

Capital Success: Good Practice in the Implementation of the Prudential Code

PREFACE

The purpose of this publication is to reveal to practitioners the success with which local authorities of different types have been able to seize the opportunity presented by the introduction of The Prudential Code for Capital Finance in Local Authorities (the Prudential Code). It is intended to complement CIPFA guidance on the application of the Prudential Code by demonstrating how it has been applied to achieve practical solutions to the challenges facing authorities.

After an introduction establishing the overall success with which the Prudential Code has been implemented, this review of good practice is divided into three parts. The first part demonstrates the close alignment between the successful implementation of the Prudential Code and appropriate arrangements for corporate financial planning and project appraisal. It shows how only in this way can the requirements to address the complementary demands of prudence and affordability be properly addressed.

The second part shows how the Prudential Code has given local authorities the confidence to embark on a range of often innovative projects that have supported a wide range of vital public services. These range from special educational needs, through libraries and improved customer services, to the financing of schemes to facilitate better transport.

The third and final part looks in more detail at how authorities have approached the task of setting their prudential indicators. The intention here is to demonstrate the flexibility the Prudential Code offers for authorities to apply it in a manner that is appropriate for their specific local circumstances. There is no single ideal approach to be promulgated as best practice.

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