

Hereford & Worcester Fire and Rescue Authority
Wednesday 20 February 2008, Headquarters, 2 Kings Court, Charles
Hastings Way, Worcester (10.30am)

Minutes

Present

Herefordshire: Mrs P A Andrews, Mr J H R Goodwin, Brigadier P Jones and Mrs P M Morgan, Mr P J Watts.

Worcestershire: Mr T J Bean, Mr S J Clee (Vice-Chairman), Mrs M L Drinkwater, Mrs D E Dudley, Mr A Fry, Mr A I Hardman, Mr M J Hart, Mr P T Mills, Mr W E Moore, Mr P A Mould, Mrs F M Oborski, Mrs B Passingham, Mr D W Prodger, Mr J R Webb, Mr G C Yarranton.

Available Papers:

- A. The Agenda paper and appendices referred to (previously circulated).
- B. The Minutes of the meeting of the Fire and Rescue Authority held on 13 December 2007 (previously circulated).

(A copy of the Agenda papers will be attached to the signed Minutes).

626. Apologies for Absence

Apologies were received from Mr J Holden, Mr C T Smith and Mr R M Udall

627. Chairman's Announcements

The Chairman welcomed Mrs B Passingham back following her illness and wished her well for the future.

628. Declarations of Interest

Mr P A Mould and Mr P Watts advised the Authority that if the Firefighters Pension Scheme was discussed in such detail that it affected their personal positions, they would each declare a personal and prejudicial interest. (That proving not to be the case, there was no need for Mr Mould or Mr Watts to leave the room during the meeting.)

629. Confirmation of Minutes

Resolved: that the Minutes of the meeting held on 13 December 2007 be confirmed as a correct record and signed by the Chairman.

630. Questions from Members of the Public

There were no questions from Members of the Public.

631. Service Report

The Chief Fire Officer presented details of service activities in the third quarter together with operational activity experienced for the period 1 October 2007 to 31 December 2007.

Resolved: that the report be noted.

632. Budget Precept 2008/09 and Medium Term Financial Plan

The Authority considered the Revenue and Capital Budgets for 2008/09 and the consequential Council Tax Precept as recommended by the Budget Committee, together with the consequences of the 3 year grant settlement on future years' budgets.

The Treasurer explained that the headline grant increase for 2008/09 at 1% masked the inclusion of former special grants within the formula grant figure, therefore the real net increase was 0.02%. As the increase in the recommended Net Budget Requirement was 3.6% over the previous year, a precept increase of 4.92% was required.

It had not been possible to provide for any real growth in the budgets, therefore capacity for additional work or future challenges would be dependent on releasing funds through greater cost efficiency. The Treasurer explained that it was important to set out an efficiency strategy to demonstrate how continuous improvements could be achieved to ensure funds were available for future service improvements. The Treasurer stressed that the potential areas for cashable savings outlined in his report were purely illustrative and assured Members that any changes would need to be fully researched and would be subject to Authority approval and consultation through the IRMP process.

The Treasurer reported the proposed capital budget and programme to the end of 2011/12, which included purchasing vehicles through prudential borrowing. It was noted that the Net Annual Total for the Capital Programme was £13.501m and not £13.886m as set out in Appendix 5 of the report.

The Treasurer informed the Authority that it was important to update the Medium Term Financial Strategy to facilitate prudent operational and financial planning. In terms of revenue balances there was a need to maintain balances of between 3% and 5% of estimated net budget requirements for the period up to 31 March 2012 to provide a buffer to meet unforeseen expenditure.

The report noted the prudential indicators prepared by the Treasurer to provide a clear framework to ensure that capital investment plans were affordable, prudent and sustainable. The Treasurer also provided the Authority with a Personal Assurance Statement, as required under section 25 of the Local Government Act 2003.

Resolved that:

- i) the Revenue Budget, Net Budget Requirement and consequential precept as set out at Appendices 1 and 2 to the minutes be approved;**
- ii) subject to approval of the Asset Management Plan and Fleet Strategy [minutes 636 and 637 refer], the Capital Budget and Programme as set out at Appendix 3 to the minutes be approved;**
- iii) the Medium Term Financial Strategy as set out at Appendix 4 to the minutes be approved; and**
- iv) the Statement of Prudential Code Indicators as set out at Appendix 5 to the minutes be approved.**

633. Regional Fire Control

The Chief Fire Officer introduced a report which sought approval of the Local Authority Controlled Company Members' Agreement (LACCMA) for signature by the Chairman of the FRA on behalf of the Authority. The Deputy Chief Fire Officer reported that the Authority had initially considered the principles of the LACCMA at its meeting on 13 December 2007 but had deferred further deliberation pending full consideration of the cost apportionment proposals.

The Deputy Chief Fire Officer highlighted that the draft Members' Agreement established key principles, including a list of issues that required the unanimous approval of all LACC Members. She reported that a financial agreement had now been developed which proposed to apportion costs on the basis of population for 2 to 3 years until more robust alternative data sources were available.

It was noted that the Fire Control Project Board had agreed there would be no fixed costs to be shared between the five Fire & Rescue

Authorities which fell outside the cost apportionment model. The Deputy Chief Fire Officer also informed the Authority that assurances had been given that the costs of the LACC during the transition period would be met by Government funding.

Resolved: that subject to the Cost Apportionment Model terms being appropriately incorporated into the Local Authority Controlled Company (LACC) Members' Agreement and the fundamental underlying terms remaining the same, the LACC Members' Agreement be approved for signature by the Chairman on behalf of the Authority.

634. Integrated Risk Management Plan (IRMP)

The Authority considered a report on progress against the IRMP (3) 2007/08 plan.

Resolved: that the report be noted.

635. Local Area Agreements

The Deputy Chief Fire Officer informed the Authority of the progress to date of partnership work in developing the next round of Local Area Agreements and highlighted the importance of Service engagement at a strategic level, particularly in relation to the wider role of the Service in the community safety agenda.

Resolved: that the report be noted.

636. Asset Management Plan

Mrs F M Oborski declared a personal interest as the Chair of Wyre Forest District Housing Association in relation to the potential Bewdley Station move [paragraph 4.8 of the Asset Management Plan refers].

The Authority considered the Asset Management Plan for 2008/2009, as recommended by the Budget Committee.

Resolved: that the content of the revised and updated Asset Management Plan 2008/09 be approved.

637. Fleet Strategy

Consideration was given to the Fleet Strategy 2007/2022 and associated capital programme, as recommended by the Budget Committee.

Resolved: that the Fleet Strategy 2007/2022 and associated capital programme be approved.

638. Charter Mark Results

The Authority considered the results of the 2007/08 Charter Mark Assessment for Hereford & Worcester Fire and Rescue Service and noted that the Service had successfully retained its Charter Mark Standard.

Resolved: that the report be noted.

The Chairman congratulated the Service on the success of the Business Continuity Event held on 18 January 2008.

The meeting ended at 11.55am

Chairman

Hereford & Worcester Fire and Rescue Authority
Budget 2008/09 : Revenue Budget 2008/09

	2007/08 Revised Budget £m	change £m	2008/09 Proposed Budget £m
Wholetime Pay	13.760	0.283	14.052
Retained Duty Staff Pay	2.909	0.072	3.001
Supplementary Crewing	0.036	(0.036)	0.000
Control Pay	0.760	(0.010)	0.750
Support Pay	3.276	0.272	3.548
Other Employee Costs	0.035	0.001	0.036
	20.865	0.582	21.447
FF Pensions - Non Funded Costs	0.671	0.001	0.672
SUB-TOTAL : Employee Costs	21.536	0.503	22.119
Urban Search & Rescue (USAR) - total cost	0.723	0.123	0.846
SUB-TOTAL : USAR	0.723	0.123	0.846
Policy, Planning & Performance	0.165	0.004	0.169
Risk & Business Continuity	0.015	0.000	0.015
Committee Services	0.135	0.003	0.138
Legal Services	0.060	0.000	0.060
FRA Costs	0.170	0.015	0.185
Health & Safety	0.030	0.001	0.031
Insurances	0.299	0.006	0.305
	0.874	0.029	0.903
Community Safety - Prevention	0.287	0.005	0.292
Community Safety - Intervention Policy	0.052	0.001	0.053
	0.339	0.006	0.345
Personnel	0.249	0.004	0.253
Approved Control	0.014	0.000	0.014
Training	0.540	0.010	0.550
	0.803	0.014	0.817
Equipment Support	0.889	0.016	0.905
Fleet	0.505	0.009	0.514
IT	0.470	0.008	0.478
Comms	0.380	0.007	0.387
Facilities Management	1.211	0.022	1.233
	3.455	0.062	3.517
Finance	0.212	0.022	0.234
Capital Financing	1.007	0.079	1.000
Firelink Contingency/Fire Control	0.296	(0.240)	0.056
	2.115	(0.139)	1.976
SUB-TOTAL : Other Running Costs	7.586	(0.028)	7.558
Special Grants			
Home Fire Safety Initiative Grant	(0.064)	0.064	0.000
Fire Prevention Grant	(0.037)	0.037	0.000
New Dimensions Grants (IRU Training)	(0.080)	0.000	(0.080)
New Dimensions Grants (USAR)	(0.737)	(0.122)	(0.859)
New Burdens Grants (Fire Control Project)	(0.201)	0.145	(0.056)
	(1.119)	0.124	(0.995)
SUB-TOTAL :	28.726	0.802	29.528
Use of Reserves			
from Transitional Grant Repay Earmarked Reserve	(0.164)	0.164	0.000
from New Dimensions IRU Training Earmarked Reserve	(0.070)	0.070	0.000
from Fire Control New Burdens Earmarked Reserve	(0.095)	0.095	0.000
from Pensions Earmarked Reserve	(0.047)	(0.023)	(0.070)
from RMB Earmarked Reserve	(0.024)	0.024	0.000
from of Rank to Role Earmarked Reserve	0.000	(0.147)	(0.147)
from USAR Earmarked Reserve	(0.195)	0.195	0.000
Strengthening General Balances	0.155	(0.155)	0.000
	(0.440)	0.223	(0.217)
NET BUDGET REQUIREMENT	28.286	1.025	29.311

Hereford & Worcester Fire and Rescue Authority
Budget 2008/09 : Precept Calculation

Tax-base : Band D Equivalent		
Bromsgrove		36,214.70
Herefordshire		69,374.10
Malvern Hills		29,817.70
Redditch		27,017.61
Worcester		32,354.00
Wychavon		46,772.55
Wyre Forest		34,653.00
		276,203.66
		£
Core Budget		29,528,000.00
Use of other ear-marked reserves		(217,000.00)
Net Budget Requirement		29,311,000.00
Share of National Non-Domestic Rates (Business Rates)		9,180,180.00
Revenue Support Grant		1,277,956.00
Total Financing Grants		10,458,136.00
Gross Precept Requirement		18,852,864.00
Collection Fund Surpluses		(12,795.00)
Net Precept Requirement		18,840,069.00
Tax-base - Band D Equivalent		276,203.66
Precept - Band D Equivalent		£ 68.2108
		£ 68.21
Total Precept on Billing Authorities		£
Bromsgrove		2,470,233.19
Herefordshire		4,732,061.95
Malvern Hills		2,033,888.78
Redditch		1,842,892.44
Worcester		2,206,891.80
Wychavon		3,190,392.44
Wyre Forest		2,363,708.40
		18,840,069.00

Equivalent to Tax at Band	Ratio to Band D	£
A	6/9	£ 45.47
B	7/9	£ 53.05
C	8/9	£ 60.63
D	9/9	£ 68.21
E	11/9	£ 83.37
F	13/9	£ 98.53
G	15/9	£ 113.68
H	18/9	£ 136.42

2007/08 Tax	change
£ 43.34	4.91%
£ 50.56	4.92%
£ 57.79	4.91%
£ 65.01	4.92%
£ 79.46	4.92%
£ 93.90	4.93%
£ 108.35	4.92%
£ 130.02	4.92%

Hereford & Worcester Fire and Rescue Authority
Medium Term Financial Forecasts

	2008/09 Forecast £m	2009/10 Forecast £m	2010/11 Forecast £m	2011/12 Forecast £m
Prior Year Net Budget Requirement	28.286	29.311	30.320	31.394
Add-back 2007/08 one-off effects	0.321			
Add-back One-off use of Ear-marked Reserves in 2008/09				
Pensions Earmarked Reserve		0.070		
Rank to Role Earmarked Reserve		0.147		
	0.321	0.217	0.000	0.000
	28.607	29.528	30.320	31.394
Pay Awards and Inflation				
Pay Awards at 2%	0.498	0.453	0.478	0.504
Support Staff Increments	0.010	0.010		
Other Inflation	0.106	0.106	0.108	0.110
	0.614	0.569	0.586	0.614
Other cost pressures				
Completion of Rank to Role Implementation	0.069			
Pensions Build Up		0.041	0.025	0.025
LGPS increase in Employer's Contributions	0.017	0.013	0.017	0.017
Staff Travel - HQ Relocation		(0.008)		
Burden Transfer		0.050		
Audit Commission Inspection Charges	0.025	0.004	0.003	
Public Surveys - cyclical			0.010	(0.010)
Net Other	0.016			
	0.127	0.100	0.055	0.032
Training Challenges				
Retained Training	0.100	0.100		
Wholtime Training	0.100	0.150		
Water Rescue Enhancements	0.025	0.075	(0.050)	
	0.225	0.325	(0.050)	0.000
Consequences of National Projects				
Firelink - net new cost		0.037	0.102	
FireControl - net new cost			0.428	
	0.000	0.037	0.530	0.000
Capital Programme				
Impact of Asset Management Plan & Fleet Strategy	0.079	0.236	0.228	0.246
	0.079	0.236	0.228	0.246
Discontinued Grants				
Home Fire Safety Grant 2007/08	0.064			
Fire Prevention Grant 2007/08	0.037			
	0.101	0.000	0.000	0.000
Cash Releasing Efficiencies				
Future efficiencies to be identified	(0.225)	(0.525)	(0.525)	(0.250)
	(0.225)	(0.525)	(0.525)	(0.250)
Contingency to sustain service delivery				
		0.050	0.250	0.400
	0.000	0.050	0.250	0.400
CORE BUDGET	29.528	30.320	31.394	32.436
Use of Reserves				
Pensions Earmarked Reserve	(0.070)			
Rank to Role Earmarked Reserve	(0.147)			
	(0.217)	0.000	0.000	0.000
PROJECTED NET BUDGET REQUIREMENT	29.311	30.320	31.394	32.436
	3.6%	3.4%	3.5%	3.3%

	2008/09 Forecast	2009/10 Forecast	2010/11 Forecast	2011/12 Forecast
Band D Increase	4.92%	4.75%	4.50%	4.25%
Band D Tax	£ 68.21	£ 71.45	£ 74.87	£ 77.84
Tax-base	276,204	276,894	277,586	278,280
Council Tax Yield	£m (18.840)	(19.784)	(20.726)	(21.661)
Government Grants	£m (10.458)	(10.536)	(10.668)	(10.775)
Collection Fund Surpluses	£m (0.013)	0.000	0.000	0.000
Gross Resources	£m (29.311)	(30.320)	(31.394)	(32.436)
	3.6%	3.4%	3.5%	3.3%

Statement of Prudential Indicators

Introduction

The Prudential Code for Capital Finance in Local Authorities (Prudential Code) has been developed by the Chartered Institute of Public Finance and Accountancy (CIPFA) to provide a code of practice to underpin the new system of capital finance embodied in Part 1 of the Local Government Act 2003. Since 1 April 2004, Local Authorities are no longer subject to government controlled borrowing approvals and are free to determine their own level of capital investment controlled by self-regulation.

The key objectives of the Prudential Code are to ensure that capital investment plans are affordable, prudent and sustainable.

The Prudential Code supports a system of self-regulation that is achieved by the setting and monitoring of a suite of Prudential Indicators that directly relate to each other. The indicators establish parameters within which the FRA should operate to ensure the objectives of the Prudential Code are met.

Prudential Indicators

The Prudential Indicators for which the Fire and Rescue Authority is required to set limits are as follows:

1. Net Borrowing and the Capital Financing Requirement

This Prudential Indicator provides an overarching requirement that all the indicators operate within and is described in the Prudential Code as follows:

“In order to ensure that over the medium term net borrowing will only be for a capital purpose, the local authority should ensure that net external borrowing does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years”.

The Treasurer reports that the Fire and Rescue Authority had no difficulty meeting this requirement since 2002/03, nor are any difficulties envisaged for the current or future years. This view takes into account all plans and commitments included in the 2008/09 Budget.

2 Capital Expenditure

The actual amount of capital expenditure that was incurred since 2004/05, and the estimates of capital expenditure to be incurred for the current and future years that are proposed in the 2008/09 Budget are as follows:

	2005/06 Actual £000	2006/07 Actual £000	2007/08 Estimate £000	2008/09 Estimate £000	2009/10 Estimate £000	2010/11 Estimate £000	2011/12 Estimate £000
Capital Expenditure	8,746	2,611	966	5,524	3,392	3,954	3,062

Operationally Leased Assets	427	237	176	199	463	229	279
	9,173	2,848	1,142	5,723	3,855	4,183	3,341

The Leased Asset figure from 2005/06 onwards refers to the replacement of expiring leases.

2. Ratio of Financing Costs to Net Revenue Stream

Financing Costs include the amount of interest payable in respect of borrowing or other long term liabilities and the amount the Fire and Rescue Authority is required to set aside to repay debt, less interest and investments income.

The actual Net Revenue Stream is the 'amount to be met from government grants and local taxation' taken from the annual Statement of Accounts, and the estimated figure is the Fire and Rescue Authority's budget net of any transfers to or from the balances.

The prediction of the Net Revenue Stream in this Prudential Indicator for future years assumes increases in the Fire and Rescue Authority's funding from government and the local taxpayer consistent with expectations in the Medium Term Financial Plan. This is indicative only and in no way meant to influence the actual future years funding or in particular the funding from Precepts.

The indicator only requires that the costs associated with capital expenditure are measured in this way. However the Fire and Rescue Authority has used, and may continue to use Operational Leasing as a cost effective method of acquiring vehicles. In the spirit of the Prudential Code these costs are included for comparative purposes.

The rise in this ratio is partially due to the fact that capital expenditure prior to the formation of the FRA is not charged to the Fire and Rescue Authority. In other words, the Fire and Rescue Authority inherited all its assets without any cost. Thus, as investment is made in vehicles, for example the increased costs are in the Fire and Rescue Authority accounts but the savings are elsewhere.

The estimates of the ratio of financing costs to net revenue stream are as follows:

	2005/06 Actual £000	2006/07 Actual £000	2007/08 Estimate £000	2008/09 Estimate £000	2009/10 Estimate £000	2010/11 Estimate £000	2011/12 Estimate £000
Financing Costs	968	1,273	1,539	1,686	1,922	2,160	2,396
Net Revenue Stream	27,289	27,061	28,286	29,318	30,327	31,402	32,390
Ratio	3.55%	4.70%	5.44%	5.75%	6.34%	6.88%	7.40%

3. Capital Financing Requirement

The capital financing requirement is a measure of the extent to which the Fire and Rescue Authority needs to borrow to support capital expenditure. It does not necessarily relate to the actual amount of borrowing at any one point in time. The Fire and Rescue Authority arranges its treasury management activity via a Service Level Agreement (SLA) with Worcestershire County Council (WCC) which has an integrated treasury management strategy where there is no distinction between revenue and capital cash flows, and the day to day position of external borrowing and investments can change constantly.

The capital financing requirement concerns only those transactions arising from capital spending, whereas the amount of external borrowing is a consequence of all revenue and capital cash transactions combined together following recommended treasury management practice.

The estimates of the end of year capital financing requirement are as follows:

	2005/06 Actual £000	2006/07 Actual £000	2007/08 Estimate £000	2008/09 Estimate £000	2009/10 Estimate £000	2010/11 Estimate £000	2011/12 Estimate £000
Capital Financing Requirement at 31st March	9,389	11,221	11,548	16,302	18,783	21,720	23,100

4. **Authorised Limit**

The Authorised Limit represents an upper limit of borrowing that could be afforded in the short term but may not be sustainable. This limit includes a risk assessment of exceptional events taking into account the demands of revenue and capital cash flows. The Authorised Limit gauges events that may occur over and above those transactions which have been included in the Operational Boundary.

These limits are higher than set in previous years to reflect the decisions taken by the Fire and Rescue Authority to switch from leasing to more cost effective borrowing for the acquisition of operational vehicles.

The Fire and Rescue Authority should note that the Authorised Limit represents the limit specified in section 3 (1) of the Local Government Act 2003 (Duty to determine affordable borrowing limit).

The following Authorised Limits for external debt, excluding temporary investments are recommended:

Authorized Limit	2008/09 £000	2009/10 £000	2010/11 £000	2011/12 £000
External Borrowing	21,227	24,227	27,227	28,727

5. **Operational Boundary**

The Operational Boundary represents an estimate of the most likely, prudent, but not worst case scenario and provides a parameter against which day to day treasury management activity can be monitored.

The Treasurer reports that procedures are in place to monitor the Operational Boundary on a daily basis, via the SLA with WCC and that sufficient authorisation is in place to take whatever action is necessary to ensure that, in line with the Treasury Management Strategy, the cash flows of the Fire and Rescue Authority are managed prudently.

Occasionally, the Operational Boundary may be exceeded (but still not breach the Authorised Limit) following variations in cash flow. Such an occurrence would follow controlled treasury management action and may not have a significant impact on the prudential indicators when viewed all together.

Both the Authorised Limit and the Operational Boundary include an element relating to debt restructuring where, for the short term only, external borrowing may be made in advance of the repayment of loans. In this circumstance External Borrowing is increased temporarily until the replaced loans are repaid. The converse can also apply where loans are repaid in advance of borrowings.

The following limits (shown overleaf) for each year's Operational Boundary, excluding temporary investments are recommended:

Operational Boundary	2008/09 £000	2009/10 £000	2010/11 £000	2011/12 £000
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External Borrowing	18,727	21,227	24,227	25,727
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6. Actual External Debt

The Fire and Rescue Authority's actual external debt as at 31 March 2007 was £11.314 million; comprising £11.314 million External Borrowing and £0 (zero) Other Long Term Liabilities.

7. The Incremental Impact of Capital Investment Decisions on the Council Tax

This indicator identifies specifically the additional cost to the taxpayer of the **new** capital investment proposed in the 2008/09 – 2011/12 Capital Programme. As the indicator deals only with new investment the impact of the previously approved programme was included in the equivalent report provided to the FRA in Feb 2007.

The incremental impact identifies transactions that will occur **over and above** what has already been provided for in the 2007/08 revenue budget and assumes the funding available in 2007/08 will be carried forward in the future year's base budgets.

The incremental impact has been calculated using forward estimates of funding consistent with expectations in the Medium Term Financial Plan.

The impact on the revenue budget, and therefore the Council Tax, is felt by a combination of the following: debt costs of the new borrowing, the amount set aside from revenue to repay the principal element of external borrowing (Minimum Revenue Provision) and the revenue impact of a capital project

It should be noted that borrowing itself does not fund capital expenditure since the loans have to be repaid eventually. The actual funding comes from the Minimum Revenue Provision which is statutorily charged to revenue each year.

The estimate of the incremental impact of the capital investment detailed in the 2008/09 Budget on the Council Tax is as follows:

	2009/10 £000	2010/11 £000	2011/12 £000
Incremental Impact on Band D Council Tax	£0.00	£0.00	£0.00

Although the Capital Programme has been amended to move forward this is largely regarding timing of major projects. There is no new investment planned, that was not already contained within the Medium Term Financial Plan, hence there is no incremental impact of decisions taken now.

PRUDENTIAL INDICATORS FOR TREASURY MANAGEMENT

8. Treasury Management Code of Practice

The Fire and Rescue Authority has adopted the Chartered Institute of Public Finance and Accountancy (CIPFA): Code of Practice for Treasury Management in the Public Services.

The Treasury Management function is carried out on behalf of the Authority by Worcestershire County Council, who have also adopted the Treasury Management Code of Practice, and an extract of the relevant parts of their 2008/09 strategy is attached for information.

9. Fixed Interest Rate Exposures

It is recommended that the Fire and Rescue Authority sets an upper limit on its fixed interest rate exposures as follows.

Upper limits for net principal sums outstanding at fixed rates

Fixed Interest Rate Exposure	2008/09 £000	2009/10 £000	2010/11 £000	2011/12 £000
Upper Limit	21,227	24,227	27,227	28,727

This represents the position that all of the Fire and Rescue Authority's authorised external borrowing may be at a fixed rate at any one time.

10. Variable Interest Rate Exposures

It is recommended that the Fire and Rescue Authority sets an upper limit on its variable interest rate exposures as follows.

Upper limits for net principal sums outstanding at variable rates

Variable Interest Rate Exposure	2008/09 £000	2009/10 £000	2010/11 £000	2011/12 £000
Upper Limit	4,000	5,000	6,000	7,000

This is the maximum external borrowing judged prudent by the Treasurer that the Fire and Rescue Authority should expose to variable rates.

11. Maturity Structure of Borrowing

It is recommended that the upper and lower limits for the maturity structure of borrowings are as follows:

Amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate.

Period of Maturity	Upper Limit %	Lower Limit %
Under 12 months	25	0
12 months and within 24 months	25	0
24 months and within 5 years	50	0
5 years and within 10 years	75	0
10 years and above	95	25

12. Investments for longer than 364 days

It is recommended that the upper limits of total principal sums invested for periods longer than 364 days are £5 million for each year.