
REPORT TO:	FINANCE AND MANAGEMENT COMMITTEE	AGENDA ITEM:	8
DATE OF MEETING:	16 October 2003	CATEGORY:	RECOMMENDED
REPORT FROM:	CHIEF FINANCE OFFICER	OPEN	
MEMBERS' CONTACT POINT:	KEVIN STACKHOUSE (595811)	DOC:	u/ks/capital/prudentialreport16-10-03.doc
SUBJECT:	THE NEW PRUDENTIAL SYSTEM FOR CAPITAL & HOUSING FINANCE IN LOCAL GOVERNMENT	REF:	
WARD(S) AFFECTED	All	TERMS OF REFERENCE:	FM08

1.0 Recommendations

- 1.1 That the Committee considers the commentary on the new Prudential System and associated consultation papers.
- 1.2 That the Council embraces the Prudential Code of Practice and adopts the principles in its service and financial planning arrangements.

2.0 Purpose of Report

- 2.1 To inform committee of a fairly significant piece of new Government legislation that will impact upon the future arrangements for capital and housing finance, together with wider service and financial planning from 1st April 2004.

3.0 Detail

- 3.1 The detail of the report is effectively the commentary contained in **Appendix 2**. An executive summary, which highlights the main points, is contained in **Appendix 1**.
- 3.2 The Committee is requested to consider the appendices, which set out the background and detail of a new prudential system for capital, and changes to housing finance arrangements.
- 3.3 In addition, it is recommended that the Council embraces best professional practice in order to adhere to the new prudential system, by adopting the code of practice which has been drawn up by the Chartered Institute of Public Finance (CIPFA).
- 3.4 It should be noted that although the main principles are now contained within the Local Government Act 2003, the Government is still consulting upon some of the

detail. As the appendices highlight, there could be a significant redistribution of resources, especially on housing, and subject to representations made by local authorities this could affect some of the detailed figures.

- 3.5 **Therefore, although the commentary provides some indication of the potential effects upon resources available for the Council, these will not be known for certain until the Council receives its draft annual financial settlement and subsidy determination for 2004/05. These are due towards the later part of November 2003.**

4.0 Financial Implications

- 4.1 These have been assessed within Appendix 2 (but note 3.5 above).

5.0 Corporate Implications

- 5.1 None.

6.0 Community Implications

- 6.1 None.

7.0 Background Papers

Local Government Act 2003

The draft Capital Finance and Accounting Regulations 2003.

Support for Local Authority Capital Investment (consultation paper)

Future Housing Capital Financing Arrangements (consultation paper)

The allocation of Management & Maintenance Allowances in Housing Subsidy (consultation paper)

Prudential Code for Capital Finance in Local Authorities (final draft)