REPORT REFERENCE NO.	**RC/14/15**
MEETING	**RESOURCES COMMITTEE**
DATE OF MEETING	**20 NOVEMBER 2014**
SUBJECT OF REPORT	**FINANCIAL PERFORMANCE REPORT 2014-2015: QUARTER 2**
LEAD OFFICER	**Treasurer to the Authority**
RECOMMENDATIONS	***(a) That it be recommended to the Devon and Somerset Fire and Rescue Authority that a transfer of £1.5m be made to Earmarked Reserves (to be utilised as a further revenue contribution to capital spending), to be funded from the forecast underspend against the 2014-15 Revenue Budget. and,*** ***(b) That subject to (a) above, the monitoring position in relation to projected spending against the 2014-2015 revenue and capital budgets be noted; and*** ***(c) That the performance against the other 2014-2015 financial targets be noted.***
EXECUTIVE SUMMARY	This report provides the Committee with the second quarter performance (to September 2014) against agreed financial targets for the current financial year. In particular, it provides a forecast of spending against the 2014-2015 revenue budget with explanations of the major variations. At this stage in the financial year it is forecast that spending will be £0.862m (net of a proposed transfer of £1.5m to Earmarked Reserves contained in this report) less than budget, equivalent to 1.1% of the total budget. This overall saving is largely attributable to the implementation of the Corporate Plan changes agreed in July 2013, together with a strategy to work with budget holders to identify in-year savings against budget heads. At this stage no recommendations are made in relation to how this forecast saving is to be utilised.
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 2014-2015.
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 2014. As well as providing projections of spending against the 2014-2015 revenue and capital budget, 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 –PERFORMANCE AGAINST KEY FINANCIAL TARGETS 2014-2015

	Key Target	Target	Forecast Outturn		Forecast Variance	
			Quarter 2	Previous Quarter	Quarter 2 %	Previous Quarter %
	Revenue Targets					
1	Spending within agreed revenue budget	£75.794m	£74.932m	£73.732m	(1.13%)	(2.72%)
2	General Reserve Balance as %age of total budget (minimum)	5.00%	6.85%	6.85%	(1.85)bp	(1.85)bp
	Capital Targets					
3	Spending within agreed capital budget	£7.154m	£5.557m	£6.891m	(22.32)%	(2.85)%
4	External Borrowing within Prudential Indicator limit	£23.430m *revised*	£25.944m	£26.214m	10.73%	11.88%
5	Debt Ratio (debt charges over total revenue budget)	3.85%	3.65%	3.65%	(0.20)bp	(0.20)bp

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

- **SECTION A** – Revenue Budget 2014-15.
- **SECTION B** – Capital Budget and Prudential Indicators 2014-15.
- **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 2014-2015

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 £74.932m compared with an agreed budget figure of £75.794, representing a saving of £0.862m (£2.062m in Q1), and equivalent to 1.13% of the total budget.

2.2 It should be noted that the forecast spending figure includes a proposed transfer of £1.5m to Earmarked Reserves, as outlined in paragraph 9.6 of this report.

TABLE 2 – REVENUE MONITORING STATEMENT 2014-2015

DEVON & SOMERSET FIRE AND RESCUE AUTHORITY
Revenue Budget Monitoring Report 2014/15

Line No		2014/15 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	30,348	15,143	14,517	29,558	(790)
2	Retained firefighters	12,444	5,921	5,693	12,219	(226)
3	Control room staff	1,630	808	806	1,647	17
4	Non uniformed staff	9,646	4,814	4,550	9,358	(288)
5	Training expenses	1,030	515	436	1,030	0
6	Fire Service Pensions recharge	2,211	1,285	(268)	2,167	(44)
		57,309	**28,486**	**25,734**	**55,979**	**(1,330)**
	PREMISES RELATED COSTS					
7	Repair and maintenance	1,408	704	723	1,262	(146)
8	Energy costs	627	265	386	586	(41)
9	Cleaning costs	443	221	355	423	(20)
10	Rent and rates	1,617	942	1,030	1,591	(26)
		4,095	**2,133**	**2,494**	**3,862**	**(233)**
	TRANSPORT RELATED COSTS					
11	Repair and maintenance	611	305	234	534	(77)
12	Running costs and insurances	1,329	845	410	1,325	(4)
13	Travel and subsistence	1,533	673	718	1,522	(11)
		3,472	**1,823**	**1,362**	**3,380**	**(92)**
	SUPPLIES AND SERVICES					
14	Equipment and furniture	2,850	1,425	1,173	2,767	(83)
16	Hydrants-installation and maintenance	128	64	29	128	-
17	Communications	2,057	1,028	885	2,057	0
18	Uniforms	1,176	588	220	1,084	(92)
19	Catering	158	79	110	160	2
20	External Fees and Services	72	36	83	47	(25)
21	Partnerships & regional collaborative projects	138	69	32	138	-
		6,579	**3,289**	**2,533**	**6,381**	**(198)**
	ESTABLISHMENT COSTS					
22	Printing, stationery and office expenses	349	198	158	299	(50)
23	Advertising	32	16	16	26	(6)
24	Insurances	372	351	460	373	1
		753	**565**	**635**	**698**	**(55)**
	PAYMENTS TO OTHER AUTHORITIES					
25	Support service contracts	601	270	421	588	(13)
		601	**270**	**421**	**588**	**(13)**
	CAPITAL FINANCING COSTS					
26	Capital charges	4,377	962	1,322	4,154	(223)
27	Revenue Contribution to Capital spending	1,854	-	-	1,854	-
		6,231	**962**	**1,322**	**6,008**	**(223)**
28	**TOTAL SPENDING**	**79,039**	**37,528**	**34,501**	**76,895**	**(2,144)**
	INCOME					
29	Treasury management investment income	(100)	(50)	(38)	(138)	(38)
30	Grants and Reimbursements	(2,367)	(1,264)	(1,070)	(2,425)	(58)
31	Other income	(767)	(383)	(337)	(1,013)	(246)
32	Internal Recharges	(40)	(20)	(4)	(31)	9
33	**TOTAL INCOME**	**(3,274)**	**(1,718)**	**(1,449)**	**(3,607)**	**(333)**
34	**NET SPENDING**	**75,765**	**35,811**	**33,052**	**73,288**	**(2,477)**
	TRANSFERS TO EARMARKED RESERVES					
35	Transfer to Earmarked Reserve	29	0	0	44	15
36	Direct Revenue Contribution to Capital	0	0	0	1,600	1,600
		29	**-**	**-**	**1,644**	**1,615**
37	**NET SPENDING**	**75,794**	**35,811**	**33,052**	**74,932**	**(862)**

2.2 These forecasts are based upon the spending position at the end of September 2014, 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.

2.3 This projection for a significant underspend is largely attributable to savings on staffing costs primarily as a result of the continued implementation of the Corporate Plan changes agreed in July 2013. Members will recall that when fully implemented, these changes will deliver on-going savings of £6.8m. However, it is recognised that this full saving would take a number of years dependent on the natural turnover of staff through retirements.

2.4 In addition all budget managers have been tasked by the Chief Fire Officer and Executive Board to reduce spending 'in year' and managers are responding accordingly.

2.5 Explanations of the more significant variations from budget (over £50k variance) are explained below in paragraphs 3 to 8.

3. <u>EMPLOYEE COSTS</u>

Wholetime Staff

3.1 At this stage it is projected that spending on wholetime pay costs will be £790k less than budget. This saving is largely as a result of more retirements than had budgeted primarily as a consequence of new initiatives, retirement/re-employment requests (agreed by HRMD Committee) and job share, to reduce staffing numbers by voluntary means in order to meet the agreed Corporate Plan changes. This projection includes the impact of the agreed 1% pay award from July 2014.

Retained Pay Costs

3.2 At this stage in the financial year spending is forecast to be under budget by £0.226m. 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.

3.3 As Members will be aware this budget heading is at risk pending further information on the number of retained firefighters (current and retired) who opt to join the firefighters pension scheme, and potentially back dated to the year 2000, as a consequence of the Employment Tribunal verdict which ruled in favour of retained staff under the Part Time Workers (Less than Favourable Working Conditions) Regulations. An options exercise is currently underway to identify the level of interest from retained staff which when completed will provide a more informed indication of the financial impact, both to current budget, and future pension arrangements.

3.4 The Authority has so far set aside an amount of £2m in a Provision which is ring fenced to be used to provide funding towards future pension liabilities, including the liability from the Employment Tribunal. The first stage of the options exercise has now been completed which has resulted in a total of 750 “expressions of interest” from both existing and already retired retained staff, which is significantly more than numbers used in the initial modelling. However not all will actually join the scheme and the next stage is to provide each of those individuals with estimates of pension benefits in order that decisions on joining the scheme can be made.

3.5 Individuals have until March 2015 to make this decision by which time we will have a much more informed position in order to assess the financial impact to the Service.

3.6 The Authority will be required to review the adequacy of Provision balances at the year-end to ensure that sufficient has been put aside to meet the liability. There is of course a risk that the £2m balance will prove to be insufficient to meet the eventual liability resulting in a need to enhance the Provision from this year’s underspend.

Non Uniformed Pay

3.7 It is forecast that savings of £288k will be achieved against non-uniformed pay costs primarily as a result of vacancy management during the year. The forecast also assumes a 1% pay award from April 2014, but yet to be agreed. Members will recall that in setting the budget for the current year this budget line has already been reduced by over £1m as a result of Management action taken to reduce the number of support staff by 41.

4. PREMISES RELATED COSTS

Repair and Maintenance

4.1 Forecast savings against budget of £146k for Repair and Maintenance are due to an anticipated reduction in the number of planned projects to be completed due to staffing vacancies in the Estates Department.

5. TRANSPORT RELATED COSTS

Repair and Maintenance

5.1 At this stage in the financial year it is anticipated that fleet maintenance costs will be £77k under budget as a result of a reduction in the volume of repairs.

6. SUPPLIES AND SERVICES

Equipment and Furniture

6.1 It is forecast that delays in the implementation of some Change projects will result in an underspend against this budget line. At the year-end it will be necessary to seek Committee approval to utilise some of the final underspend to be transferred to Earmarked Reserves in order that funds are available to complete agreed projects in 2015-16.

Uniforms

6.2 This budget line includes provision for the delivery of a major project in relation to the roll-out of the agreed replacement Personal Protective Equipment (PPE). Similar to the spending position with Equipment and Furniture, it is anticipated that this project will not be fully delivered by the year-end resulting in additional underspend to that reported within Table 2. In this event approval of the Committee will be sought at the year-end to transfer unspent funds into 2015-16 to enable the completion of the project.

7. CAPITAL FINANCING COSTS

Capital charges

7.1 Current forecast of spending on Capital Charges is £4.154m representing a saving of £223k. This is primarily as a consequence of slippage in capital spending in 2013-14 and 2014-15, resulting in a reduction in debt charges.

8. INCOME

Grants and Re-imbursements

8.1 As a result of an additional grant from the DCLG to cover the Airwave radio system it is anticipated grant income will exceed the budget by £58k.

Other Income

8.2 It is anticipated that income targets from this budget head will be exceeded by £246k, of which £100k relates to forecast overachievement against commercial income targets. The remainder primarily relates to unbudgeted income from a seconded officer to another local authority, vehicle sales and successful recovery of court costs relating to investigations pursued by the Risk and Insurance Team.

9. TRANSER TO EARMARKED RESERVES

Direct Revenue Contributions to Capital

9.1 **Light Rescue Pumps (LRP's) -** Members will be well aware of the initiative to introduce smaller type appliances into the Service as a replacement to the more traditional appliances, saving at least 40% on the capital cost alone. Included in the 2014-15 capital programme is an amount of £2.214m to provide for 14 LRP's, £1.566m of which is to be funded from an agreed revenue contribution therefore mitigating the need to increase external borrowing requirements.

9.2 Looking ahead to the next three years the indicative capital programme 2015-16 to 2017-18 includes an amount of £7.568m to provide for a further 48 smaller type appliances. These figures can only be considered indicative at this stage as the Authority will need to consider funding implications as part of the annual budget setting process to ensure that such commitments are affordable at a time of a reducing revenue budget.

9.3 A bid of £3.9m to part fund the LRP programme had been submitted against the £70m DCLG Transformational Bids made available to FRA's for 2015-16. Unfortunately we have recently been told that this bid was not successful. Feedback from CLG officials has suggested that the reason the bid was not successful is that a positive Net Present Value (NPV) is not achieved until year 12 against an expectation that a positive NPV is achieved within 10 years. This is obviously a disappointment to the Authority but unfortunately there is no appeal process and given that this is the second time that a bid for support to the LRP programme has been rejected we have to plan on the basis that there will be no government support for the initiative.

9.4 In considering the 2013-14 revenue outturn position, at the Authority meeting on 29 May 2014, it was agreed to make a contribution of £2.349m from the 2013-14 underspend to an Earmarked Reserve to provide direct revenue funding towards future capital spending. This represents a very prudent approach and contributes at least £245k towards our annual savings target from 2016-17.

9.5 Given the forecast underspend against the current year revenue budget, as contained within this report, and in light of the disappointment of the failed LRP bid, it is proposed that a further contribution be made to the Earmarked Reserve which can be utilised to provide further direct funding towards the LRP programme thereby reducing reliance on external borrowing.

9.6 A further contribution of £1.5m towards capital spending will deliver a further £195k of recurring savings from 2016-17. The impact of this proposal is included within Table 2 on the basis that the Committee is minded to approve the proposal.

9.7 **Commercial Income –** As outlined in paragraph 8.2 of this report the current forecast is that income from commercial activities will be £100k more than budgeted. The Authority has previously made an "in principle" decision that any income from commercial activities in excess of that budgeted be ring fenced to provide direct revenue funding toward capital spending. Table 2 reflects that a further transfer of £100k is made to the Earmarked Reserve for Direct Revenue Contributions to Capital at the year-end. It is hoped that this position will have improved by the year-end leading to a larger contribution.

10. RESERVES AND PROVISIONS

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

Reserves

10.2 There are 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

10.3 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.

10.4 A summary of predicted balances on Reserves and Provisions is shown in Table 3 overleaf. These figures include those forecast transfers to Earmarked Reserves outlined in paragraph report.

TABLE 3 – FORECAST RESERVES AND PROVISION BALANCES 31 MARCH 2015

RESERVES AND PROVISIONS						
RESERVES	**Balance as at 1 April 2014 £000**	**Proposed Transfers £000**	**Spending to P6 £000**	**Projected Spend 2014-15 £000**	**Projected Balance as at 31 March 2015 £000**	
Earmarked reserves						
Grants unapplied from previous years	2,503	44	121	488	2,059	
Change & improvement programme	739		29	228	511	
Commercial Services	211		23	50	161	
Direct Funding to Capital	4,099	1,600	-	2,042	3,657	
CSR 2010	3,389		-	-	3,389 *	
Budget Carry Forwards	304		6	204	100	
Community Safety Investment	405		25	370	35	
PPE & Uniform Refresh	450		-	-	450	
Total earmarked reserves	**12,100**	**1,644**	**204**	**3,381**	**10,362**	
General reserve						
General fund balance	**5,191**				**5,191**	
Percentage of general reserve compared to net budget						6.85%
TOTAL RESERVE BALANCES	**17,291**				**15,553**	
PROVISIONS						
Fire fighters pension schemes	2,084				2,084	
PFI Equalisation	295				295	
TOTAL PROVISIONS	**2,379**	**0**	**0**	**0**	**2,379**	

***** *The CSR 2010 Reserve has been established to provide additional financial contingency during the period of austerity, which is now anticipated to go beyond the current CSR 2010 period until at least 2017-18. Given that the proposals within the Corporate Plan are to be implemented with no compulsory redundancies this Reserve will be utilised over the period of austerity measures to fund staffing costs, including voluntary redundancy costs, where required. It also provides further contingency in the event that government grant reductions are larger than included in the Authority Medium Term Financial Plan.*

11. SECTION B – CAPITAL PROGRAMME AND PRUDENTIAL INDICATORS 2014-15

Monitoring of Capital Spending in 2014-2015

11.1 Table 4 overleaf provides a summary of forecast spending against the 2014-2015 capital programme. Latest projection is for capital spending to be £5.557m (£6.891m in Q1) against a revised programme of £7.154m. It should be noted that the previously reported programme figure of £7.094m has been increased by £60k to provide for the purchase of six Community Safety vehicles to be funded from Earmarked Reserves. It should be emphasised that this addition does not result any increase in the external borrowing requirement.

TABLE 4 – CAPITAL OUTTURN 2014-15

Capital Programme 2014/15

Item	PROJECT	2014/15 £000 Budget	2014/15 £000 Projected outturn	2014/15 £000 Variation to budget
	Estate Development			
1	SHQ major building works	58	28	(30)
2	Major Projects - Training Facility at Exeter Airport	320	231	(89)
3	Minor improvements & structural maintenance	1,062	877	(185)
4	Projects funded from Reserves	282	238	(44)
5	Minor Works slippage from earlier years	680	866	186
	Estates Sub Total	**2,402**	**2,240**	(162)
	Fleet & Equipment			
7	Vehicles Slippage from 13/14	504	589	85
8	Equipment - Slippage from 13/14	415	349	(66)
9	Vehicle Replacement	2,557	1,889	(668)
10	Equipment	1,070	320	(750)
11	Projects funded from Reserves	195	159	(36)
12	Vehicles funded from revenue	11	11	-
	Fleet & Equipment Sub Total	**4,752**	**3,317**	**(1,435)**
	Overall Capital Totals	**7,154**	**5,557**	**(1,597)**
	Programme funding			
	Main programme	850	0	(850)
	Revenue funds	4,479	3,763	(716)
	Earmarked Reserves	427	396	(31)
	Grants	1,398	1,398	-
		7,154	**5,557**	**(1,597)**

Slippage in 2014-15

11.2 As is illustrated in Table 4 it is already anticipated that there will be some slippage against the 2014-15 programme. At this stage, slippage against projects is forecast to be £1.597m. It is a common feature of capital spending that individual projects included in the programme can be subject to delays, for instance as a consequence of weather delays, or pending planning consents. Under the Prudential Code this does not cause any funding problems as slippage can be carried forward into the following years. In fact, slippage in capital spending has a positive impact against the revenue account in so much as it defers borrowing requirements and the associated debt charges.

Prudential Indicators (including Treasury Management)

11.3 Also included within Table 4 are details of how the forecast spending of £5.557m is to be financed, which illustrates that all of this spending is to be funded from revenue funding or government grants therefore avoiding the need to increase external borrowing requirements in 2014-15.

11.4 Total external borrowing with the Public Works Loan Board (PWLB) as at 30 September 2014 stands at £26.059m (£26.214m in previous quarter), and is forecast to reduce to £25.944m by 31st March 2015 as a result of further principal repayments. This level of borrowing is well within the Authorised Limit for external debt of £31.120m (the absolute maximum the Authority has agreed as affordable). No further external borrowing is planned in this financial year.

11.5 Investment returns in the quarter yielded an average return of 0.46% which outperforms the LIBID 3 Month return (industry benchmark) of 0.43%. It is forecast that investment returns from short-term deposits is anticipated to exceed the budgeted figure of £0.100m by 31 March 2015.

11.6 Appendix A provides a summary of performance against all of the agreed Prudential Indicators for 2014-2015, which illustrates that there was no breach of any of these indicators.

12. SECTION C - OTHER FINANCIAL PERFORMANCE INDICATORS

Aged Debt Analysis

12.1 Total debtor invoices outstanding as at Quarter 2 were £159,709 (previous quarter £233,716). Of this figure an amount of £54,069 (£60,796 as at 30 June 2014) was due from debtors relating to invoices that are more than 85 days old, equating to 33.85% (26.01% as at 30 June 2014) of the total debt outstanding. Table 5 below provides a summary of all debt outstanding as at 30 September 2014.

TABLE 5 – OUTSTANDING DEBT AS AT 30 SEPTEMBER 2014

	Total Value £	**%**
Current (allowed 28 days in which to pay invoice)	34,979	21.90%
1 to 28 days overdue	69,324	43.41%
29-56 days overdue	199	0.13%
57-84 days overdue	1,139	0.71%
Over 85 days overdue	54,068	33.85%
Total Debt Outstanding as at 30 September 2014	**159,709**	**100.00%**

12.2 Table 6 below provides further analysis of those debts in excess of 85 days old.

TABLE 6 – DEBTS OUTSTANDING FOR MORE THAN 85 DAYS

	No	Total Value	Action Taken
Individual Debts less than £1,000	5	£1,199	Each debt being pursued by the Risk and Insurance Officer.
L Davies	1	£2,681	This relates to an overpayment to a former employee and payment by instalments has been negotiated.
Georgia Group	1	£50,188	This is a claim that relates to a breach of contract and refunds due to the Authority in relation to training courses not delivered. As previously reported this debt is subject to an agreed instalment plan which to date is being honoured.

Payment of Supplier Invoices within 30 days

12.3 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). Actual performance to the end of September 2014 was 86.03% compared to the previous reported figure of 89.61% as at 30 June 2014. The Finance Team are working closely with administration staff across the Service to attempt to improve this performance.

13. SUMMARY AND RECOMMENDATIONS

13.1 At this stage it is forecast that revenue spending will be £2.362m less than the agreed budget figure for 2014-15, which aligns with the strategy adopted to deliver in-year savings where possible to be available to enhance Reserve balances.

13.2 Given this position and in light of the disappointment of the rejected LRP bid of £3.9m against the DCLG Transformational Funding, it is proposed:

(a) That it be recommended to the Devon and Somerset Fire and Rescue Authority that a transfer of £1.5m be made to Earmarked Reserves (to be utilised as a further revenue contribution to capital spending), to be funded from the forecast underspend against the 2014-15 Revenue Budget. and,

(b) That subject to (a) above, the monitoring position in relation to projected spending against the 2014-2015 revenue and capital budgets be noted;

(c) That the performance against the other 2014-2015 financial targets be noted.

KEVIN WOODWARD
Treasurer to the Authority

PRUDENTIAL INDICATORS 2014-2015

Prudential Indicators and Treasury Management Indicators	Outturn £m	Target £m	Variance (favourable) /adverse
Capital Expenditure	**5.557**	**7.154**	**(£1.597m)**
External Borrowing vs Capital Financing Requirement (CFR) - Total	**27.453**	**24.939**	**£2.514m**
- Borrowing	25.944	23.430	
- Other long term liabilities	1.509	1.509	
External borrowing vs Authorised limit for external debt - Total	**27.453**	**32.569**	**(£5.116m)**
- Borrowing	25.944	31.120	
- Other long term liabilities	1.509	1.449	
Debt Ratio (debt charges as a %age of total revenue budget	**3.65%**	**3.85%**	**(0.20)bp**
Cost of Borrowing – Total	**1.075**	**1.075**	**(£0.000m)**
- Interest on existing debt as at 31-3-13	1.075	1.075	
- Interest on proposed new debt in 2013-14	0.000	0.000	
Investment Income – full year	**0.138**	**0.100**	**(£0.038m)**
	Actual (30 Sept 2014) %	**Target for quarter %**	Variance (favourable) /adverse
Investment Return	**0.46%**	**0.43%**	**(0.03)bp**

Prudential Indicators and Treasury Management Indicators	Forecast (31 March 2015) %	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%)**
- 10 years to 20 years	16.59%			
- 20 years to 30 years	13.62%			
- 30 years to 40 years	24.66%			
- 40 years to 50 years	34.45%			