DEVON & SOMERSET FIRE & RESCUE AUTHORITY

REPORT REFERENCE NO.	**RC/12/10**
MEETING	**RESOURCES COMMITTEE**
DATE OF MEETING	**19 OCTOBER 2012**
SUBJECT OF REPORT	**FINANCIAL PERFORMANCE REPORT 2012-2013 – QUARTER 2**
LEAD OFFICER	**Treasurer to the Authority**
RECOMMENDATIONS	***(a) That the budget virement outlined in paragraph 10.1 of this report, be approved;*** ***(b) That, in accordance with Financial Regulations, the increases in the 2012-13 capital programme (to be funded from revenue contributions), as outlined in paragraph 14.2 of this report be approved;*** ***(c) That, subject to recommendations (a) and (b) above, the monitoring position in relation to projected spending against the 2012-2013 revenue and capital budgets be noted.*** **(d)** ***That the performance against the 2012-2013 financial targets be noted.***
EXECUTIVE SUMMARY	This report provides the Committee with the second quarter performance against agreed financial targets for the current financial year. In particular, it provides a forecast of spending against the 2012-2013 revenue budget with explanations for the major variations. At this stage in the financial year it is forecast that spending will be £1.402m less than budget, equivalent to 1.78% of the total budget.
RESOURCE IMPLICATIONS	As indicated in the report.
EQUALITY IMPACT ASSESSMENT	An initial assessment has not identified any equality issues emanating from this report.
APPENDICES	Appendix A – Summary of Prudential Indicators 2012-2013.
LIST OF BACKGROUND PAPERS	None.

1. INTRODUCTION

1.1 This report provides the second quarterly financial monitoring report for the current financial year, based upon the position as at the end of September 2012. As well as providing projections of spending against the 2012-2013 revenue and capital budgets, the report also includes forecast performance against other financial performance indicators, including the prudential and treasury management indicators.

1.2 Table 1 below provides a summary of performance against the key financial targets.

TABLE 1 – FORECAST PERFORMANCE AGAINST KEY FINANCIAL TARGETS 2012-2013

	Key Target	Target	Forecast Outturn		Forecast Variance	
			Quarter 2	Previous Quarter	Quarter 2 %	Previous Quarter %
1	Spending within agreed revenue budget	£78.676m	£77.274m	£78.639m	(1.78)%	(0.05)%
2	Spending within agreed capital budget	£10.060m	£8.106m	£8.746m	(19.42)%	(11.29)%
3(a)	External Borrowing within Capital Financing Requirement (CFR).	£26.464m	£27.167m	£27.167m	2.66%	(2.85)%
3(b)	External Borrowing within Authorised Borrowing Limit (Maximum Agreed Borrowing)	£34.159m	£27.167m	£27.167m	(20.46)%	(20.46)%
4	On-going Budget Savings since 2010-11	£2.642m	£3.271m	£2.642m	(23.81)%	0.00%
5	Debt Ratio (debt charges over total revenue budget)	3.98%	3.67%	3.98%	(0.31)bp	0.00bp
6	General Reserve Balance as %age of total budget (minimum)	5.00%	6.28%	6.28%	(1.28)bp	(1.28)bp
			Actual as at 30 Sept 2012	**Previous Quarter**	**Variance at 30 Sept 2012 %**	**Previous Quarter %**
7	Aged Debt (debtors more than 85 days old)	5.00%	13.67%	5.29%	8.67bp	0.29bp

1.3 The remainder of the report is split into the three sections, consisting of:

- **SECTION A** – Revenue Budget 2012/2013.
- **SECTION B** – Capital Budget and Prudential Indicators 2012/2013.
- **SECTION C** – Other Financial Indicators.

1.4 Each of these sections provides a more detailed analysis of performance, including commentary relating to the major variances.

2. SECTION A - REVENUE BUDGET 2012-2013

2.1 Table 2 overleaf provides a summary of the forecast spending against all agreed subjective budget heads, e.g. employee costs, transport costs etc. This table indicates that spending by the year end will be £77.274m compared with an agreed budget figure of £78.676m, representing an underspend of £1.402m, equivalent to 1.78% of the total budget.

2.2 This underspend position is largely attributable to the instruction given by the Chief Fire Officer and Senior Management Board to all budget holders across the organisation to trim costs wherever possible with a view to reducing their areas of budget responsibility secure £1m of savings by the end of the financial year. Delivery of in-year savings form an important part of our overall strategy to build reserve balances at this time to provide additional financial contingency during the next four year period when the more severe budget reductions are anticipated. Based on the work so far we are confident that this target can be achieved and the £1m savings are therefore reflected in the figures contained in Table 2.

2.3 A further significant contribution to the overall underspend position is a forecast reduction in retained pay costs of approximately £0.4m as a result of the positive work of recent years to reduce the number of operational incidents. It should be emphasised, however, that at this time we are still awaiting the final outcome of negotiations relating to the employment tribunal under the Part-Time Workers (less than favourable working conditions), which has ruled that retained firefighters should have had the same access to a pension scheme as their wholetime firefighter colleagues since the year 2000. As the largest employer of retained firefighters in the country it is anticipated that the costs falling on the Authority as a result of this ruling will be significant. To date, Members have agreed that a financial Provision be set aside from previous year underspends, current balance of £1m, to fund these costs when they fall. However, depending on the number of retained firefighters, both existing and retired, who opt to join the pension scheme and back date, there is a risk that this amount will not be sufficient to cover all of the costs. Should it be the case that the level of Provision is deemed insufficient then a further charge will be required against the 2012-13 underspend to increase the Provision balance.

2.4 These forecasts are based upon the spending position at the end of September 2012, historical trends, and information from budget managers on known commitments. It should be noted that whilst every effort is made for projections to be as accurate as possible, some budget lines are susceptible to volatility in spending patterns during the year e.g. retained pay costs which are linked to activity levels, and it is inevitable therefore that final spending figures for the financial year will differ than those projected in this report. Explanations of the more significant variations from budget (over £50k variance) are explained in paragraphs 3 to 9 of the report.

TABLE 2 – REVENUE MONITORING STATEMENT 2012-2013

DEVON & SOMERSET FIRE AND RESCUE AUTHORITY

Revenue Budget Monitoring Report 2012/13

Line No		2012/13 Budget £000 (1)	Year To Date Budget £000 (2)	Spending to Month 6 £000 (3)	Projected Outturn £000 (4)	Projected Variance over/ (under) £000 (5)
	SPENDING					
	EMPLOYEE COSTS					
1	Wholetime uniform staff	31,844	15,812	16,031	32,405	561
2	Retained firefighters	12,198	5,877	4,847	11,780	(418)
3	Control room staff	1,556	767	823	1,669	113
4	Non uniformed staff	10,283	5,139	5,009	10,151	(132)
5	Training expenses	1,300	650	544	976	(324)
6	Fire Service Pensions recharge	2,103	1,226	1,316	1,954	(149)
		59,284	**29,471**	**28,570**	**58,935**	**(349)**
	PREMISES RELATED COSTS					
7	Repair and maintenance	1,602	801	716	1,430	(172)
8	Energy costs	593	268	191	581	(12)
9	Cleaning costs	450	225	95	442	(8)
10	Rent and rates	1,479	818	1,053	1,511	32
		4,124	**2,112**	**2,055**	**3,964**	**(160)**
	TRANSPORT RELATED COSTS					
11	Repair and maintenance	619	309	262	614	(5)
12	Running costs and insurances	1,271	635	518	1,214	(57)
13	Travel and subsistence	1,813	813	652	1,560	(253)
		3,703	**1,757**	**1,432**	**3,388**	**(315)**
	SUPPLIES AND SERVICES					
14	Equipment and furniture	2,459	1,230	1,213	2,329	(130)
15	Hydrants-installation and maintenance	108	54	48	108	-
16	Communications	1,868	934	698	1,832	(36)
17	Uniforms	1,267	633	471	1,115	(152)
18	Catering	174	87	92	175	1
19	External Fees and Services	224	112	208	353	129
20	Partnerships & regional collaborative projects	141	70	74	141	-
		6,241	**3,120**	**2,804**	**6,053**	**(188)**
	ESTABLISHMENT COSTS					
21	Printing, stationery and office expenses	442	237	197	432	(10)
22	Advertising	57	28	20	55	(2)
23	Insurances	403	221	93	311	(92)
		902	**486**	**310**	**798**	**(104)**
	PAYMENTS TO OTHER AUTHORITIES					
24	Support service contracts	592	284	176	559	(33)
		592	**284**	**176**	**559**	**(33)**
	CAPITAL FINANCING COSTS					
25	Capital charges	4,753	2,055	1,282	4,597	(156)
26	Revenue Contribution to Capital spending	2,718	5	0	2,718	-
		7,471	**2,060**	**1,282**	**7,315**	**(156)**
27	**TOTAL SPENDING**	**82,317**	**39,290**	**36,629**	**81,012**	**(1,305)**
	INCOME					
28	Treasury management investment income	(100)	(50)	(56)	(227)	(127)
29	Grants and Reimbursements	(1,778)	(853)	(1,231)	(2,021)	(243)
30	Other income	(1,620)	(810)	(579)	(1,354)	266
31	Internal Recharges	(143)	(72)	(32)	(136)	7
32	**TOTAL INCOME**	**(3,641)**	**(1,785)**	**(1,898)**	**(3,738)**	**(97)**
33	**NET SPENDING**	**78,676**	**37,505**	**34,731**	**77,274**	**(1,402)**

3. EMPLOYEE COSTS

Wholetime Staff

3.1 At this stage it is projected that spending on wholetime pay costs will be £0.561m more than the budget figure equivalent to 1.76% of the total wholetime pay budget. This projection includes the agreed 1% pay award from 1 July 2012, and makes assumptions as to the timing of potential retirees during the course of the financial year.

Retained Pay Costs

3.2 Current forecast is for retained pay costs to be £0.418m below the agreed budget figure. In making this projection an assumption has been made that activity levels in the remainder of the financial year are consistent with the average for the same period for the last three financial years. It should be emphasised that by its very nature retained pay costs can be subject to significant variations e.g. volatility to spending caused from spate weather conditions.

Control Room Staff

3.3 The main reason for a forecast overspend against the control room staffing budget is the need to overstaff to provide adequate cover during the period of the consolidation of two control rooms, and long term sickness issues. .

Training costs

3.4 An underspend of £0.324m is currently forecast from training costs, primarily as a result of the cancellation of some planned courses e.g. Assessment Development Centres (ADC), together with a contribution from the Training Department to the overall savings strategy.

Non-Uniformed staff Costs

3.5 It is anticipated that spending against non-uniformed posts will be £0.132m less than budget from vacancy management.

Pension Costs

3.6 It is anticipated that fewer ill-health retirements than had been budgeted for will result in some savings against pension costs.

4. PREMISES RELATED COSTS

Repair and Maintenance

4.1 A forecast underspend against repair and maintenance costs of £0.172m is primarily as a consequence of a delay in the completion of improvement works at Service Headquarters associated with the fire control consolidation project.

5. TRANSPORT RELATED COSTS

Travel and Subsistence

5.1 As a result of the overall strategy to secure in-year savings it is forecast that costs associated with travel and subsistence will be £0.253m less than budget.

6. SUPPLIES AND SERVICES

Equipment and Furniture

6.1 As a result of the overall strategy to secure in-year savings it is forecast that costs associated with replacement equipment will be £0.130m less than budget.

Personal Protective Equipment (PPE)

6.2 As a result of delays in the phased roll out of replacement PPE across the Service it is forecast that this budget head will be underspent by £0.152m.

External Fees and Services

6.3 Whilst this budget head is forecast to overspend by £0.129m, as a result of external support costs to deliver projects within the Change and Improvement Programme, this cost is well within the overall budget allocated to Change and Improvement.

7. ESTABLISHMENT COSTS

Insurances

7.1 It is forecast that insurance costs will be £0.092m less than budget as a result of a fewer claims against the self-insurance fund i.e. claims less than the £5k insurance excess.

8. CAPITAL FINANCING COSTS

Capital Charges

8.1 External debt charges will be less than budget primarily as a result of slippage in capital spending against last year's capital programme and the consequential impact on financing costs.

9. INCOME

Treasury Management Investment Income

9.1 As is reported elsewhere on the agenda, within the Treasury Management Performance Report Quarter 2, higher levels of cash balances than anticipated has resulted in higher returns on temporary investments.

Grants and Reimbursements

9.2 It is anticipated that grant income will exceed budget by an amount of £0.243m primarily as a result of a Section 106 grant receipt relating to development at Hinckley Point, and grant receipts from the CLG to fund USAR initiatives.

Other Income

9.3 A forecast shortfall of £0.266m against the other income budget is a reflection of the difficult market conditions which, in particular, is having an impact on external training customers. This shortfall is partly offset by a reduction in training staff costs.

10. BUDGET VIREMENTS

10.1 Financial Regulations stipulate that in-year virements between subjective budget lines in excess of £50,000 require the approval of the Resources Committee, and the full Authority where the amount exceeds £150,000 (Regulations A19 and A20 refers). Table 3 overleaf provides details of one proposed virement which exceeds £50,000 in total, and therefore requires the approval of Resources Committee.

TABLE 3 – REQUEST FOR BUDGET VIREMENT

Budget Line	From £m	To £m	Reason
Grants and Reimbursements (Table 2 Line 29)	(0.073)		The receipt of a capital grant of £0.073m from the Department of Communities and Local Government (CLG) to be utilised to fund the provision of an Enhanced Logistics Command Vehicle within the Urban Search and Rescue Team.
Revenue Contribution to Capital Spending (Table 2 Line 26)		0.073	

10.2 For presentation purposes, the impact of this virement has already been included in Table 2 on the basis that it is approved.

11. BUDGET SAVINGS

11.1 Members will recall that in setting the 2012-13 revenue budget on-going savings of £1.6m were identified as part of our savings strategy to manage the 25% reductions in government grants over the four year period 2011-12 to 2014-15, as announced in the Comprehensive Spending Review 2010 (CSR 2010). This £1.6m of savings are in addition to £1.042m of on-going savings identified the previous year, therefore increasing the amount of savings removed from the base budget over the last two financial years to £2.642m. Table 4 below provides an analysis of how these savings have been targeted together with forecast performance against these targets by the end of the financial year.

TABLE 4 – SUMMARY OF ON-GOING BUDGET SAVINGS OVER 2010-2011

	Savings Target £m	Forecast Savings by 31 March 2013 £m
Vacancy Management	(0.575)	(0.575)
Adoption of Zero Base Budgeting and efficiency savings identified from Budget Holders	(0.647)	(1.647)
Additional Revenue from Commercial Activities	(0.495)	(0.168)
Amalgamation of control rooms	(0.503)	(0.503)
Senior Management Board restructure	(0.154)	(0.154)
Changes to mobilisation arrangements to co-responder calls	(0.075)	(0.075)
Change in policy to Automatic Fire Alarm (AFA) calls	(0.109)	(0.065)
Change in payroll provider	(0.059)	(0.059)
Dissolution of Regional Management Board	(0.025)	(0.025)
TOTAL SAVINGS	**(2.642)**	**(3.271)**

11.2 At this stage it is forecast that total savings achieved by the end of the financial year will be £3.271m, which is £0.629m more than target.

11.3 This overachievement is primarily as a result of the work with budget managers across the organisation to scrutinise their areas of budget with a view to reducing budget spend in the current year.

12. <u>RESERVES AND PROVISIONS</u>

12.1 As well as the funds available to the authority by setting an annual budget, the Authority also holds reserve and provision balances.

Reserves

12.2 There two types of Reserves held by the Authority:

Earmarked Reserves – these reserves are held to fund a **specific** purpose and can only be used to fund spending associated with that specific purpose. Should it transpire that not all of the agreed funds are required then the agreement of the Authority would be sought to decide how any remaining balance is to be utilised.

General Reserve – usage from this Reserve is **non-specific** and is held to fund any unforeseen spending that had not been included in the base budget e.g. excessive operational activity resulting in significant retained pay costs.

Provisions

12.3 In addition to reserves the Authority may also hold provisions which can be defined as:

Provisions – a Provision is held to provide funding for a liability or loss that is known with some certainty will occur in the future, but the timing and amount is less certain.

12.4 A summary of predicted balances on Reserves and Provisions is shown in Table 5 overleaf. These figures exclude any potential in-year transfers to/from the revenue budget in the current financial year.

TABLE 5 – FORECAST RESERVES AND PROVISION BALANCES 31 MARCH 2013

RESERVES	Balance as at 1 April 2012 £000	Spending to Quarter 2 £000	Projected Outturn £000	Projected Balance as at 31 March 2013 £000	
Earmarked reserves					
Lundy Island Fire Cover	12	-	12	0	
Positive pressure ventilation training	4	-	4	0	
Mobilisation equipment	57	-	57	0	
Welfare building works	15	-	15	0	
Change & improvement training	6	-	6	0	
Gold command courses	24	-	24	0	
Interagency liaison officer costs	10	-	10	0	
Grants unapplied	2,521	-	916	1,605	
Change & improvement programme	673	-	-	673	
Commercial Services	300	-	150	150	
Direct Funding to Capital	1,044	-	1,044	0	
CSR 2010	1,817	-	-	1,817	
Total earmarked reserves	**6,483**	**0**	**2,238**	**4,245**	
General reserve					
General fund balance	**4,873**			**4,873**	
Percentage of general reserve compared to net budget					6.28%
TOTAL RESERVE BALANCES	**11,356**			**9,118**	
PROVISIONS					
Part time workers - retained fire fighters	1,853	762	990	863	
TOTAL PROVISIONS	**1,853**	762	990	**863**	

13. SUMMARY OF REVENUE SPENDING

13.1 At this stage of the financial year it is forecast that revenue spending will be £1.402m less than the agreed budget figure of £78.676m, which is primarily as a result of a contribution of £1m made from budget holders across the organisation who have looked to trim costs wherever possible to secure additional savings.

13.2 No recommendations are included in this report as to how any underspend is to be utilised as there are still six months spending remaining, and the figures will be subject to change. However it is anticipated that at the year-end we will be in a position to make a further contribution to reserve balances, as part of our overall strategy to manage the significant budget reductions to come over the next four year period. Further updates on forecast performance will be reported to each meeting of Resources committee in the remainder of the financial year.

14. SECTION B – CAPITAL PROGRAMME 2012-2013 AND PRUDENTIAL INDICATORS

Monitoring of Capital Spending in 2012-2013

14.1 Table 6 overleaf provides a summary of forecast spending against the 2012-2013 capital programme. Latest projection is for capital spending to be £8.106m against a total programme of £10.060m, resulting in slippage in spending of £1.954m.

14.2 It should be noted that the 2012-13 programme agreed at the last meeting of this Committee has increased by £0.201m from £9.859m to £10.060m as a result of:

a. **New Ship Structure (£0.052m)** - The demand for maritime Firefighter training is increasing. The existing ship structure at Camels Head runs close to capacity and has down time requirements for maintenance. With one ship DSFRS has no resilience for the delivery of maritime training. The lecture, BA and domestic facilities at Camels Head are temporary (incurring on-going costs) and when in use meet only the most basic requirements .The introduction of a ship structure to the fire house at Service Training Centre, Plympton increases capacity to meet the new demand, provides resilience for our internal and external training needs and gives access to fit for purpose lecture and domestic facilities. The design of the new ship is such that it can be removed and reinstated or salvaged with relative ease, should it be required to be relocated at any future date

   The small revenue investment required to develop these facilities contributes significantly to the commercial business plan targets and the costs can be recovered in less than 12 months (dependent upon orders received and instructor capacity).. Members of the Commercial Services Committee have considered this initiative and have agreed to support the investment from the earmarked reserve set aside for commercial services activities. This means that this investment of £52k does not incur any additional debt charges to the Service budget.

b. **Enhanced Logistics Command Vehicle (£0.094m)** – Further grant monies have been received from the CLG to fund the provision of an Enhanced Logistics Command Vehicle as part of the USAR fleet. The total cost is to be funded £0.073m from CLG grant received during 2012-13 (paragraph 10.1 refers) and £0.021m from earmarked reserves.

c. **Exeter Airport – (£0.045m)** – Additional costs have been identified relating to the major development of an enhanced training facility at Exeter Airport associated with an enhanced power supply and accommodation facilities. As these costs are to fully funded from revenue savings within the Training Budget there is no associated increase in debt charges as a result of this investment.

d. **Urban Search and Rescue (£0.010m)** – Grant income received last year from the CLG being held in earmarked reserves for USAR is to be utilised to provide a temporary building within the Urban Search and Rescue (USAR) facility.

14.3 It should be emphasised that as each of these costs are to be fully funded from revenue contributions or grant income, there is no increase in the external borrowing requirement as a result of these additions. However, given that the Authority Financial Regulations require that any individual scheme, or addition to scheme, to be funded from revenue contributions in excess of £50k, require the approval of the Resources Committee, the Committee is asked to approve items (a) and (b) above.

TABLE 6 – CAPITAL MONITORING 2012-13

Capital Programme 2012/13

Item	PROJECT	2012/13 £000 Budget	2012/13 £000 Predicted outturn	2012/13 £000 Variation to budget
	Estate Development			
1	SHQ major building works	92	77	(15)
2	Major Projects - Training Facility at Exeter Airport	3,284	2,571	(713)
3	Minor improvements & structural maintenance	1,650	738	(912)
4	Welfare Facilities	15	15	-
5	USAR works	105	104	(1)
6	Minor Works slippage from 2010-11	343	343	-
7	Minor Works slippage from 2011-12	1,674	1,363	(311)
8	STC - Ship Structure	52	52	-
	Estates Sub Total	**7,215**	**5,263**	**(1,952)**
	Fleet & Equipment			
9	Appliance replacement	700	700	-
10	Specialist Operational Vehicles	920	920	-
11	Vehicles funded from revenue	94	94	-
12	Equipment	242	240	(2)
13	Appliance and Specialist Operational Vehicles slippage	889	889	-
	Fleet & Equipment Sub Total	**2,845**	**2,843**	**(2)**
	Overall Capital Totals	**10,060**	**8,106**	**(1,954)**
	Programme funding			
	Main programme	4,194	2,240	(1,954)
	Revenue funds	3,845	3,845	-
	Grants	2,021	2,021	-
		10,060	**8,106**	**(1,954)**

Slippage in Capital Spending 2012-13

14.4 At this stage in the financial year capital spending in 2012-13 is projected to be £1.954m less than the agreed programme. Whilst a good start has been made on the Estates projects, it is anticipated that there will be some slippage against some projects which will require unused funding to be carried forward into 2013-14. In particular, in relation to the Training Academy Exeter Airport project, whilst the contract has been placed with the contractor and a start has been made on site, the contract period is set at 45 weeks but the current and forecast weather conditions over the next month or two do give some cause for concern in terms of delays to progress on site. Current cashflow projections indicate that there will be circa £713k of the project cost carried through to 2013-14.

Prudential Indicators (including Treasury Management)

14.5 Appendix A provides a summary of forecast performance against all of the agreed Prudential Indicators for 2012-2013, which illustrates that at this time there is no anticipated breach of any of these indicators.

External Borrowing

14.6 Table 6 illustrates how the forecast spending of £8.106m is to be financed, which includes additional borrowing of £2.240m to finance capital spending. As was reported in the previous report, additional borrowing of £2m was taken during the first quarter of the financial year which increased total borrowing as at 30 June 2012 to £29.066m. No further borrowing has been taken during the second quarter and an amount of £0.699m has been repaid to the PWLB resulting in the external borrowing figure reducing to £28,367m, forecast to reduce to £27.167m by 31 March 2013. This level of borrowing is well within the Authorised Limit for external debt of £34.159m (the absolute maximum the Authority has agreed as affordable).

Treasury Management Income

14.7 At this stage of the year income from the investment of working balances into short-term deposits is anticipated to exceed the target figure of £0.100m by 31 March 2013, as a result of higher cash balances than anticipated. Investment returns for quarter 2 have yielded an average return of 0.67%, which outperforms the LIBID 3 Month return (industry benchmark) of 0.60% for the quarter.

15. SECTION C - OTHER FINANCIAL PERFORMANCE INDICATORS

Aged Debt Analysis

15.1 Total debtor invoices outstanding as at 30 September 2012 is £99,920, compared to £175,997 as at 30 June 2012.

15.2 Of this figure an amount of £13,667 (£9,306 as at 30 June 2012) was due from debtors relating to invoices that are more than 85 days old, equating to 13.67% (5.29% as at 30 June 2012) of the total debt outstanding. Table 7 below provides a summary of all debt outstanding as at 30 September 2012.

TABLE 7 – OUTSTANDING DEBT AS AT 30 SEPTEMBER 2012

	Total Value £	**%**
Current (allowed 28 days in which to pay invoice)	49,702	49.74%
1 to 28 days overdue	32,182	32.21%
29-56 days overdue	2,919	2.93%
57-84 days overdue	1,450	1.45%
Over 85 days overdue	13,667	13.67%
Total Debt Outstanding as at 30 September 2012	**99,920**	**100.00%**

15.3 As the Committee will be aware from previous reports on this issue, more stringent procedures were introduced during 2011-12 to the collection of long term debt resulting in a significant improvement to the Aged Debt Ratio. However during the last quarter the 5% target has been breached (13.67%). This is partly as a result of the overall debt being so low in quarter 2 that one specific debt for £6,479 moving into the over 85 days category has had a disproportionate increase in the over 85 days ratio. This specific debt relates to compensation monies due to the Authority for salaries paid to a member of staff during a period of absence, as a result of injuries sustained in an accident outside of work. Whilst there is no reason to suggest that this debt will not be paid, actual settlement is subject to the matter being resolved by solicitors.

<u>Payment of Supplier Invoices within 30 days</u>

15.4 The authority attempts to pay its suppliers promptly. The target is that 98% of invoices should be paid within 30 days (or other agreed credit terms). At the end of September our performance stood at 96.26%, which is just below our target.

KEVIN WOODWARD
Treasurer to the Authority

PRUDENTIAL INDICATORS 2012-2013

Prudential Indicators and Treasury Management Indicators	Forecast £m	Target £m	Variance (favourable) /adverse
Capital Expenditure	**8.106**	**10.060**	**(£1.954m)**
Capital Financing Requirement (CFR) - Total - Borrowing - Other long term liabilities	**28.022** 26.464 1.558	**29.961** 28.403 1.558	**(£1.939m)**
Authorised limit for external debt - Total - Borrowing - Other long term liabilities	**28.725** 27.167 1.558	**35.746** 34.159 1.587	**(£7.021m)**
Debt Ratio (debt charges as a %age of total revenue budget	**3.67%**	**3.98%**	**(0.31)bp**
Cost of Borrowing – Total -Interest on existing debt as at 31-3-12 -Interest on proposed new debt in 2012-13	**1.197** 1.147 0050	**1.246** 1.147 0.099	**(£0.049m)**
Investment Income – full year	**0.227**	**0.100**	**(£0.127m)**
	Actual (30 Sept 2012) %	**Target for quarter %**	Variance (favourable) /adverse
Investment Return	**0.67%**	**0.60%**	**(0.07) bp**

Prudential Indicators and Treasury Management Indicators	Forecast (31 March 2013) %	Target Upper limit %	Target Lower limit %	Variance (favourable) /adverse %
Limit of fixed interest rates based on net debt	100.00%	100.00%	70.00%	0.00%
Limit of variable interest rates based on net debt	0.00%	30.00%	0.00%	(30.00%)
Maturity structure of borrowing limits				
Under 12 months	3.51%	30.00%	0.00%	(26.49%)
12 months to 2 years	0.99%	30.00%	0.00%	(29.01%)
2 years to 5 years	1.15%	50.00%	0.00%	(48.85%)
5 years to 10 years	5.03%	75.00%	0.00%	(69.97%)
10 years and above	89.31%	100.00%	50.00%	(10.69%)