

Financial Appraisal - Special maintenance tippers

An internal review of lease vs. buy options for the replacement of the council's special maintenance vehicles indicated purchasing the vehicles offered a significant saving over leasing.

The option of doing nothing was rejected as the vehicles are required in order to provide the service.

Capital Budget Required									
	Yr 0	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yrs 7 to 10	Total
	£	£	£	£	£	£	£	£	£
Ford Transit heavy-duty tipper	67,000	0	0	0	0	0	0	0	67,000
Ford Transit E-Tippers (*2)	131,000	0	0	0	0	0	0	0	131,000
Total	198,000	0	0	0	0	0	0	0	198,000
Financed by:									
Prudential borrowing	198,000	0	0	0	0	0	0	0	198,000
Total	198,000	0	0	0	0	0	0	0	198,000

Revenue Consequences - Heavy Duty Tipper									
	Yr 0	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yrs 7 to 10	Total
	£	£	£	£	£	£	£	£	£
Income	0	0	0	0	0	0	0	0	0
Expenditure (including savings)	0	(2,199)	(2,191)	(2,245)	(2,301)	(2,427)	(2,488)	(10,588)	(24,438)
Net surplus/(deficit)	0	(2,199)	(2,191)	(2,245)	(2,301)	(2,427)	(2,488)	(10,588)	(24,438)
Financing costs									
Interest payments	0	(4,020)	(3,715)	(3,392)	(3,049)	(2,686)	(2,301)	(4,869)	(24,032)
Minimum Revenue Provision (MRP)*	0	(5,083)	(5,388)	(5,711)	(6,054)	(6,417)	(6,802)	(31,543)	(67,000)
Net impact on the General Fund balance	0	(11,302)	(11,294)	(11,348)	(11,405)	(11,530)	(11,591)	(47,000)	(115,470)

Revenue Consequences - E-Tippers *2									
	Yr 0	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yrs 7 to 10	Total
	£	£	£	£	£	£	£	£	£
Income	0	0	0	0	0	0	0	0	0
Expenditure (including savings)	0	(4,397)	(4,381)	(4,491)	(4,603)	(4,854)	(4,975)	(21,176)	(48,876)
Net surplus/(deficit)	0	(4,397)	(4,381)	(4,491)	(4,603)	(4,854)	(4,975)	(21,176)	(48,876)
Financing costs									
Interest payments	0	(7,860)	(7,264)	(6,632)	(5,962)	(5,251)	(4,498)	(9,520)	(46,987)
Minimum Revenue Provision (MRP)*	0	(9,939)	(10,535)	(11,167)	(11,837)	(12,547)	(13,300)	(61,674)	(131,000)
Net impact on the General Fund balance	0	(22,196)	(22,180)	(22,289)	(22,402)	(22,652)	(22,774)	(92,370)	(226,863)

*Borrowing need is reduced over the life of the asset by applying MRP annually from revenue

Assumptions

Appraisal period	10 years	Estimated minimum useful economic life of vehicles
Discount Factor	6.00%	Estimated cost of capital
Expenditure	Based on estimated ongoing requirements at today's prices	Includes vehicle excise duty, maintenance, and MOT
Inflation	2.50%	
Notional interest	6.00%	Rate based on long term borrowing rates available to WCC
Minimum Revenue Provision	6.00% on annuity basis	As above; applied in the year following asset acquisition over estimated life.