DEVON & SOMERSET
FIRE & RESCUE AUTHORITY

REPORT REFERENCE NO.	**RC/13/1**
MEETING	**RESOURCES COMMITTEE**
DATE OF MEETING	**4 FEBRUARY 2013**
SUBJECT OF REPORT	**FINANCIAL PERFORMANCE REPORT 2012-2013 – Quarter 3**
LEAD OFFICER	**Treasurer to the Authority**
RECOMMENDATIONS	***(a) That the Authority be recommended to approve the virement as detailed in paragraph 10.1 of this report;*** ***(b) That, subject to (a) above, the monitoring position in relation to projected spending against the 2012-2013 revenue and capital budgets as set out in this report be noted;*** ***(c) That the performance against the 2012-2013 financial targets be noted.***
EXECUTIVE SUMMARY	This report provides the Committee with the third 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 £1.564m less than budget, equivalent to 1.98% of the total budget.
RESOURCE IMPLICATIONS	As indicated in the report.
EQUALITY BENEFITS AND RISKS ANALYSIS (ERBA)	Not applicable.
APPENDICES	Appendix A – Summary of Prudential Indicators 2012-2013.
LIST OF BACKGROUND PAPERS	None.

1. INTRODUCTION

1.1 This report provides the third quarterly financial monitoring report for the current financial year, based upon the position as at the end of December 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 3	Previous Quarter	Quarter 3 %	Previous Quarter %
1	Spending within agreed revenue budget	£78.677m	£77.113m	£77.274m	(1.98)%	(1.78)%
2	Spending within agreed capital budget	£10.633m	£5.884m	£8.106m	(44.66)%	(19.42)%
3(a)	External Borrowing within Capital Financing Requirement (CFR).	£24.833m	£27.167m	£27.167m	9.40%	2.66%
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	£3.328m	£3.271m	(25.96)%	(23.81)%
5	Debt Ratio (debt charges over total revenue budget)	3.98%	3.71%	3.67%	(0.26)bp	(0.31)bp
6	General Reserve Balance as %age of total budget (minimum)	5.00%	6.19%	6.19%	(1.19)bp	(1.19)bp
			Actual as at 31 Dec 2012 %	Previous Quarter %	Variance at 31 Dec 2012 %	Previous Quarter %
7	Aged Debt Ratio (debtors more than 85 days old)	See paragraph 15.4 of report	N/A	N/A	N/A	N/A

1.3 The remainder of the report is split into the three sections 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 £77.113m compared with an agreed budget figure of £78.677m, representing an underspend of £1.564m, equivalent to 1.98% 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 December 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 10 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 9 £000 (3)	Projected Outturn £000 (4)	Projected Variance over/ (under) £000 (5)
	SPENDING					
	EMPLOYEE COSTS					
1	Wholetime uniform staff	31,833	23,822	24,140	32,354	521
2	Retained firefighters	12,134	8,895	7,682	11,710	(424)
3	Control room staff	1,568	1,168	1,208	1,618	50
4	Non uniformed staff	10,533	7,760	7,675	10,438	(95)
5	Training expenses	1,304	978	636	1,006	(298)
6	Fire Service Pensions recharge	2,103	1,752	1,760	1,939	(164)
		59,475	**44,375**	**43,101**	**59,065**	**(410)**
	PREMISES RELATED COSTS					
7	Repair and maintenance	1,129	1,214	903	1,091	(38)
8	Energy costs	593	416	332	516	(77)
9	Cleaning costs	453	340	203	412	(41)
10	Rent and rates	1,476	1,224	1,427	1,521	45
		3,651	**3,194**	**2,865**	**3,540**	**(111)**
	TRANSPORT RELATED COSTS					
11	Repair and maintenance	602	451	400	555	(47)
12	Running costs and insurances	1,271	953	1,248	1,264	(7)
13	Travel and subsistence	1,714	1,268	966	1,444	(270)
		3,587	**2,672**	**2,614**	**3,263**	**(324)**
	SUPPLIES AND SERVICES					
14	Equipment and furniture	2,349	1,835	1,774	2,150	(199)
15	Hydrants-installation and maintenance	108	81	65	108	-
16	Communications	1,869	1,401	1,074	1,778	(91)
17	Uniforms	1,267	950	735	1,096	(171)
18	Catering	174	131	140	185	11
19	External Fees and Services	224	168	323	393	169
20	Partnerships & regional collaborative projects	237	103	80	240	3
		6,228	**4,669**	**4,191**	**5,950**	**(278)**
	ESTABLISHMENT COSTS					
21	Printing, stationery and office expenses	462	358	278	410	(52)
22	Advertising	50	37	24	39	(11)
23	Insurances	403	312	342	443	40
		915	**707**	**644**	**892**	**(23)**
	PAYMENTS TO OTHER AUTHORITIES					
24	Support service contracts	585	427	292	520	(65)
		585	**427**	**292**	**520**	**(65)**
	CAPITAL FINANCING COSTS					
25	Capital charges	4,669	2,499	2,234	4,461	(208)
26	Revenue Contribution to Capital spending	3,208	8	0	3,208	-
		7,877	**2,507**	**2,234**	**7,669**	**(208)**
27	**TOTAL SPENDING**	**82,318**	**58,551**	**55,941**	**80,899**	**(1,419)**
	INCOME					
28	Treasury management investment income	(100)	(75)	(97)	(240)	(140)
29	Grants and Reimbursements	(1,778)	(1,279)	(1,733)	(2,061)	(283)
30	Other income	(1,620)	(1,215)	(877)	(1,399)	221
31	Internal Recharges	(143)	(107)	(32)	(86)	57
32	**TOTAL INCOME**	**(3,641)**	**(2,676)**	**(2,739)**	**(3,786)**	**(145)**
33	**NET SPENDING**	**78,677**	**55,875**	**53,202**	**77,113**	**(1,564)**

3. EMPLOYEE COSTS

Wholetime Staff

3.1 At this stage it is projected that spending on wholetime pay costs will be £0.521m more than the budget figure equivalent to 1.64% 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 £0.424m 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. .

Non-Uniformed staff Costs

3.4 It is anticipated that spending against non-uniformed posts will be £0.095m less than budget primarily from vacancy management.

Training costs

3.5 An underspend of £0.298m 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.

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

Energy Costs

4.1 It is anticipated that energy costs will be £0.077m less than budget as a consequence of initiatives to reduce usage e.g. installation of smart meters into fire stations.

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 £0.270m 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 £0.199m less than budget.

Communications

6.2 As a result of the overall strategy to secure in-year savings it is forecast that costs associated with communications and ICT replacement will be £0.091m less than budget.

Personal Protective Equipment (PPE)

6.3 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 £0.171m.

External Fees and Services

6.4 Whilst this budget head is forecast to overspend by £0.169m, 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

Printing and Stationery

7.1 As a result of the overall strategy to secure in-year savings it is forecast that costs associated with replacement equipment will be £0.052m less than budget.

8. PAYMENTS TO OTHER AUTHORITIES

Support Service Contracts

8.1 Reduction in fees for external audit and the Occupational Health Unit will result in savings from external support costs.

9. CAPITAL FINANCING COSTS

Capital Charges

9.1 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.

10. INCOME

Treasury Management Investment Income

10.1 As is reported elsewhere on the agenda, within the Treasury Management Performance Report Quarter 3, higher levels of cash balances than anticipated has resulted in higher returns on temporary investments.

Grants and Reimbursements

10.2 It is anticipated that grant income will exceed budget by an amount of £0.283m 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

10.3 A forecast shortfall of £0.221m 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 below provides details of one proposed virement which exceeds £150,000 in total, and therefore requires the approval of Fire and Rescue Authority.

TABLE 3 – REQUEST FOR BUDGET VIREMENT

Budget Line	From £m	To £m	Reason
Premises Related Costs – Repair and Maintenance (Table 2 Line 7)	(0.490)		This virement is not a request for further funding, it is an accounting issue to recognise that the amount of £0.490m included in the 2012-13 revenue budget to fund the refurbishment of the Fire Control building at Service Headquarters, is required to be capitalised due to the nature of the improvement works to be completed.
Revenue Contribution to Capital Spending (Table 2 Line 26)		0.490	

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. At this stage it is forecast that total savings achieved by the end of the financial year will be £3.328m, which is £0.686m more than target.

11.2 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. RESERVES AND PROVISIONS

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 4 overleaf. These figures exclude any potential in-year transfers to/from the revenue budget in the current financial year.

<u>TABLE 4 – FORECAST RESERVES AND PROVISION BALANCES 31 MARCH 2013</u>

RESERVES	Balance as at 1 April 2012 £000	Spending to Quarter 3 2012 £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	56	57	0	
Welfare building works	15	-	15	0	
Change & improvement training	6	2	4	2	
Gold command courses	24	17	24	0	
Interagency liaison officer costs	10	8	10	0	
Grants unapplied in 2010-11	2,521	184	650	1,871	
Change & improvement programme	673	-	-	673	
Commercial Services	300	51	80	220	
Direct Funding to Capital	1,044	-	1,044	0	
CSR 2010	1,817	-	-	1,817	
Total earmarked reserves	**6,483**	**318**	**1,900**	**4,583**	
General reserve					
General fund balance	**4,873**			**4,873**	
Percentage of general reserve compared to net budget					6.19%
TOTAL RESERVE BALANCES	**11,356**			**9,456**	
PROVISIONS					
Part time workers - retained fire fighters	1,853	857	990	863	
TOTAL PROVISIONS	**1,853**	857	990	**863**	

13. SUMMARY OF REVENUE SPENDING

13.1 At this stage of the financial year it is forecast that revenue spending will be £1.564m less than the agreed budget figure of £78.677m, primarily as a result of the £1m savings achieved from budget holders across the organisation who have looked to trim costs wherever possible,

13.2 No recommendations are included in this report as to how any underspend is to be utilised as there are still three months spending remaining, and the figures will be subject to change e.g. potential for additional pension costs resulting from the employment tribunal under the Part-Time Workers (Prevention of Less Favourable Treatment) Regulations 2000. It is anticipated, however, that at the year-end we will be in a position to make a further contribution to reserve balances to support our overall strategy to manage the significant budget reductions to come over the next four year period. A further update based on quarter 4 will be reported to the next meeting of this Committee in May 2013.

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

Monitoring of Capital Spending in 2012-2013

14.1 Table 5 overleaf provides a summary of forecast spending against the 2012-2013 capital programme. Latest projection is for capital spending to be £5.884m against a total programme of £10.633m, resulting in slippage in spending of £4.749m.

14.2 It should be noted that the 2012-13 programme agreed at the last meeting of this Committee has increased by £0.573m from £10.060m to £10.633m as a result of:

a. **Fire Control Building (£0.490m)** – As is reported in paragraph 10.1 of this report funds were included in the revenue budget to cover the refurbishment costs associated with the Fire Control building at Service Headquarters, to recognise that the work on the building will be of a capital nature provision is needed to be made in the capital programme. The scheme will still funded from a revenue contribution to capital as originally agreed.

b. **Light vehicles replacement (£0.083m)** – A further £0.083m to fund replacement of light vehicles to be funded from CLG grant income and revenue contributions to capital.

14.3 It should be emphasised that as each of these schemes 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.

TABLE 5 – 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	2,184	(1,100)
3	Minor improvements & structural maintenance	2,140	530	(1,610)
4	Welfare Facilities	15	15	-
5	USAR works	105	105	-
6	Minor Works slippage from 2010-11	343	343	-
7	Minor Works slippage from 2011-12	1,674	1,063	(611)
8	STC - Ship Structure	52	52	-
	Estates Sub Total	**7,705**	**4,369**	**(3,336)**
	Fleet & Equipment			
9	Appliance replacement	700	540	(160)
10	Specialist Operational Vehicles	920	59	(861)
11	Vehicles funded from revenue	177	177	-
12	Equipment	242	91	(151)
13	Appliance and Specialist Operational Vehicles slippage	889	648	(241)
	Fleet & Equipment Sub Total	**2,928**	**1,515**	**(1,413)**
	Overall Capital Totals	**10,633**	**5,884**	**(4,749)**
	Programme funding			
	Main programme	4,179	602	(3,577)
	Revenue funds	4,433	3,261	(1,172)
	Grants	2,021	2,021	-
		10,633	**5,884**	**(4,749)**

Slippage in Capital Spending 2012-13

14.4 Members are aware that this Authority has a three rolling capital programme, reviewed annually. This reflects changes in circumstances within individual projects and slippage that will occur from time to time. This is not unusual as is the case for the Training Academy at Exeter Airport. This has been delayed due to contract negotiations, contaminated land and poor weather. As a consequence, £1.1m has slipped into 2013/14. It is proposed to not proceed with projects planned for 2013/14, reducing the budget significantly. Those projects that have slipped into 2013/14 have been reassessed and a further £1.1m saved as a consequence by only taking forward those already committed.

14.5 There has also been slippage within the Fleet replacement programme from 2012/13 of £1m. Again this is not unusual and remains within the arrangements for a three rolling capital programme. This is a result of aligning the Specialist Vehicle replacement with the Tiered Approach at Tier 3. These vehicles are essential to the programme and include, Environmental Units, Incident Command Units, Prime Movers and 4 x 4 capability recognising the need to have improved arrangements for off-road, flooding and snow. This also includes vehicles for the Training Academy at Exeter Airport. These vehicles are all in various stages of build and the slippage reflects the continuations payments which allow the vehicles to be completed during 2013/14.

Prudential Indicators (including Treasury Management)

14.6 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

14.7 Table 5 illustrates how the forecast spending of £5.884m is to be financed, which includes additional borrowing of £0.602m 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 September 2012 to £28,367m. It is forecast that this figure will reduce to £27.167m by 31 March 2013 as a result of debt repayments. 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

14.8 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 3 have yielded an average return of 0.49%, which outperforms the LIBID 3 Month return (industry benchmark) of 0.40% for the quarter.

15. SECTION C - OTHER FINANCIAL PERFORMANCE INDICATORS

Aged Debt Analysis

15.1 Total debtor invoices outstanding as at 31 December 2012 is £249,120, an increase on the previous reported figure of £99,920 as at 30 September 2012.

15.2 Of this figure an amount of £10,274 (£13,667 as at 30 September 2012) was due from debtors relating to invoices that are more than 85 days old, equating to 4.12% (13.67% as at 30 September 2012) of the total debt outstanding. Table 7 below provides a summary of all debt outstanding as at 31 December 2012.

TABLE 6 – OUTSTANDING DEBT AS AT 31 DECEMBER 2012

	Total Value £	**%**
Current (allowed 28 days in which to pay invoice)	178,473	71.64%
1 to 28 days overdue	14,244	5.72%
29-56 days overdue	46,084	18.50%
57-84 days overdue	45	0.02%
Over 85 days overdue	10,274	4.12%
Total Debt Outstanding as at 31st December 2012	**249,120**	**100.00%**

15.3 The latest value of debts more than 85 days old of £10,274 compares to a figure of £13,667 for the previous quarter therefore showing a small improvement of £3,394, and yet the ratio improves significantly from 13.67% as at 30 September 2012, to 4.12% as at 31 December 2012. This disproportionate improvement in the ratio is primarily because the total value of value debt outstanding as at 31 December 2012 is more than twice the amount as at 30 September.

15.4 Given this volatility it was agreed at the last meeting that I consider a more meaningful presentation of the figures. Having considered other means of presentation e.g. measuring against a cash sum, or against the number of invoices which are more than 85 days old, I propose that given the small numbers involved that I provide a list of those debts more than 85 days old and more than £1,000 in value, together with an update of action being taken. This way Members can see the total picture and seek further information as necessary. Table 7 below provides this detail as at 31 December 2012.

TABLE 7 – DEBTS OUTSTANDING FOR MORE THAN 85 DAYS

	No	**Total Value**	**Action Taken**
Debts less than £1,000	5	£2,460	Each debt being pursued by the Risk and Insurance Officer.
Employee A	1	£1,334	Debt relates to a third party insurance claim.Being repaid by employee at £100 per month
Employee B	1	£6,479	Debt relates to third party insurance claim, Payment will be subject to insurance company settling the claim.

Payment of Supplier Invoices within 30 days

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 December 2012 our performance stood at 96.41%, just below our target.

KEVIN WOODWARD
Treasurer to the Authority

APPENDIX A TO REPORT RC/13/1

PRUDENTIAL INDICATORS 2012-2013

Prudential Indicators and Treasury Management Indicators	**Forecast £m**	**Target £m**	**Variance (favourable) /adverse**
Capital Expenditure	**5.884**	**10.633**	**(£4.749m)**
Capital Financing Requirement (CFR) - Total - Borrowing - Other long term liabilities	**26.391** 24.833 1.558	**29.961** 28.403 1.558	**(£3.570m)**
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	**3.71%**	**3.98%**	**(0.28)bp**
Cost of Borrowing – Total -Interest on existing debt as at 31-3-12 -Interest on proposed new debt in 2012-13	**1.211** 1.147 0064	**1.246** 1.147 0.099	**(£0.035m)**
Investment Income – full year	**0.240**	**0.100**	**(£0.140m)**
	Actual (31 Dec 2012) %	**Target for quarter %**	Variance (favourable) /adverse
Investment Return	**0.49%**	**0.40%**	**(0.09) 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%)