

**FALKIRK COUNCIL**  
**PRUDENTIAL CODE INDICATORS**  
**[Excluding HRA]**

PRUDENTIAL INDICATOR		BUDGET 2012/13	OUTTURN 2012/13	COMMENTS
1.	Ratio of Financing Costs to Net Revenue Stream	5%	5%	Shows how much of the Council's income is committed to repaying debt arising from capital investment.
2.	Incremental Impact of Capital Expenditure on Council Tax	£7.96	-	Affordability Indicator showing implications of capital expenditure and its financing on the "bottom-line". The variance from budget is due to the slippage in the 2012/13 capital programme.
3.	Net External Borrowing Accounting Adjustment – Finance Lease Liabilities  Capital Financing Requirement (includes HRA) Accounting Adjustment – Finance Lease Liabilities	£'m 168.5 <u>127.4</u> 295.9  261.8  <u>133.8</u> 395.6	£'m 163.1 <u>127.4</u> 290.5  244.9  <u>133.8</u> 378.7	This is a key Prudence Indicator which shows that over the medium term external borrowing will only be for a capital purpose. The capital financing requirement reflects the underlying need to borrow to finance assets. It should be noted that the sums included as “Accounting Adjustment – Finance Lease Liabilities”, are not an increase in borrowing or need to borrow, they are merely a presentational change as a result of the requirement to report under International Reporting Standards (IFRS).
4.	Capital Expenditure	£'m 28.4	£'m 32.02	Simply the planned capital expenditure per the appended Capital Programme.
5.	Capital Financing Requirement (GF only)	£'m 324.6	£'m 311.2	The Capital Financing Requirement reflects the underlying need to borrow for Capital Investment.
6.	Authorised Limit (AL) for External Debt:- Borrowing Other Long Term Liabilities	£'m 205.0 <u>130.0</u> <u>335.0</u>	£'m 205.0 <u>127.4</u> <u>332.4</u>	This sets the maximum level of External Debt, based on capital investment plans and allowing some headroom over the Operational Boundary (see below) for exceptional circumstances.
7.	Operational Boundary (OB) for External Debt:-  Borrowing Other Long Term Liabilities	£'m  200.0 <u>130.0</u> <u>330.0</u>	£'m  200.0 <u>127.4</u> <u>327.4</u>	This is set at a lower level than the Authorised Limit and is a robust estimate of the External Debt level arising from Capital Investment Plans.

PRUDENTIAL INDICATOR		BUDGET 2012/13	OUTTURN 2012/13	COMMENTS
8.	Actual External Debt: External Borrowing Other Long Term Liabilities	<u>N/A</u>	173.7 <u>127.4</u> <u>301.1</u>	Actual External Debt per Annual Accounts 2012/13 which confirms compliance with Authorised Limit (AL) and Operational Boundary (OB)
9.	CIPFA Code of Practice for Treasury Management in the Public Services	Code has been adopted by the Council		The Treasury Management Code is designed to ensure prudence in treasury operations.

**FALKIRK COUNCIL**  
**HRA PRUDENTIAL CODE INDICATORS**

PRUDENTIAL INDICATOR		BUDGET 2012/13	OUTTURN 2012/13	COMMENTS
1.	Ratio of Financing Costs to Net Revenue Stream	19%	20%	Shows how much of the Council's HRA income is committed to repaying debt arising from capital investment. Increase is due to additional loan charges for buy out of window leases. These costs are matched by a corresponding saving as the lease charges fall out of the revenue account.
2.	Incremental Impact of Capital Exp. on weekly Rent	£0.02	£0.06	Affordability Indicator showing implications of capital expenditure and its financing on the "bottom-line". Increase is due to reduction in anticipated Council House sales which will be offset by additional rental income within the revenue account.
3.	Capital Expenditure	£'m 29.9	£'m 27.65	Simply the planned capital expenditure per the appended HRA Capital Programme
4.	Capital Financing Requirement	£'m 71.0	£'m 67.5	The Capital Financing Requirement reflects the underlying need to borrow for HRA Capital Investment