

MWDA PRUDENTIAL INDICATORS

	Prudential Code Para. Reference	Summary of Indicator/ Limit Rationale		Revised 2010/11 £M (unless stated otherwise)		Outturn 2010/11 £M (unless stated otherwise)		Comment
Indicator 1	3.1	Estimated capital expenditure for the forthcoming year	Capital Expenditure	3.873		2.330		Slippage on the planned capital programme
			Financing of Capital Expenditure					Less capital financing needed as the capital programme did not progress due to slippage.
			-Grants	0.000		0.000		
			-Capital Receipts	0.000		0.000		
			-Earmarked Reserves	3.873		2.330		
			-Borrowing	<u>0.000</u>	3.873	<u>0.000</u>	2.330	
			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	36.505		31.505		
			- In-year requirement (from above)	<u>-1.308</u>	35.197	<u>-1.308</u>	30.197	
			<i>Estimated/actual external borrowing</i>					
			-Estimated/actual b/f	31.616		31.625		
			-In-year requirement (from above)	<u>-1.308</u>	30.308	<u>-1.308</u>	30.307	

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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		30.307		External borrowing remains within approved estimates
				<u>0.000</u>	30.308	<u>0.000</u>	30.307	

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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	<i>Estimate of Financing Costs to Net Revenue Stream</i>				The cost of capital financing as a proportion of the levy remains within estimated levels
			-Debt Management Costs	1.464	1.095		
			-Investment Interest (net of costs)	0.987	0.691		
			-Minimum Revenue Provision (MRP)	<u>1.308</u>	<u>1.308</u>	1.712	
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			-Estimated Financing Costs as a proportion of Net Revenue Stream	70.872	70.872		
			Ratio %	2.5%	2.4%		
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>		1.785	1.712	The cost of capital financing as a proportion of the levy remains within estimated levels

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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) 30.308 -Allowance for unanticipated cashflow items calculated as 5% of Net Revenue Stream 3.544 -Maturing borrowing refinanced prior to maturity of existing loans 0.300 -Allowance for restructuring of loan debt where new borrowing taken in advance of associated repayment 1.000 -Allowance for borrowing in respect of subsequent 2 years requirements, where rates are rising <u>1.000</u> 		<ul style="list-style-type: none"> 30.307 3.544 0.000 0.000 <u>0.000</u> 		The Authority has not exceeded the Authorised Limit for external debt
				36.152		33.851	

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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.	<i>Operational Boundary for External Debt</i> -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.	30.308		30.307		The Authority has not exceeded the operational boundary for external debt
				1.772		1.772		
				<u>0.300</u>		<u>0.000</u>		
					32.380		32.070	

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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%	

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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%	