

MWDA PRUDENTIAL INDICATORS

Indicator	Prudential Code Para. Reference	Summary of Indicator/ Limit Rationale	Revised 2009/2010 £M (unless stated otherwise)	Outturn 2009-10 £M (unless stated otherwise)	Comment
Indicator 1	3.1	Estimated capital expenditure for the forthcoming year	4.027	0.503	Slippage on the planned capital programme
		<b>Capital Expenditure</b>			
		<b>Financing of Capital Expenditure</b>			
		-Grants	0.000	0.000	Less capital financing needed as the capital programme did not progress.
		-Capital Receipts	0.000	0.000	
		-Earmarked Reserves	0.000	0.000	
		-Borrowing	<u>4.027</u>	<u>0.503</u>	
		<b>Additional In-year Capital Financing (Borrowing) requirement</b>			
		-Borrowing (as above)	4.027	0.503	The amount set aside to finance capital was greater than the additional amount required
		- Less MRP/Set aside	<u>- 1.387</u>	<u>-1.268</u>	
			2.640	-0.765	

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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	<p><b>End of Year Capital Financing (Borrowing) requirement</b></p> <ul style="list-style-type: none"> <li>- Requirement b/f</li> <li>- In-year requirement (from above)</li> </ul>	<p>38.540</p> <p><u>2.640</u>      41.180</p>	<p>37.270</p> <p><u>-0.765</u>      36.606</p>	The capital financing requirement remains within the approved estimate
<p><b>Estimated/actual external borrowing</b></p> <ul style="list-style-type: none"> <li>-Estimated/actual b/f</li> <li>-In-year requirement (from above)</li> </ul>				<p>33.650</p> <p><u>2.640</u>      36.290</p>	<p>32.380</p> <p><u>-0.765</u>      31.615</p>	

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Indicator 3	3.3	See Indicator 2 above	<b>Estimated/actual net borrowing</b> -External borrowing (from above) -Less investments held	36.290 <u>0.000</u> 36.290	31.615 <u>0.000</u> 31.615	External borrowing remains within approved estimates

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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><b>Estimate of Financing Costs to Net Revenue Stream</b></p> <ul style="list-style-type: none"> <li>-Debt Management Costs 1.404</li> <li>-Investment Interest (net of costs) 0.536</li> <li>-Minimum Revenue Provision (MRP) <u>1.387</u></li> </ul> <p>2.269 +</p> <p>70.872</p> <p>3.2%</p>	2.269	2.136 +	The cost of capital financing as a proportion of the levy remains within estimated levels
				70.872	70.872	
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>Estimate of Impact of Capital Investment Decisions on Levy</b></p>	2.269	2.136	The cost of capital financing as a proportion of the levy remains within estimated levels

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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><b>Authorised Limit for External Debt</b></p> <ul style="list-style-type: none"> <li>-Estimated external borrowing (from above)</li> <li>-Allowance for unanticipated cashflow items calculated as 5% of Net Revenue Stream</li> <li>-Maturing borrowing refinanced prior to maturity of existing loans</li> <li>-Allowance for restructuring of loan debt where new borrowing taken in advance of associated repayment</li> <li>-Allowance for borrowing in respect of subsequent 2 years requirements, where rates are rising</li> </ul>	36.290	31.615	The Authority has not exceeded the Authorised Limit for external debt
				3.544	3.544	
				0.300	0.000	
				1.000	1.000	
				<u>1.000</u>	<u>1.000</u>	
				42.134	37.159	

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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><b>Operational Boundary for External Debt</b></p> <ul style="list-style-type: none"> <li>-Estimated external borrowing (from above)</li> <li>-allowance for unanticipated cashflow items calculated as 2.5% of Net Revenue Stream</li> <li>-Maturing borrowing refinanced prior to maturity of existing loans.</li> </ul>	<p>36.290</p> <p>1.772</p> <p><u>0.300</u></p>	<p>31.615</p> <p>1.772</p> <p><u>0.000</u></p> <p>33.387</p>	The Authority has not exceeded the operational boundary for external debt

	Prudential Code Para. Reference	Summary of Indicators/Limit Rationale		Revised 2009/2010	Outturn 2009-10	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	<p><b>Interest Rate Exposures</b></p> <ul style="list-style-type: none"> <li>-Upper limit for fixed rate exposure on net principle outstanding sums</li> <li>-Lower limit for fixed rate exposure on net principle outstanding sums</li> </ul>	<p>100%</p> <p>50%</p>	<p>100%</p> <p>50%</p>	

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9	3.9	<p>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>	<p><b>Maturing Structure of Borrowing</b>                      -Upper limit on amount of projected borrowing that is fixed rate maturing in each period                      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                      Under 12 months                      12 months – 24 months                      24 months – 5 years                      5 years – 10 years                      10 years and above</p>	<p>40% 50% 60% 70% 90%</p>	<p>40% 50% 60% 70% 90%</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	<b>Total principal sums invested for periods longer than 364 days</b>	50%	50%	