

**COUNCIL – 30 MARCH 2010 – ITEM 9- APPENDIX B- NOTE 6
(REPLACEMENT FOR PAGE 51 OF AGENDA)**

£'000's	2009/10 Revised	2010/11 Estimated	2011/12 Estimated	2012/13 Estimated
External Debt				
Debt at 1 April	83,592	83,592	83,592	83,592
Expected change in debt	0	0	0	0
Debt at 31 March	83,592	83,592	83,592	83,592
Operational Boundary	90,571	88,931	87,242	85,549
Investments				
Total Investments at 31 March	28,300	23,460	21,114	21,000
Investment change	-64	-4,840	-2,346	-114

1. The related impact of the above movements on the revenue budget are:

£'000's	2009/10 Revised	2010/11 Estimated	2011/12 Estimated	2012/13 Estimated
Revenue Budgets				
Interest on Borrowing	6,543	6,478	6,413	6,349
Related HRA Charge	4,410	4,366	4,323	4,279
Net General Fund	2,133	2,111	2,090	2,069
Borrowing Cost				
Investment income	1,522	1,074	822	878

2. Borrowing in advance of need – The Council has some flexibility to borrow funds this year for use in future years. The Director of Finance may do this under delegated power where, for instance, a sharp rise in interest rates is expected, and so borrowing early at fixed interest rates will be economically beneficial or meet budgetary constraints. Whilst the Director of Finance will adopt a cautious approach to any such borrowing, where there is a clear business case for doing so borrowing may be undertaken to fund the approved capital programme or to fund future debt maturities. Borrowing in advance will be made within the following constraints, which are in accordance with draft CLG guidance:

- It will be limited to no more than 20% of the expected increase in borrowing need (CFR) over the three year planning period; and
- Would not look to borrow more than 6 months in advance of need

3. Risks associated with any advance borrowing activity will be subject to appraisal in advance and subsequent reporting through the mid-year or annual reporting mechanism.

**Expected Movement in Interest Rates –
Medium-Term Rate Forecasts (averages)**

Annual Average %	Bank Rate	Money Rates		PWLB Rates*		
		3 month	1 year	5 year	20 year	50 year
2009/10	0.5	0.8	1.4	3.2	4.4	4.6
2010/11	0.9	1.1	2.1	4.0	5.0	5.2
2011/12	2.0	2.5	3.3	4.3	5.3	5.3
2012/13	4.5	4.8	5.3	5.3	5.5	5.3