March 2004, Regulations generally prevented local authorities from investing for longer than 364 days. As a result of the new Prudential Regime however, these prescriptive regulations have been abolished and replaced with Government Guidance from April 2004.</p> <p>This Guidance gives authorities more freedom in their choice of investments (including investing for periods longer than 364 days) and recognises that a potentially higher return can be achieved by taking a higher risk.</p> <p>The new flexibility requires authorities to produce an Annual Investment Strategy that classifies investments as either <b>Specified</b> (liquid, secure, high credit rating &amp; less than 365 days) or <b>Non Specified</b> (other investments of a higher risk). Non Specified investments are perfectly allowable but the criteria and risks involved must be vigorously assessed, including professional advice, where appropriate. Therefore investments for 364 days+ are now allowable as a Non Specified investment under Government Guidance. The use of such investments is therefore now incorporated into the County Council's Annual Treasury Management and Investment Strategy.</p>