

**Merseyside Waste Disposal Authority**  
**Prudential Indicators 2008-2009**

Prudential Code Para. Reference	Summary of Indicator/ Limit Rationale	2008/2009 (£M (unless stated otherwise)) Revised	Outturn Where appropriate	Comment
Indicator 1 3.1	Estimated Capital Expenditure for the year.	<b>Capital Expenditure</b> 13.85	12.46	Reduced programme spending mainly site acquisition
		<b>Financing of Capital Expenditure</b>		Reduction in borrowing as consequence of above
		- Grants 0.50	0.50	
		- Capital Receipts 0.00	0.00	
		- Earmarked Reserves 0.00	0.00	
		- Borrowing <u>13.35</u> 13.85	<u>11.96</u> 12.46	
		<b>Additional In-year Capital Financing (Borrowing) Requirement</b>		Slippage in repayment provision required
		- Borrowing (as above) 13.35	11.96	
		- Less MRP/Set aside <u>- 0.89</u> 12.46	<u>- 0.77</u> 11.19	

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Indicator 2	3.2	Intended to measure an Authority's underlying need to borrow to 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><i>End of Year Capital Financing (borrowing) requirement</i></b> - Requirement b/f - In-year requirement (from above)	26.08 <u>12.46</u>	38.54 <u>11.19</u>	26.08 37.27 <u>11.19</u>	Consequence of reduced borrowing need.
			<b><i>Estimated/actual external borrowing</i></b> -Estimated/actual b/f -In year requirement (from above)/actual in year movement	21.19 <u>12.46</u>	33.65 <u>11.19</u>	21.19 32.38 <u>11.19</u>	As above
Indicator 3	3.3	See indicator 2 above	<b><i>Estimated/actual net borrowing</i></b> -external borrowing (from above) -Less investments held	33.65 <u>0.00</u>	33.65 <u>0.00</u>	32.38 32.38 <u>0.00</u>	As above

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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 a Local Authority budget.	<b><i>Estimate of Financing Costs to Net Revenue Stream</i></b>			
			-Debt Management Costs	1.60	1.62	
			-Investment Interest (net of costs)	0.41	0.29	
			-Minimum Revenue Provision (MRP)	0.89	0.77	
			-Estimated Financing Costs	2.90	2.68	
			As a proportion of	Divided by	Divided by	
			-Net Revenue Stream (Budget 7.0)	63.28	63.28	
			Ratio	4.58%	4.24%	No material change
Indicator 5	3.5	Arguably the ultimate consideration of the affordability of the Authority's capital investment plans is the impact of those plans on the Authority Levy and consequently on differing Council Tax levels of the five Collection Authorities	<b><i>Estimate of Impact of Capital Investment Decisions on Council Tax</i></b>	N/A	N/A	The outturn figure is not relevant for the remaining indicators

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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	<b>Authorised Limit for External Debt</b>			
			-Estimated external borrowing (from above)	33.65	32.38	
			-Allowance for unanticipated cashflow items calculated as 5% of Net Revenue Stream	3.16	3.16	
			-Maturing borrowing refinanced prior to maturity of existing loans	0.30	0.30	
			-Allowance for restructuring of loan debt where new borrowing taken in advance of associated repayment	1.00	1.00	
			-Allowance for borrowing in respect of subsequent 2 years requirements, where rates are rising	<u>1.00</u>	<u>1.00</u>	
				39.11	37.84	Continued effect of reduced Capital Spending.

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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	<b>Operation Boundary for External Debt</b> -Estimated external borrowing (from above) -Allowance for unanticipated cash flow items calculated as 2.5% of Net Revenue Stream -Maturing Borrowing refinanced prior to maturity of existing loans	33.65  1.58  <u>0.30</u> 35.53	32.38  1.58  <u>0.30</u> 34.26	As Above
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>Interest Rate Exposures</b> -Upper limit for fixed rate exposure on net principle outstanding sums -Lower limit for fixed rate exposure on net principle outstanding sums	N/A  N/A	N/A  N/A	

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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><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            N/A</p> <p>12 months-24 months      N/A</p> <p>24 months – 5 years        N/A</p> <p>5 years – 10 years            N/A</p> <p>10 years and above          N/A</p> <p>-Lower limit on amount of projected borrowing that is fixed rate maturing in each period</p> <p>Under 12 months            N/A</p> <p>12 months – 24 months      N/A</p> <p>24months – 5 years         N/A</p> <p>5 years – 10 years            N/A</p> <p>10 years and above          N/A</p>	N/A	
Indicator 10	3.10	These limits seek to ensure liquidity and reduce the likelihood of and inherent or associated risk	<b>Total principle sums invested for periods longer than 364 days</b>	N/A	N/A

