

WEST DUNBARTONSHIRE COUNCIL

Report by the Chief Executive

Council : 28 February 2007

Subject: Prudential Indicators 2007/08 to 2009/10 and Treasury Management Strategy 2007/08

1. Purpose

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

- (a) Prudential Indicators for 2007/08 to 2009/10, and the
- (b) Treasury Management Strategy for the period 1 April 2007 to 31 March 2008.

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 1 of this report details the Council's indicators for 2006/07, revises the indicators for 2007/08 and 2008/09 and introduces new indicators for 2009/10.

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 2007/08 is included as Appendix 2 to complement the prudential indicators relating to the treasury activity.

4. Personnel Issues

4.1 There are no personnel issues.

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 2006/07 to 2009/10. In each year the net borrowing requirement exceeds the capital financing requirement, however, once premiums are taken into account the situation is reversed.

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 for 2007/08 to 2009/10 and the Treasury Management Strategy for the period 1 April 2007 to 31 March 2008 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 1:-

- 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 Housing Rent levels (Table G)

(b) Approve the statement by the Head of Finance regarding the external borrowing level in comparison to the Capital Financing Requirement (Appendix 1 - Point 3.4).

(c) Approve the Treasury Management Strategy 2007/08, within Appendix 2.

(d) Adopt the Treasury Prudential Indicators and Limits set out in Appendix 2 (Table K).

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David McMillan
Chief Executive
Date: 19 February 2007

Person to Contact: Gillian Jump, Manager of Accounting, Garshake Road
Telephone (01389) 737194
Email: Gillian.Jump@west-dunbarton.gov.uk

Appendices:

- I Prudential Indicators 2007/08 to 2009/10
- II Treasury Management Strategy 2007/08 to 2009/10

Background Papers: None

Wards Affected: All wards affected