

MRWA PRUDENTIAL INDICATORS

	Prudential Code Para. Reference	Summary of Indicator/ Limit Rationale	Revised 2012/13 £M (unless stated otherwise)		Outturn 2012/13 £M (unless stated otherwise)		Comment	
Indicator 1	3.1	Estimated capital expenditure for the forthcoming year	Capital Expenditure		0.820		0.739	Savings and some slippage on the planned capital programme
			Financing of Capital Expenditure					Less capital financing needed due to savings on the capital programme and some slippage.
			-Grants	0.000	0.000			
			-Capital Receipts	0.820	0.739			
			-Earmarked Reserves	0.000	0.000			
			-Borrowing	<u>0.000</u>	0.820	<u>0.000</u>	0.739	
			Additional In-year Capital Financing (Borrowing) requirement					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>-1.308</u>	-1.308	<u>-1.308</u>	-1.308	

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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	<i>End of Year Capital Financing (Borrowing) requirement</i>					The capital financing requirement remains within the approved estimate
			- Requirement b/f	35.039		35.039		
			- In-year requirement (from above)	<u>-1.308</u>	33.731	<u>-1.308</u>	33.731	
			<i>Estimated/actual external borrowing</i>					
			-Estimated/actual b/f	31.616		31.616		
			-In-year requirement (from above)	<u>-1.308</u>	30.308	<u>-1.308</u>	30.308	

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Indicator 3	3.3	See Indicator 2 above	<i>Estimated/actual net borrowing</i> -External borrowing (from above) -Less investments held	30.308	30.308	30.308	30.308	External borrowing remains within approved estimates
				<u>0.000</u>		<u>0.000</u>		

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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><i>Estimate of Financing Costs to Net Revenue Stream</i></p> <ul style="list-style-type: none"> -Debt Management Costs -Less Investment Interest (net of costs) -Minimum Revenue Provision (MRP) -Estimated Financing Costs as a proportion of Net Revenue Stream Ratio % 	1.329		1.497		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.
				-0.857	1.780	-0.970	1.835	
				<u>1.308</u>	÷	<u>1.308</u>	÷	
					67.127		66.030	
					2.7%		2.8%	
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	<i>Estimate of Impact of Capital Investment Decisions on Levy</i>		1.780		1.835	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.

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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	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	30.308		30.308		The Authority has not exceeded the Authorised Limit for external debt
				3.356		3.301		
				0.300		0.000		
				1.000		0.000		
				<u>1.000</u>		<u>0.000</u>		
					35.964		35.609	

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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.	<p>Operational Boundary for External Debt</p> <p>-Estimated external borrowing (from above)</p> <p>-allowance for unanticipated cashflow items calculated as 2.5% of Net Revenue Stream</p> <p>-Maturing borrowing refinanced prior to maturity of existing loans.</p>	30.308		30.308		The Authority has not exceeded the operational boundary for external debt
				1.678		1.651		
				<u>0.300</u>		<u>0.000</u>		
					32.286		31.959	

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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	Interest Rate Exposures -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%	

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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</p> <p>12 months – 24 months</p> <p>24 months – 5 years</p> <p>5 years – 10 years</p> <p>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</p> <p>12 months – 24 months</p> <p>24 months – 5 years</p> <p>5 years – 10 years</p> <p>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>	

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