

MWDA PRUDENTIAL INDICATORS

Indicator	Prudential Code Para. Reference	Summary of Indicator/ Limit Rationale	Revised 2010/2011 £M (unless stated otherwise)	Forward 2011/2012 £M (unless stated otherwise)	Forecast 2012/2013 £M (unless stated otherwise)	Forecast 2013/2014 £M (unless stated otherwise)
Indicator 1	3.1	Estimated capital expenditure for the forthcoming year	3.873	2.918	2.046	1.800
		Capital Expenditure				
		Financing of Capital Expenditure				
		-Grants	0.000	0.000	0.000	0.000
		-Capital Receipts	0.000	0.000	0.000	0.000
		-Earmarked Reserves	3.873	2.127	0.000	0.000
		-Borrowing	0.000	0.791	2.046	1.800
		Additional In-year Capital Financing (Borrowing) requirement				
		-Borrowing (as above)	0.000	0.791	2.046	1.800
		- Less MRP/Set aside	- 1.308	-1.466	-1.606	- 1.704
			-1.308	-0.675	0.440	0.096

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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	36.505	35.197	34.522	34.963			
			<u>-1.308</u>	<u>-0.675</u>	<u>0.440</u>	<u>0.096</u>			
		End of Year Capital Financing (Borrowing) - Requirement b/f - In-year requirement (from above)	35.197	34.522	34.963				
		Estimated/actual external borrowing -Estimated/actual b/f -In-year requirement (from above)	31.616	30.308	29.633	30.074			
			<u>-1.308</u>	<u>-0.675</u>	<u>0.440</u>	<u>0.096</u>			30.170

Now also a Treasury Management indicator under the revised 2009 Treasury Management Code

Appendix 4

Indicator	Prudential Code Para. Reference	Summary of Indicator/Limit Rationale	Revised 2010/2011 £M (unless stated otherwise)	Forward 2011/2012 £M (unless stated otherwise)		Forecast 2012/2013 £M (unless stated otherwise)		Forecast 2013/2014 £M (unless stated otherwise)	
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	30.308	29.633	30.074	30.170	30.308	30.170	30.170
		Authorised Limit for External Debt -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	3.544	3.399	3.042	3.3.615	3.544	3.3.615	3.3.615
			0.300	0.300	0.300	0.300	0.300	0.300	0.300
			1.000	1.000	1.000	1.000	1.000	1.000	1.000
			<u>1.000</u>	<u>1.000</u>	<u>1.000</u>	<u>1.000</u>	<u>1.000</u>	<u>1.000</u>	<u>1.000</u>
			36.152	35.322	35.776	36.085	36.152	36.085	36.085

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Indicator 7	3.7	This represents a lower level boundary of debt levels that should trigger investigation or review once it is exceeded.	30.308	29.633	30.074	30.170	30.074	30.170	32.277
		Operational Boundary for External Debt -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.	1.772	1.699	1.701	1.807	1.701	1.807	32.075
			0.300	0.300	0.300	0.300	0.300	0.300	31.632
			32.380						

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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	<p>Interest Rate Exposures</p> <ul style="list-style-type: none"> -Upper limit for fixed rate exposure on net principle outstanding sums -Lower limit for fixed rate exposure on net principle outstanding sums 	100%	100%	100%
			50%	50%	50%	50%

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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>Maturing Structure of Borrowing</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>	40% 50% 60% 70% 90%	40% 50% 60% 70% 90%	40% 50% 60% 70% 90%	40% 50% 60% 70% 90%
				0% 0% 0% 0% 0%	0% 0% 0% 0% 0%	0% 0% 0% 0% 0%	0% 0% 0% 0% 0%

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Indicator 10	3.10	These limits seek to ensure liquidity and reduce the likelihood of any inherent or associated risk	Total principal sums invested for periods longer than 364 days	50%	50%	50%	50%