PAPER NO. 4

REPORT TO THE EXECUTIVE MEETING OF 26 SEPTEMBER 2011

Status:	**Information**
Title:	**Prudential Indicator Monitoring Report to 30 June 2011**
Originator:	**Kamal Mehta, Deputy Chief Executive**
Where from:	**Management Board**
Where to next:	**Not applicable**

1 Purpose Report

1.1 To update Members with performance to date against the approved prudential indicators for 2011/12.

2 Recommendations:

2.1 Note the position of the actual prudential indicators as at 30 June 2011.

3 Summary of Reasons for the Recommendations

3.1 The Chartered Institute of Public Finance and Accountancy's (CIPFA) Prudential Code for Capital Finance in Local Authorities stipulates that the Council must approve certain prudential indicators and limits as part of the budget setting cycle, and that those indicators should be monitored during the financial year.

4 Impact on Communities

4.1 There are none arising from this report.

5 Key Facts

5.1 The Prudential Code for Capital Finance in Local Authorities began on 1 April 2004, and introduced a greater freedom for the Council's capital expenditure and financing. Part of the Code's requirements is for reporting procedures to be implemented to monitor the progress and status of the capital expenditure plans. Previously this has been achieved by publishing a quarterly monitoring report on the TEN Performance Management systems.

5.2 The approved indicators were set by Council as part of the Prudential Code and Treasury Management Strategy Report for 2011/12 on 24 February 2011. The prudential indicators for the quarter ended 30 June 2011, compared with the original approved indicators for 2011/12, are attached at Appendix A. The appendix includes a brief explanation of variances against the original target.

5.3 Certain approved indicators have been exceeded for the following reasons:

- Capital Expenditure and Financing – the indicator has been exceeded due to the carry forward of capital schemes from 2010/11 to 2011/12, as well as the inclusion of a number of additional schemes which are primarily backed by Section 106 contributions.

- The Capital Financing Requirement is now expected to be higher than originally forecast, because some of the 2010/11 schemes carried forward to 2011/12 were initially expected to be financed from capital receipts. These did not however become available.

- The Ratio of Financing Costs to Net Revenue Stream has increased, because of the reduction being experienced in interest earned on investments and the growth on the Capital Financing Requirement.

6 Legal Issues

6.1 None arising directly from this report.

7 Resource Issues

7.1 These issues are covered in section 5 of this report.

8 Equality Impact Assessment Implications/Outcomes

8.1 There are none arising from this report.

9 Impact on the Organisation

9.1 The Prudential Code has wide reaching implications for local authorities, providing greater flexibility for capital investment where spending plans can be demonstrated to be affordable, prudent and sustainable.

10 Community Safety Implications

10.1 There are none arising from this report

11 Consultation

11.1 The monitoring of prudential indicators is a requirement of the Prudential Code.

12 Options Considered

12.1 Not applicable

13 Background Papers

13.1 CIPFA's Prudential Code for Capital Finance in Local Authorities.

Previous report(s): None

Information Issued Under Sensitive Issue Procedure: No

Ward Members Notified: No

Appendices:

A. Prudential Indicators