

**MWDA PRUDENTIAL INDICATORS**

Indicator	Prudential Code Para. Reference	Summary of Indicator/ Limit Rationale		Revised 2011/12 £M (unless stated otherwise)		Outturn 2011/12 £M (unless stated otherwise)		Comment
Indicator 1	3.1	Estimated capital expenditure for the forthcoming year	<b>Capital Expenditure</b>		3.093		2.304	Savings and some slippage on the planned capital programme
			<b>Financing of Capital Expenditure</b>					Less capital financing needed due to savings on the capital programme and some slippage.
			-Grants	0.000		0.000		
			-Capital Receipts	0.000		0.000		
			-Earmarked Reserves	3.093		2.304		
			-Borrowing	<u>0.000</u>	3.093	<u>0.000</u>	2.304	
			<b>Additional In-year Capital Financing (Borrowing) requirement</b>					The amount set aside to finance capital was greater than the additional amount required
			-Borrowing (as above)	0.000		0.000		
			- Less MRP/Set aside	<u>- 1.466</u>	-1.466	<u>-1.466</u>	-1.466	

Indicator	Prudential Code Para. Reference	Summary of Indicator/Limit Rationale	Revised 2011/12 £M (unless stated otherwise)		Outturn 2011/12 £M (unless stated otherwise)		Comment	
Indicator 2	3.2	Intended to measure an Authority's underlying need to borrow to fund capital expenditure. There should be a clear linkage between this and the Authority's actual levels of external borrowing. The Code aims to ensure that over the medium term an Authority's net borrowing is only for a capital purpose and this Indicator (alongside Indicator 3) serves to ensure that this is demonstrable	<b>End of Year Capital Financing (Borrowing) requirement</b>				The capital financing requirement remains within the approved estimate	
			- Requirement b/f	36.505		36.505		
			- In-year requirement (from above)	<u>-1.466</u>	35.039	<u>-1.466</u>		35.039
			<b>Estimated/actual external borrowing</b>					
			-Estimated/actual b/f	31.616		31.616		
			-In-year requirement (from above)	<u>-1.466</u>	30.150	<u>-1.466</u>	30.150	

	Prudential Code Para. Reference	Summary of Indicator/Limit Rationale		Revised 2011/12 £M (unless stated otherwise)		Outturn 2011/12 £M (unless stated otherwise)		Comment
Indicator 3	3.3	See Indicator 2 above	<b><i>Estimated/actual net borrowing</i></b> -External borrowing (from above) -Less investments held	30.150		30.150		External borrowing remains within approved estimates
				<u>0.000</u>	30.150	<u>0.000</u>	30.150	

	Prudential Code Para. Reference	Summary of Indicator/Limit Rationale		Revised 2011/12 £M (unless stated otherwise)		Outturn 2011/12 £M (unless stated otherwise)		Comment
Indicator 4	3.4	This Indicator shows the impact that the revenue costs of capital financing decisions will have on the Authority's General Fund budget over time. If the ratio of these costs is increasing over time this highlights that a larger part of revenue resource is being taken by capital financing costs. These sums could be used for other elements of the Authority budget	<p><b><i>Estimate of Financing Costs to Net Revenue Stream</i></b></p> <ul style="list-style-type: none"> <li>-Debt Management Costs</li> <li>-Less Investment Interest (net of costs)</li> <li>-Minimum Revenue Provision (MRP)</li> </ul> <p>-Estimated Financing Costs as a proportion of Net Revenue Stream</p> <p>Ratio %</p>	1.457		1.325		The cost of capital financing as a proportion of the levy has increased but remains within acceptable levels. The increase is more a function of the levy reduction than significant cost increases.
				1.208		0.841		
				<u>1.466</u>	1.715	<u>1.466</u>	1.950	
					÷		÷	
					67.992		67.992	
					2.5%		2.9%	
Indicator 5	3.5	Arguably the ultimate consideration of the affordability of the Authority's capital investment plans is the impact of those plans Waste Disposal Levy levels	<p><b><i>Estimate of Impact of Capital Investment Decisions on Levy</i></b></p>		1.715		1.950	The cost of capital financing as a proportion of the levy has increased but remains within estimated levels. The increase is more a function of the levy reduction than significant cost increases.

	Prudential Code Para. Reference	Summary of Indicator/Limit Rationale	Revised 2011/12 £M (unless stated otherwise)		Outturn 2011/12 £M (unless stated otherwise)		Comment	
Indicator 6	3.6	This represents an absolute limit of borrowing at any one point in time. It is not, nor is intended to be a sustainable level of borrowing, but more so an approved level of maximum debt that may arise due to timing issues around new borrowings, maturities, significant cashflow transactions and rescheduling activity	<b>Authorised Limit for External Debt</b> -Estimated external borrowing (from above) -Allowance for unanticipated cashflow items calculated as 5% of Net Revenue Stream -Maturing borrowing refinanced prior to maturity of existing loans -Allowance for restructuring of loan debt where new borrowing taken in advance of associated repayment -Allowance for borrowing in respect of subsequent 2 years requirements, where rates are rising	30.150		30.150		The Authority has not exceeded the Authorised Limit for external debt
			3.400		3.400			
			0.300		0.000			
			1.000		1.000			
			<u>1.000</u>		<u>1.000</u>			
				35.850		35.850		

	Prudential Code Para. Reference	Summary of Indicator/Limit Rationale		Revised 2011/12 £M (unless stated otherwise)		Outturn 2011/12 £M (unless stated otherwise)		Comment
Indicator 7	3.7	This represents a lower level boundary of debt levels that should trigger investigation or review once it is exceeded.	<b><i>Operational Boundary for External Debt</i></b> -Estimated external borrowing (from above) -allowance for unanticipated cashflow items calculated as 2.5% of Net Revenue Stream -Maturing borrowing refinanced prior to maturity of existing loans.	30.150		30.150		The Authority has not exceeded the operational boundary for external debt
				1.700		1.700		
				<u>0.300</u>		<u>0.300</u>		
					32.150		32.150	

	Prudential Code Para. Reference	Summary of Indicators/Limit Rationale		Revised 2011/12	Outturn 2011/12	Comment
Indicator 8	3.8	These limits seek to ensure that the Authority does not expose itself to an inappropriate level of interest rate risk, and has a suitable proportion of its debt secured at certain, fixed rates	<b><i>Interest Rate Exposures</i></b> -Upper limit for fixed rate exposure on net principle outstanding sums -Lower limit for fixed rate exposure on net principle outstanding sums	100%  50%	100%  50%	

	Prudential Code Para. Reference	Summary of Indicators/Limit Rationale		Revised 2011/12	Outturn 2011/12	Comment
Indicator 9	3.9	These limits also seek to ensure that the Authority does not expose itself to an inappropriate level of interest rate and refinancing risk by ensuring that significant proportions of its debt are not scheduled to mature at similar times	<p><b>Maturing Structure of Borrowing</b></p> <p>-Upper limit on amount of projected borrowing that is fixed rate maturing in each period</p> <p>Under 12 months 12 months – 24 months 24 months – 5 years 5 years – 10 years 10 years and above</p> <p>- Lower limit on amount of projected borrowing that is fixed rate maturing in each period</p> <p>Under 12 months 12 months – 24 months 24 months – 5 years 5 years – 10 years 10 years and above</p>	<p>40%</p> <p>50%</p> <p>60%</p> <p>70%</p> <p>90%</p> <p>0%</p> <p>0%</p> <p>0%</p> <p>0%</p> <p>0%</p>	<p>40%</p> <p>50%</p> <p>60%</p> <p>70%</p> <p>90%</p> <p>0%</p> <p>0%</p> <p>0%</p> <p>0%</p> <p>0%</p>	



	Prudential Code Para. Reference	Summary of Indicator/Limit Rationale		Revised 2011/12	Outturn 2011/12	Comment
Indicator 10	3.10	These limits seek to ensure liquidity and reduce the likelihood of any inherent or associated risk	<b>Total principal sums invested for periods longer than 364 days</b>	50%	50%	