



Management Accounts for the period ending 28th February 2018



HUMBERSIDE
Fire & Rescue Service

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Key To Traffic Light System

The elements of the Traffic Light system being used in the report to highlight significant outturn variances / issues are as follows:-

1. **Status Column** - indicates, using a colour reference whether an issue is:-

Red **Potentially detrimental** to the finances of the Authority

Green **In line with budget or potentially advantageous** to the finances of the Authority.

2. **Direction Column** - this indicates the relative movement in the projected outturn position compared to the previous month as follows:-

Red A detrimental change.

Amber No change.

Green An advantageous change.

Possible Combinations

		Status	
		Red	Green
D I R E C T I O N	Red	✓	✓
	Amber	✓	✓
	Green	✓	✓

The combinations shaded are those that give the most concern from a financial perspective i.e. Status = Red and Direction = Red, Amber or Green.

HUMBERSIDE FIRE & RESCUE SERVICE
COMMENTARY ON THE MANAGEMENT ACCOUNTS
For the period 1 April 2017 to 28 February 2018

The following statements represent a summary of the financial activity of the Service for the period stated above.

Each statement is accompanied with notes, referenced to specific lines on that statement where significant variances have been forecasted or where further explanation of information shown is necessary.

Revenue Statements

These statements show the actual and committed revenue expenditure, in summary subjective heading format (Table 1) and broken down by objective headings (Table 2), as at 28 February 2018 compared to the profiled 2017/18 budget for the same period. The report also shows the forecasted outturn for the full year based on current levels of income and expenditure and any known variations to the end of the financial year.

Table 1

HUMBERSIDE FIRE & RESCUE SERVICE
REVENUE MONITORING SUMMARY STATEMENT 2017/18
1 April 2017 to 28 February 2018 (Period 11)

	Original Budget £'000	Revised Budget £'000	28 February 2018		Full Year			Traffic Light		Note
			Profile £'000	Actual & Committed £'000	Projection £'000	Variance £'000 %		Status	Direction	
Employees										
Wholetime	21,832	22,253	20,400	21,204	23,158	905	4.07	Red	Amber	1
Retained	4,082	4,082	3,575	3,396	3,962	(120)	(2.94)	Green	Green	1
Non-Operational	5,823	5,907	5,394	5,244	5,777	(130)	(2.20)	Green	Red	2
Other Employee Expenses (Training, Occ Health, Insurance)	1,679	1,679	1,451	1,465	1,848	169	10.07	Red	Red	3
Total Pay & Pensions	33,416	33,921	30,820	31,309	34,745	824	2.43			
Premises	2,070	2,070	1,932	1,956	2,136	66	3.19	Red	Green	4
Transport	2,001	2,001	1,855	1,748	1,781	(220)	(10.99)	Green	Green	5
Supplies & Services	2,762	2,762	2,515	2,796	2,983	221	8.00	Red	Red	6
Support Services	229	229	184	108	129	(100)	(43.67)	Green	Amber	7
Total Expenditure	40,478	40,983	37,306	37,917	41,774	791	1.93			
Income	(739)	(1,244)	(993)	(1,968)	(2,008)	(764)	61.41	Green	Green	8
Net Expenditure (Ex Capital Charges)	39,739	39,739	36,313	35,949	39,766	27	0.07			
Interest Payable	614	614	304	475	614	-	-	Green	Amber	
Interest Receivable	(80)	(80)	(73)	(27)	(35)	45	(56.25)	Red	Red	9
Accounting Adjustments	2,584	2,584	-	-	2,546	(38)	(1.47)	Green	Amber	10
Contributions to / (from) Reserves	(102)	(102)	-	-	(193)	(91)	89.22	Green	Green	11
Net Budget Requirement	42,755	42,755	36,544	36,397	42,698	(57)	(0.13)	Green	Red	
Financed By										
Business Rates	(3,015)	(3,015)	(2,569)	(2,883)	(3,015)	-	-			
National Non Domestic Rates	(18,148)	(18,148)	(16,870)	(16,870)	(18,148)	-	-			
Precepts	(21,592)	(21,592)	(19,841)	(19,842)	(21,592)	-	-			
	-	-	(2,736)	(3,198)	(57)	(57)	-			

Table 2

HUMBERSIDE FIRE & RESCUE SERVICE
REVENUE MONITORING STATEMENT 2017/18
1 April 2017 to 28 February 2018 (Period 11)

	Original Budget £'000	Revised Budget £'000	28 February 2018		Full Year			Traffic Light		Note
			Profile £'000	Actual & Committed £'000	Projection £'000	Variance		Status	Direction	
						£'000	%			
Safety										
Expenditure										
Employees										
Wholetime	1,071	1,071	982	873	1,079	8	0.75	Red	Amber	1
Retained	12	12	11	11	12	-	-	Green	Amber	
Non-Operational	1,851	1,851	1,697	1,641	1,751	(100)	(5.40)	Green	Red	2
Indirect Employees	48	48	44	30	48	-	-	Green	Amber	
Premises	-	-	-	-	-	-	-	Green	Amber	
Transport	3	3	3	-	3	-	-	Green	Amber	
Supplies and Services	281	281	251	182	191	(90)	(32.03)	Green	Red	6
Total Expenditure	3,266	3,266	2,988	2,737	3,084	(182)	(5.57)			
Income	(102)	(102)	(93)	(291)	(217)	(115)	112.75	Green	Green	8
Net Expenditure	3,164	3,164	2,895	2,446	2,867	(297)	(9.39)			
Fire Fighting & Rescue Operations										
Expenditure										
Employees										
Wholetime	17,114	17,455	16,001	16,499	18,039	584	3.35	Red	Amber	1
Control	1,116	1,116	1,023	988	1,124	8	0.72	Red	Amber	1
Retained	4,070	4,070	3,564	3,385	3,950	(120)	(2.95)	Green	Green	1
Non-Operational	128	128	117	76	98	(30)	(23.44)	Green	Green	2
Indirect Employees	20	20	18	11	12	(8)	(40.00)	Green	Amber	3
Premises	1,336	1,294	1,227	1,371	1,387	93	7.19	Red	Green	4
Transport	-	-	-	-	-	-	-	Green	Amber	
Supplies and Services	796	796	729	686	777	(19)	(2.39)	Green	Amber	6
Total Expenditure	24,580	24,879	22,679	23,016	25,387	508	2.04			
Income	(365)	(705)	(572)	(1,134)	(807)	(102)	14.47	Green	Amber	8
Net Expenditure	24,215	24,174	22,107	21,882	24,580	406	1.68			
Management & Support Services										
Expenditure										
Employees										
Wholetime	2,531	2,611	2,394	2,844	2,916	305	11.68	Red	Amber	1
Non-Operational	3,844	3,928	3,580	3,527	3,928	-	-	Green	Red	
Other Pension Costs	588	588	432	417	772	184	31.29	Red	Red	3
Indirect Employees	769	769	703	691	700	(69)	(8.97)	Green	Red	3
Employee Related Insurances	254	254	254	316	316	62	24.41	Red	Amber	3
Premises	734	776	705	585	749	(27)	(3.48)	Green	Green	4
Transport	1,994	1,994	1,848	1,743	1,774	(220)	(11.03)	Green	Green	5
Supplies and Services	1,506	1,506	1,372	1,787	1,836	330	21.91	Red	Red	6
Support Services	224	224	184	101	124	(100)	(44.64)	Green	Amber	7
Total Expenditure	12,444	12,650	11,472	12,011	13,115	465	3.68			
Income	(272)	(437)	(328)	(543)	(984)	(547)	125.17	Green	Green	8
Net Expenditure	12,172	12,213	11,144	11,468	12,131	(82)	(0.67)			

Table 2

HUMBERSIDE FIRE & RESCUE SERVICE
REVENUE MONITORING STATEMENT 2017/18
 1 April 2017 to 28 February 2018 (Period 11)

	Original Budget £'000	Revised Budget £'000	28 February 2018		Full Year			Traffic Light		Note
			Profile £'000	Actual & Committed £'000	Projection £'000	Variance		Status	Direction	
						£'000	%			
Democratic Representation & Management Expenditure										
Transport	4	4	4	5	4	-	-	Green	Amber	
Supplies and Services	146	146	133	114	146	-	-	Green	Amber	
Net Expenditure	150	150	137	119	150	-	-			
Corporate Management Expenditure										
Supplies and Services	33	33	30	27	33	-	-	Green	Amber	
Support Services	5	5	-	7	5	-	-	Green	Amber	
Net Expenditure	38	38	30	34	38	-	-			
Net Expenditure (excluding Capital Charges)	39,739	39,739	36,313	35,949	39,766	27	0.07			
Interest Payable	614	614	304	475	614	-	-	Green	Amber	
Interest Receivable	(80)	(80)	(73)	(27)	(35)	45	(56.25)	Red	Red	9
Accounting Adjustments	2,584	2,584	-	-	2,546	(38)	(1.47)	Green	Amber	10
Contributions to / (from) Reserves	(102)	(102)	-	-	(193)	(91)	89.22	Green	Green	11
Net Budget Requirement	42,755	42,755	36,544	36,397	42,698	(57)	(0.13)	Green	Red	
Financed by :										
Business Rates	(3,015)	(3,015)	(2,569)	(2,883)	(3,015)	-	-	Green	Amber	
NDR	(18,148)	(18,148)	(16,870)	(16,870)	(18,148)	-	-	Green	Amber	
Precepts	(21,592)	(21,592)	(19,841)	(19,842)	(21,592)	-	-	Green	Amber	
	-	-	(2,736)	(3,198)	(57)	(57)				

Notes

- The key reasons for the variance on the wholetime pay line are as follows:-

New Recruits Training and Supernumerary Firefighters (£420k)

The Service has supernumerary firefighters during 2017/18 as a result of the two cohorts of trainees brought into the Service in 2017. This will be a short-term financial effect as retirements from the Service take place over the next 18 months which has been at a slower rate than initially budgeted for. There are also short-term costs relating to the backfilling that has taken place for the four Watch Managers that have delivered the training to the new recruits.

Overtime (£220k)

There has been an impact on wholetime overtime as a result of the trial of self-rostering on some stations. This has had the effect of reducing the flexibility to move firefighters to cover crewing shortfalls on stations operating the 2, 2 and 4 system which has therefore been covered by overtime at these stations. A new system has been put in place from 1 September 2017 which has significantly reduced the overtime burden in the second half of the 2017/18 financial year.

2017 Pay Award (£170k)

An allowance has been made to budget for an additional 1% pay award for grey book staff on top of the 1% that has already been included in the budget for 2017/18.

Temporary Area Manager and Watch Manager – Corporate Planning (£92k)

Temporary Area and Watch Manager positions have been created to lead the preparations for the HMICFRS inspections that will be undertaken over the next 18 months.

2. This projected underspend is due to a number of vacant posts across the service as well as savings due to the part year effect of the Safety review.
3. This projected overspend is a combination of the cost of releasing staff through EVR, additional ill health pension contributions and less spent on course fees and associated equipment than anticipated.
4. This variance is due to an increase in business rates following a reassessment of the rateable value of Clough Road Fire Station and Brough following the station rebuilds offset by an underspend on utilities.
5. The remaining lease payments (for Fire Appliances) are due to end in 2017/18. A review of the lease liability has been undertaken which has resulted in credit to the revenue account. The Authority no longer leases Appliances. In addition to this it is projected that we will underspend on fuel.
6. This predicted overspend is due to kitting out of the recruits, the purchase of additional IT equipment and the use of training associates. In addition to this there is a predicted underspend due to purchasing less smoke alarms than anticipated.
7. This projected underspend is due to spending less on Legal fees than originally anticipated.
8. A performance related insurance review resulted in a refund from our insurers as well as additional income in relation to Aerial rentals, funding of the Road Safety Team from Safer Roads Humber, rental of PPE and plant to HFR Solutions and grants from central government in relation to business rates.
9. Interest receivable is lower than originally anticipated due to lower balances throughout 2017/18 caused by the transfer of the East Coast and Control Room Grant to Hertfordshire and the use of reserves to fund Central and Brough Fire Stations.
10. Lower MRP (Minimum Revenue Provision) than originally anticipated has created this variance.
11. A transfer from the Change Management Reserve to fund the costs associated with staff leaving through EVR (early voluntary release) has caused this variance.

Capital Statement

This report shows the actual and committed capital expenditure as at 28 February 2018 compared with the adjusted profiled 2017/18 budget for the same period. This report also shows the forecasted outturn for the full year based on current levels of expenditure and any known variations to the end of the financial year.

Table 3

**HUMBERSIDE FIRE & RESCUE SERVICE
CAPITAL MONITORING STATEMENT 2017/18
1 April 2017 to 28 February 2018 (Period 11)**

SCHEME	Original Budget £'000	Revised Budget £'000	28 February 2018		Projection £'000	Full Year		Traffic Light		Note
			Profile £'000	Actual & Committed £'000		Variance		Status	Direction	
						£'000	%			
Building Works										
Invest to Save	200	132	132	116	132	-	-	Green	Amber	
Bransholme	-	369	369	329	369	-	-	Green	Amber	
Clough Road Training	-	200	200	61	10	(190)	(95.00)	Green	Green	1
Bridlington	-	50	50	-	-	(50)	(100.00)	Green	Green	2
BA Training Refurbishment	-	50	50	39	10	(40)	(80.00)	Green	Green	3
HQ Phase 2	-	30	30	13	20	(10)	(33.33)	Green	Green	4
HQ OTC	-	30	30	-	5	(25)	(83.33)	Green	Green	5
Dignity Works	-	55	55	-	8	(47)	(85.45)	Green	Green	6
Brough	-	-	-	80	80	80	100.00	Red	Amber	7
Sundry Buildings	700	57	57	57	57	-	-	Green	Amber	
	900	973	973	695	691	(282)	(28.98)			
Vehicles										
Operational Vehicles	1,850	1,607	1,607	1,564	1,564	(43)	(2.68)	Green	Green	8
Support Vehicles	420	356	356	206	261	(95)	(26.69)	Green	Green	8
Equipment	250	366	366	98	298	(68)	(18.58)	Green	Green	8
Information Technology	575	575	575	373	475	(100)	(17.39)	Green	Green	9
	3,995	3,877	3,877	2,936	3,289	(588)	(15.17)			

Notes

1. The Clough Road training facility will not commence during 17/18.
2. The works at Bridlington Fire Station will not commence until 18/19.
3. The BA training refurbishment will not be completed until 18/19.
4. The works at HQ will not be completed during 17/18.
5. The works to the OTC at HQ will not be completed during 17/18.
6. The dignity works will not be completed during 17/18.
7. Additional spend at Brough due to the issues impacting on access and connection of services has caused this variance.

8. Not all vehicles will be delivered during 17/18.
9. Spending on the Emergency Services Network project will not be incurred until 2018/19.

Pensions Account Statement

The Authority has a revised budgeted deficit of £11.584m on this account for 2017/18. The deficit for the year is now projected to be £12.490m. This is a result of:

1. This variance is due to fewer firefighters retiring than expected during the year.
2. This variance is due to a change to the commutation factors have resulted in higher commutation payments being made.
3. There have been no transfers from the pension schemes and there hasn't been as many transfers from the schemes as originally anticipated.
4. There has been a higher number of ill health retirements than anticipated.
5. This variance is due to the tapering across to the new firefighters pension scheme which incurs lower contribution rates.

The deficit on this account is financed through the Pensions Top-up Grant given by the CLG, of which 80% of the grant was received in July of last year. The Authority has to stand any cash flow losses until the balance of the grant is paid in full in July 2018.

Table 4

**HUMBERSIDE FIRE & RESCUE SERVICE
PENSIONS ACCOUNT STATEMENT 2017/18
1 April 2017 to 28 February 2018 (Period 11)**

	Revised Budget £'000	28 February 2018		Projection £'000	Full Year Variance		Note
		Profile £'000	Actual £'000		£'000	%	
<u>Expenditure</u>							
Pension payments	14,909	14,909	14,491	14,579	(330)	(2.21)	1
Commutations	2,760	2,530	3,687	3,855	1,095	39.67	2
Transfer Values	100	92	-	-	(100)	(100.00)	3
Total Pensions Expenditure	17,769	17,531	18,178	18,434	665	3.74	
<u>Income</u>							
Contributions							
Ill Health	(120)	(110)	-	(267)	(147)	122.50	4
Employee's	(2,671)	(2,448)	(2,245)	(2,617)	54	(2.02)	5
Employer's	(3,294)	(3,020)	(2,788)	(3,044)	250	(7.59)	5
	(6,085)	(5,578)	(5,033)	(5,928)	157	(2.58)	
Transfer Values	(100)	(92)	-	(16)	84	(84.00)	3
Total Pensions Income	(6,185)	(5,670)	(5,033)	(5,944)	241	(3.90)	
Net Pensions Deficit/(Surplus) To be financed by CLG grant	11,584	11,861	13,145	12,490	906	7.82	

Treasury Management

Borrowing & Lending Activity

This statement shows the borrowing and lending activities undertaken by the Corporate Finance section of Hull City Council, on behalf of the Service, for the period 1 April 2017 to 28 February 2018 under the terms of the SLA. It also shows any variation between the actual interest received from the temporary investment of surplus monies and the budgeted interest.

Table 5

**HUMBERSIDE FIRE & RESCUE SERVICE
BORROWING AND LENDING ACTIVITY STATEMENT
For the Period Ending 28 February 2018**

Ref.	Company	Investment £	From	To	%	Returned	
						Interest £	Investment £
HFA Instant	HSBC	-					
MMF	Deutsche Managed Sterling Fund	675,000.00					
MMF	Standard Life (Ignis) Sterling Liquidity Fund	1,000,000.00					
MMF	Goldman Sachs Liquid Reserve Fund	-					
301629	Bank of Scotland	1,000,000.00	19/07/2017	19/01/2018	0.36	1,814.79	1,000,000.00
301650	DMO	2,500,000.00	23/01/2018	31/01/2018	0.25	136.99	2,500,000.00
301636	Leeds Building Society	1,000,000.00	07/08/2017	07/02/2018	0.30	1,512.33	1,000,000.00
301651	DMO	1,000,000.00	19/02/2018	28/02/2018	0.25	61.64	1,000,000.00
301652	DMO	1,200,000.00	21/02/2018	28/02/2018	0.25	57.53	1,200,000.00
301647	London Borough of Barking & Dagenham	1,000,000.00	14/12/2017	14/03/2018	0.40	986.30	-
301648	Bank of Scotland	1,000,000.00	20/12/2017	20/03/2018	0.50	1,232.88	-
						5,802.46	
Total Investments at 28 February 2018		3,675,000.00					

Summary of Interest Receipts

		Projection	Actual	Variance under/(over)	%
		£	£	£	
Accumulated interest on Investments to :	28/02/2018	73,337	27,338	45,999	62.72

Temporary Loans

Investment £	From	To	%	Interest £
-				-

The total amount temporarily invested at 28 February 2018 is £3.675m.

The balance in the Authority's Liquidity Manager Account (LMA) bank account as at 28 February 2018 is £271,483.40. This account currently accrues interest at 0.10%.

Movement in Revenue Reserves

This statement shows the movements on the revenue reserves for the period 1 April 2017 to 28 February 2018.

This statement also gives a projected value of revenue reserves at 31 March 2018 based on the projections in Table 1.

Table 6

HUMBERSIDE FIRE & RESCUE SERVICE MOVEMENT IN REVENUE RESERVES as at 28 February 2018

	As at 1 April 2017 £'000	In Year Movements £'000	Projected Balance at 31 March 2018 £'000
General Reserve	5,373	(45) *	5,328
Earmarked Reserves			
Insurance	500	-	500
Change Management	500	(91)	409
Income From HFR Solutions	1,771	-	1,771
Capital Programme	2,104	(500)	1,604
Resilience Reserve	300	-	300
	<u>10,548</u>	<u>(636)</u>	<u>9,912</u>

*In year contribution to the General Reserve is based on the budgeted contribution to the reserve plus any estimated under/overspend as at 28th February 2018.

Budget Virements (transfer between lines) Processed

The were no budget virements processed during the period to 28th February 2018

