

WEST DUNBARTONSHIRE COUNCIL

Report by the Executive Director of Corporate Services

Council: 25 February 2009

Subject: Prudential Indicators 2008/09 to 2011/12 and Treasury Management Strategy 2009/10 to 2011/12

1. Purpose

1.1 The purpose of this report is to advise Members of the proposed:

- (a) Prudential Indicators for 2008/09 to 2011/12, and the
- (b) Treasury Management Strategy for 2009/10 to 2011/12

2. Background

2.1 With the introduction of the Prudential Code, the Council has freedom over capital expenditure so long as it is prudent, affordable and sustainable. In order to show it is working within these limits the Council must approve, revise and monitor a range of prudential indicators covering the forthcoming three years.

3. Main Issues

3.1 The Local Government in Scotland Act 2003 requires the Council to adopt the CIPFA Prudential Code and to produce prudential indicators. Appendix I of this report details the Council's revised indicators for 2008/09, revises the indicators for 2009/10 and 2010/11 and introduces new indicators for 2011/12.

3.2 Within this overall prudential framework there is a clear impact on the Council's treasury management activity, either through borrowing or investment activity. As a consequence the treasury management strategy for 2009/10 is included as Appendix II to complement the prudential indicators relating to the treasury activity.

4. Personnel Issues

4.1 There are none.

5. Financial Implications

5.1 The prudential indicators detailed in Appendix I show the Council's likely capital financing and borrowing requirements for the period 2008/09 to 2011/12. In each year the net borrowing requirement is in line with the capital financing requirement

6. Risk Analysis

6.1 The main risk is that capital receipts which affect the capital financing and borrowing requirement will not materialise and borrowing will require to increase as a result.

7. Conclusions

7.1 The Prudential Indicators and the Treasury Management Strategy for 2008/09 to 2011/12 have been estimated using current information and are detailed in Appendix I and II.

8. Recommendations

8.1 Members are requested to:

(a) Adopt the Prudential Indicators and Limits set out within Appendix I:

- Capital expenditure and capital financing requirements (Tables A and B)
- Authorised limits and operational boundaries (Table D)
- Actual and estimates of the ratio of financing costs to net revenue stream (Table E)
- Incremental impact of capital investment decisions on the band D council tax (Table F)
- Incremental impact of capital investment decisions on housing rent levels (Table G)

(b) Approve the statement by the Executive Director of Corporate Services regarding the external borrowing level in comparison to the capital financing requirement (Appendix I - Point 3.4).

(c) Approve the Treasury Management Strategy 2009/10, within Appendix II.

(d) Adopt the Treasury Prudential Indicators and Limits set out in Appendix II (Table K).

(e) Note that a briefing session on Treasury Management and Investments will be given to Members later in the year.

Joyce White
Executive Director of Corporate Services
Date: February 2009

Wards Affected: All wards affected.

Appendices: I Prudential Indicators 2008/09 to 2011/12
II Treasury Management Strategy 2009/10 to 2011/12

Background Papers: General Services Capital Budgetary Control –
Council 25 February 2009

General Services Capital Plan 2009/10 –
Council 25 February 2009

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