

MWDA PRUDENTIAL INDICATORS

Indicator	Prudential Code Para. Reference	Summary of Indicator/ Limit Rationale	Revised 2013/2014 £M (unless stated otherwise)		Forward 2014/2015 £M (unless stated otherwise)		Forecast 2015/2016 £M (unless stated otherwise)		Forecast 2016/2017 £M (unless stated otherwise)			
Indicator 1	3.1	Estimated capital expenditure for the forthcoming year	Capital Expenditure		1.383		2.411		1.405		1.312	
			Financing of Capital Expenditure									
			-Grants	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
			-Capital Receipts	0.733	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
			-Earmarked Reserves	0.650	2.411	1.405	1.405	1.405	1.405	0.207	0.207	0.207
			-Borrowing	<u>0.000</u>	1.383	<u>0.000</u>	2.411	<u>0.000</u>	1.405	<u>1.105</u>	1.312	1.312
			Additional In-year Capital Financing (Borrowing) requirement									
			-Borrowing (as above)	0.000	0.000	0.000	0.000	0.000	0.000	1.105	1.105	1.105
			- Less MRP/Set aside	<u>- 1.308</u>	-1.308	<u>-1.308</u>	-1.308	<u>-1.308</u>	-1.308	<u>- 1.355</u>	-0.250	-0.250

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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>								
			- Requirement b/f	35.039		33.731		32.423		31.115	
			- In-year requirement (from above)	<u>-1.308</u>	33.731	<u>-1.308</u>	32.423	<u>-1.308</u>	31.115	<u>0.109</u>	30.865
			<i>Estimated/actual external borrowing</i>								
			-Estimated/actual b/f	31.616		30.308		29.000		27.692	
			-In-year requirement (from above)	<u>-1.308</u>	30.308	<u>-1.308</u>	29.000	<u>-1.308</u>	27.692	<u>-0.250</u>	27.442

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

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Indicator 3	3.3	See Indicator 2 above	<i>Estimated/actual net borrowing</i>								
			-External borrowing (from above)		30.308		29.000		27.693		27.442
			-Less investments held		<u>0.000</u>	30.308	<u>0.000</u>	29.000	<u>0.000</u>	27.692	<u>0.000</u> 27.442

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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> <p>-Debt Management Costs</p> <p>-Investment Interest (net of costs)</p> <p>-Minimum Revenue Provision (MRP)</p> <p>-Estimated Financing Costs as a proportion of Net Revenue Stream</p> <p>Ratio %</p>	1.422	1.743	1.378	2.233	1.255	2.102	1.138	2.024
				-0.987		-0.453		-0.461		-0.469	
				<u>1.308</u>	÷	<u>1.308</u>	÷	<u>1.308</u>	÷	<u>1.355</u>	÷
					65.584		65.591		65.591		65.591
					2.7%		3.4%		3.2%		3.1%
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><i>Estimate of Impact of Capital Investment Decisions on Levy</i></p>		1.743		2,233		2.101		2.024

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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	<p>Authorised Limit for External Debt</p> <ul style="list-style-type: none"> -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		29.000		27.692		27.442	
				3.279		3.280		3.280		3.280	
				0.300		0.300		0.300		0.300	
				1.000		1.000		1.000		1.000	
				<u>1.000</u>		<u>1.000</u>		<u>1.000</u>		<u>1.000</u>	
					35.887		34.580		33.272		33.022

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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		29.000		27.692		27.442	
				1.640		1.640		1.640		1.640	
				<u>0.300</u>		<u>0.300</u>		<u>0.300</u>		<u>0.300</u>	
					32.248		30.940		29.632		29.382

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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	<i>Interest Rate Exposures</i> -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%	 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>	<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%	50%	50%