



Management Accounts for the period ending 30th September 2017



HUMBERSIDE
Fire & Rescue Service

Index

Key to Traffic Light System	2
Revenue Budget Summary - Table 1	3
Revenue Budget - Table 2	4
Capital Budget	7
Pensions Account	8
Treasury Management - Borrowing & Lending Activity	9
Movement in Revenue Reserves	10
Budget Virements Processed	11

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 30 September 2017

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 30 September 2017 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 30 September 2017 (Period 06)

	Original Budget £'000	Revised Budget £'000	30 September 2017		Projection £'000	Full Year		Traffic Light		Note
			Profile £'000	Actual & Committed £'000		Variance £'000	%	Status	Direction	
Employees										
Wholetime	21,832	22,230	11,087	11,462	23,011	781	3.51	Red	Red	1
Retained	4,082	4,082	1,874	1,847	4,090	8	0.20	Red	Amber	1
Non-Operational	5,823	5,856	2,911	2,685	5,573	(283)	(4.83)	Green	Green	2
Other Employee Expenses (Training, Occ Health, Insurance)	1,679	1,679	781	910	1,679	-	-	Green	Amber	
Total Pay & Pensions	33,416	33,847	16,653	16,904	34,353	506	1.49			
Premises	2,070	2,070	1,373	1,496	2,164	94	4.54	Red	Amber	3
Transport	2,001	2,001	1,000	940	1,787	(214)	(10.69)	Green	Green	4
Supplies & Services	2,762	2,762	1,381	2,235	2,762	-	-	Green	Amber	
Support Services	229	229	120	65	179	(50)	(21.83)	Green	Green	5
Total Expenditure	40,478	40,909	20,527	21,640	41,245	336	0.82			
Income	(739)	(1,170)	(289)	(1,194)	(1,327)	(157)	13.42	Green	Green	6
Net Expenditure (Ex Capital Charges)	39,739	39,739	20,238	20,446	39,918	179	0.45			
Interest Payable	614	614	304	231	614	-	-	Green	Amber	
Interest Receivable	(80)	(80)	(40)	(15)	(80)	-	-	Green	Amber	
Accounting Adjustments	2,584	2,584	-	-	2,546	(38)	(1.47)	Green	Amber	7
Contributions to / (from) Reserves	(102)	(102)	-	-	(102)	-	-	Green	Amber	
Net Budget Requirement	42,755	42,755	20,502	20,662	42,896	141	0.33	Red	Red	
Financed By										
Business Rates	(3,015)	(3,015)	(1,401)	(1,570)	(3,015)	-	-			
National Non Domestic Rates	(18,148)	(18,148)	(10,486)	(10,486)	(18,148)	-	-			
Precepts	(21,592)	(21,592)	(11,087)	(11,090)	(21,592)	-	-			
	-	-	(2,472)	(2,484)	141	141	-			

Table 2

HUMBERSIDE FIRE & RESCUE SERVICE
REVENUE MONITORING STATEMENT 2017/18
1 April 2017 to 30 September 2017 (Period 06)

	Original Budget £'000	Revised Budget £'000	30 September 2017		Full Year			Traffic Light		Note
			Profile £'000	Actual & Committed £'000	Projection £'000	Variance		Status	Direction	
						£'000	%			
Safety										
Expenditure										
Employees										
Wholetime	1,071	1,071	536	495	1,079	8	0.75	Red	Amber	1
Retained	12	12	6	7	12	-	-	Green	Amber	
Non-Operational	1,851	1,851	925	871	1,701	(150)	(8.10)	Green	Green	2
Indirect Employees	48	48	24	1	48	-	-	Green	Amber	
Premises	-	-	-	-	-	-	-	Green	Amber	
Transport	3	3	1	-	3	-	-	Green	Amber	
Supplies and Services	281	281	141	75	281	-	-	Green	Amber	
Total Expenditure	3,266	3,266	1,633	1,449	3,124	(142)	(4.35)			
Income	(102)	(102)	(51)	(247)	(102)	-	-	Green	Amber	
Net Expenditure	3,164	3,164	1,582	1,202	3,022	(142)	(4.49)			
Fire Fighting & Rescue Operations										
Expenditure										
Employees										
Wholetime	17,114	17,454	8,728	8,969	17,965	511	2.93	Red	Red	1
Control	1,116	1,116	558	530	1,146	30	2.69	Red	Amber	1
Retained	4,070	4,070	1,868	1,840	4,078	8	0.20	Red	Amber	1
Non-Operational	128	128	64	39	128	-	-	Green	Amber	
Indirect Employees	20	20	10	8	20	-	-	Green	Amber	
Premises	1,336	1,336	938	1,111	1,430	94	7.04	Red	Amber	3
Transport	-	-	-	-	-	-	-	Green	Amber	
Supplies and Services	796	796	398	420	796	-	-	Green	Amber	
Total Expenditure	24,580	24,920	12,564	12,917	25,563	643	2.58			
Income	(365)	(705)	(169)	(888)	(705)	-	-	Green	Amber	
Net Expenditure	24,215	24,215	12,395	12,029	24,858	643	2.66			
Management & Support Services										
Expenditure										
Employees										
Wholetime	2,531	2,589 *	1,265	1,468	2,821	232	8.96	Red	Red	1
Non-Operational	3,844	3,877 *	1,922	1,775	3,744	(133)	(3.43)	Green	Amber	2
Other Pension Costs	588	588	236	408	588	-	-	Green	Amber	
Indirect Employees	769	769	384	349	769	-	-	Green	Amber	
Employee Related Insurances	254	254	127	144	254	-	-	Green	Amber	
Premises	734	734	435	385	734	-	-	Green	Amber	
Transport	1,994	1,994	997	938	1,780	(214)	(10.73)	Green	Green	4
Supplies and Services	1,506	1,506	753	1,670	1,506	-	-	Green	Amber	
Support Services	224	224	120	58	174	(50)	(22.32)	Green	Green	5
Total Expenditure	12,444	12,535	6,239	7,195	12,370	(165)	(1.32)			
Income	(272)	(363) *	(69)	(59)	(520)	(157)	43.25	Green	Green	6
Net Expenditure	12,172	12,172	6,170	7,136	11,850	(322)	(2.65)			

Cont...

Table 2 Cont...

HUMBERSIDE FIRE & RESCUE SERVICE
REVENUE MONITORING STATEMENT 2017/18
 1 April 2017 to 30 September 2017 (Period 06)

	Original Budget £'000	Revised Budget £'000	30 September 2017		Projection £'000	Full Year Variance		Traffic Light		Note
			Profile £'000	Actual & Committed £'000		£'000	%	Status	Direction	
Democratic Representation & Management Expenditure										
Transport	4	4	2	2	4	-	-	Green	Amber	
Supplies and Services	146	146	73	62	146	-	-	Green	Amber	
Net Expenditure	150	150	75	64	150	-	-			
Corporate Management Expenditure										
Supplies and Services	33	33	16	8	33	-	-	Green	Amber	
Support Services	5	5	-	7	5	-	-	Green	Amber	
Net Expenditure	38	38	16	15	38	-	-			
Net Expenditure (excluding Capital Charges)	39,739	39,739	20,238	20,446	39,918	179	0.45			
Interest Payable	614	614	304	231	614	-	-	Green	Amber	
Interest Receivable	(80)	(80)	(40)	(15)	(80)	-	-	Green	Amber	
Accounting Adjustments	2,584	2,584	-	-	2,546	(38)	(1.47)	Green	Amber	7
Contributions to / (from) Reserves	(102)	(102)	-	-	(102)	-	-	Green	Amber	
Net Budget Requirement	42,755	42,755	20,502	20,662	42,896	141	0.33	Red	Red	
Financed by :										
Business Rates	(3,015)	(3,015)	(1,401)	(1,570)	(3,015)	-	-	Green	Amber	
NNDR	(18,148)	(18,148)	(10,486)	(10,486)	(18,148)	-	-	Green	Amber	
Precepts	(21,592)	(21,592)	(11,087)	(11,090)	(21,592)	-	-	Green	Amber	
	-	-	(2,472)	(2,484)	141	141				

*Budgets increased to reflect expenditure and income in relation to the East Coast and Hertfordshire Control Room project

Notes

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

New Recruits Training and Supernumerary Firefighters (£260k)

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. 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 should significantly reduce 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 – Corporate Planning (£70k)

A temporary Area Manager position has 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 variance is due to an increase in business rates following a reassessment of the rateable value of Clough Road Fire Station.
4. 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.
5. This projected underspend is due to spending less on Legal fees than originally anticipated.
6. A performance related insurance review resulted in a refund from our insurers as well as additional income in relation to Aerial rentals and a contribution from HFR Solutions towards the costs of the Immingham Training School refurbishment.
7. Lower MRP (Minimum Revenue Provision) than originally anticipated has created this variance.

Capital Statement

This report shows the actual and committed capital expenditure as at 30 September 2017 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 30 September 2017 (Period 06)

SCHEME	Original Budget £'000	Revised Budget £'000	30 September 2017		Projection £'000	Full Year		Traffic Light		Note
			Profile £'000	Actual & Committed £'000		Variance £'000	%	Status	Direction	
Building Works										
Invest to Save	200	412	10	2	412	-	-	Green	Amber	
Bransholme	-	356	300	258	356	-	-	Green	Amber	
Clough Road	-	877	50	2	600	(277)	(31.58)	Green	Green	1
Howden	-	290	-	-	-	(290)	(100.00)	Green	Green	2
Station Kitchens	-	18	-	-	18	-	-	Green	Amber	
Sundry Buildings	700	1,073	150	119	382	(691)	(64.40)	Green	Green	3
	900	3,026	510	381	1,768	(1,258)	(41.57)			
Vehicles										
Operational Vehicles	1,850	1,937	1,200	1,102	1,625	(312)	(16.11)	Green	Green	4
Support Vehicles	420	502	-	-	82	(420)	(83.67)	Green	Green	5
Equipment	250	356	50	39	356	-	-	Green	Amber	
Information Technology	575	1,409	50	22	325	(1,084)	(76.93)	Green	Green	6
	3,995	7,230	1,810	1,544	4,156	(3,074)	(42.52)			

* The revised budget includes £3.2m of slippage from the previous year's Capital Programme as agreed by the Fire Authority at its meeting on 26 June 2017.

Notes

1. The anticipated spend during 2017/18 is lower than the allocation which will be slipped into 2018/19.
2. It is anticipated that this scheme will now be undertaken in 2018/19.
3. It is anticipated that not all of this budget will be utilised during 2017/18 but will need to be slipped into 2018/19.
4. The ALP and RSU's will not be completed until 2018/19.
5. A number of vehicles have cost less than originally anticipated.
6. 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 £11.585m on this account for 2017/18. The deficit for the year is now projected to be £13.723m. 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. 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 this 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 30 September 2017 (Period 06)**

	Revised Budget £'000	30 September 2017		Projection £'000	Full Year Variance		Note
		Profile £'000	Actual £'000		£'000	%	
<u>Expenditure</u>							
Pension payments	14,909	8,697	8,458	14,787	(122)	(0.82)	1
Commutations	2,760	1,380	2,307	4,474	1,714	62.09	2
Transfer Values	100	25	-	100	-	-	
Total Pensions Expenditure	17,770	10,102	10,765	19,361	1,592	8.96	
<u>Income</u>							
Contributions							
Ill Health	(120)	(60)	-	(120)	-	-	
Employee's	(2,671)	(1,335)	(1,228)	(2,429)	242	(9.06)	3
Employer's	(3,294)	(1,647)	(1,530)	(2,989)	305	(9.26)	3
	(6,085)	(3,043)	(2,758)	(5,538)	547	(8.99)	
Transfer Values	(100)	(25)	-	(100)	-	-	
Total Pensions Income	(6,185)	(3,068)	(2,758)	(5,638)	547	(8.84)	
Net Pensions Deficit/(Surplus) To be financed by CLG grant	11,585	7,034	8,007	13,723	2,139	18.46	

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 30 September 2017 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 30 September 2017**

Ref.	Company	Investment £	From	To	%	Returned	
						Interest £	Investment £
HFA Instant	HSBC	-					
MMF	Deutsche Managed Sterling Fund	910,000.00					
MMF	Standard Life (Ignis) Sterling Liquidity Fund	1,000,000.00					
MMF	Goldman Sachs Liquid Reserve Fund	-					
301624	Nottingham City Council	1,500,000.00	04/04/2017	04/07/2017	0.32	1,196.71	1,500,000.00
301610	Bank of Scotland	1,000,000.00	19/01/2017	19/07/2017	0.60	2,975.34	1,000,000.00
301630	DMO	1,100,000.00	21/07/2017	31/07/2017	0.10	30.14	1,100,000.00
301631	DMO	2,500,000.00	28/07/2017	31/07/2017	0.10	20.55	2,500,000.00
301634	DMO	3,500,000.00	28/07/2017	04/08/2017	0.10	67.12	3,500,000.00
301613	Leeds Building Society	1,000,000.00	06/02/2017	07/08/2017	0.43	2,144.11	1,000,000.00
301614	Nationwide Building Society	1,000,000.00	13/02/2017	14/08/2017	0.42	2,094.25	1,000,000.00
301635	DMO	3,000,000.00	04/08/2017	31/08/2017	0.10	221.92	3,000,000.00
301638	DMO	1,700,000.00	21/08/2017	29/09/2017	0.10	181.64	1,700,000.00
301639	DMO	900,000.00	22/08/2017	29/09/2017	0.10	93.70	900,000.00
301640	DMO	1,000,000.00	19/09/2017	29/09/2017	0.10	27.40	1,000,000.00
301642	DMO	1,000,000.00	21/09/2017	29/09/2017	0.10	21.92	1,000,000.00
301632	Barclays Bank	2,000,000.00	28/07/2017	30/10/2017	0.18	927.12	-
301633	Nationwide Building Society	1,000,000.00	28/07/2017	28/11/2017	0.22	741.37	-
301637	Nationwide Building Society	1,000,000.00	14/08/2017	14/12/2017	0.22	735.34	-
301627	Bank of Scotland	1,000,000.00	20/06/2017	20/12/2017	0.36	1,804.93	-
301641	Surrey Heath District Council	1,500,000.00	29/09/2017	29/12/2017	0.28	1,047.12	-
301629	Bank of Scotland	1,000,000.00	19/07/2017	19/01/2018	0.36	1,814.79	-
301636	Leeds Building Society	1,000,000.00	07/08/2017	07/02/2018	0.30	1,512.33	-
						17,657.81	
Total Investments at 30 September 2017		10,410,000.00					

Summary of Interest Receipts

		Projection	Actual	Variance under/(over)	%
		£	£	£	
Accumulated interest on Investments to :	30/09/2017	40,002	14,661	25,341	63.35

Temporary Loans

Investment £	From	To	%	Interest £
-				-

The total amount temporarily invested at 30 September 2017 is £10.410m.

The balance in the Authority's Liquidity Manager Account (LMA) bank account as at 30 September 2017 is £37,263.78. 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 30 September 2017.

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 30 September 2017

	As at 1 April 2017 £'000	In Year Movements £'000	Projected Balance at 31 March 2018 £'000
General Reserve	5,373	(243) *	5,130
Earmarked Reserves			
Insurance	500	-	500
Change Management	500	-	500
Income From HFR Solutions	1,771	-	1,771
Capital Programme	2,104	(500)	1,604
Resilience Reserve	300	-	300
	<u>10,548</u>	<u>(743)</u>	<u>9,805</u>

*In year contribution to the General Reserve is based on the budgeted contribution to the reserve plus any estimated under/overspend as at 30th September 2017.

Budget Virements (transfer between lines) Processed

There have been no budget virements processed during the quarter ending 30th September 2017