



Management Accounts and Prudential Indicators for the period ending 30th June 2014



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 2014 to 30 June 2014

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 June 2014 compared to the profiled 2014/15 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 2014/15
1 April 2014 to 30 June 2014 (Period 03)

	Original Budget £'000	Revised Budget £'000	30 June 2014		Projection £'000	Full Year		Traffic Light		Note
			Profile £'000	Actual & Committed £'000		Variance		Status	Direction	
						£'000	%			
Employees										
Wholetime	25,934	25,934	6,483	6,536	25,934	-	-	Green	Amber	
Retained	3,812	3,812	750	608	3,812	-	-	Green	Amber	
Support	5,725	5,725	1,438	1,554	5,725	-	-	Green	Amber	
Other Employee Expenses (Training, Occ Health, Insurance)	1,433	1,433	378	235	1,433	-	-	Green	Amber	
Total Pay & Pensions	36,904	36,904	9,049	8,933	36,904	-	-			
Premises	2,315	2,315	1,121	1,085	2,315	-	-	Green	Amber	
Transport	1,205	1,205	347	219	1,205	-	-	Green	Amber	
Supplies & Services	3,305	3,305	827	1,255	3,305	-	-	Green	Amber	
Support Services	130	130	19	106	130	-	-	Green	Amber	
Non Pay Savings	(337)	(337)	(84)	-	(337)	-	-	Green	Amber	
Total Expenditure	43,522	43,522	11,279	11,598	43,522	-	-			
Income	(640)	(640)	(109)	(551)	(910)	(270)	42.19	Green	Green	1
Net Expenditure (Ex Capital Charges)	42,882	42,882	11,170	11,047	42,612	(270)	(0.63)			
Interest Payable	804	804	-	13	804	-	-	Green	Amber	
Interest Receivable	(50)	(50)	(13)	(4)	(50)	-	-	Green	Amber	
Contingency	285	285	-	-	285	-	-	Green	Amber	
Accounting Adjustments	682	682	(253)	(1,846)	682	-	-	Green	Amber	
Contributions to / (from) Reserves	134	134	-	-	134	-	-	Green	Amber	
Net Budget Requirement	44,737	44,737	10,904	9,210	44,467	(270)	(0.60)	Green	Green	
Financed By										
Business Rates	(3,252)	(3,252)	(813)	(799)	(3,252)	-	-			
National Non Domestic Rates	(22,124)	(22,124)	(5,531)	(9,310)	(22,124)	-	-			
Precepts	(19,361)	(19,361)	(5,059)	(5,062)	(19,361)	-	-			
	-	-	(499)	(5,961)	(270)	(270)	-			

Table 2

HUMBERSIDE FIRE & RESCUE SERVICE
REVENUE MONITORING STATEMENT 2014/15
 1 April 2014 to 30 June 2014 (Period 03)

	Original Budget £'000	Revised Budget £'000	30 June 2014		Full Year			Traffic Light		Note
			Profile £'000	Actual & Committed £'000	Projection £'000	Variance		Status	Direction	
						£'000	%			
Community Fire Safety										
Expenditure										
Employees										
Wholetime	1,131	1,131	283	259	1,131	-	-	Green	Amber	
Retained	77	77	19	4	77	-	-	Green	Amber	
Support	1,763	1,763	441	424	1,763	-	-	Green	Amber	
Indirect Employees	47	47	12	8	47	-	-	Green	Amber	
Premises	1	1	-	1	1	-	-	Green	Amber	
Transport	23	23	6	3	23	-	-	Green	Amber	
Supplies and Services	346	346	86	157	346	-	-	Green	Amber	
Non Pay Savings	(19)	(19)	(5)	-	(19)	-	-	Green	Amber	
Total Expenditure	3,369	3,369	842	856	3,369	-	-			
Income	(64)	(64)	(15)	(53)	(64)	-	-	Green	Amber	
Net Expenditure	3,305	3,305	827	803	3,305	-	-			
Fire Fighting & Rescue Operations										
Expenditure										
Employees										
Wholetime	20,986	20,986	5,246	5,215	20,986	-	-	Green	Amber	
Control	1,268	1,268	317	317	1,268	-	-	Green	Amber	
Retained	3,735	3,735	731	604	3,735	-	-	Green	Amber	
Support	123	123	31	47	123	-	-	Green	Amber	
Indirect Employees	19	19	5	9	19	-	-	Green	Amber	
Premises	1,321	1,321	719	730	1,321	-	-	Green	Amber	
Transport	13	13	3	6	13	-	-	Green	Amber	
Supplies and Services	1,089	1,089	272	300	1,089	-	-	Green	Amber	
Non Pay Savings	(121)	(121)	(30)	-	(121)	-	-	Green	Amber	
Total Expenditure	28,433	28,433	7,294	7,228	28,433	-	-			
Income	(304)	(304)	(22)	(440)	(304)	-	-	Green	Amber	
Net Expenditure	28,129	28,129	7,272	6,788	28,129	-	-			
Management & Support Services										
Expenditure										
Employees										
Wholetime	2,549	2,549	637	745	2,549	-	-	Green	Amber	
Support	3,839	3,839	966	1,083	3,839	-	-	Green	Amber	
Other Pension Costs	594	594	119	74	594	-	-	Green	Amber	
Indirect Employees	552	552	132	144	552	-	-	Green	Amber	
Employee Related Insurances	221	221	110	-	221	-	-	Green	Amber	
Premises	993	993	402	354	993	-	-	Green	Amber	
Transport	1,165	1,165	337	209	1,165	-	-	Green	Amber	
Supplies and Services	1,669	1,669	418	745	1,669	-	-	Green	Amber	
Support Services	125	125	19	106	125	-	-	Green	Amber	
Non Pay Savings	(197)	(197)	(49)	-	(197)	-	-	Green	Amber	
Contingency	285	285	-	-	285	-	-	Green	Amber	
Total Expenditure	11,795	11,795	3,091	3,460	11,795	-	-			
Income	(272)	(272)	(72)	(58)	(542)	(270)	99.26	Green	Green	1
Net Expenditure	11,523	11,523	3,019	3,402	11,253	(270)	(2.34)			

Cont....

Table 2 Cont....

HUMBERSIDE FIRE & RESCUE SERVICE
REVENUE MONITORING STATEMENT 2014/15
 1 April 2014 to 30 June 2014 (Period 03)

	Original Budget £'000	Revised Budget £'000	30 June 2014		Projection £'000	Full Year		Traffic Light		Note
			Profile £'000	Actual & Committed £'000		Variance £'000	%	Status	Direction	
Democratic Representation & Management Expenditure										
Transport	4	4	1	1	4	-	-	Green	Amber	
Supplies and Services	159	159	40	48	159	-	-	Green	Amber	
Support Services	-	-	-	-	-	-	-	Green	Amber	
Net Expenditure	163	163	41	49	163	-	-			
Corporate Management Expenditure										
Supplies and Services	42	42	11	5	42	-	-	Green	Amber	
Support Services	5	5	-	-	5	-	-	Green	Amber	
Net Expenditure	47	47	11	5	47	-	-			
Net Expenditure (excluding Capital Charges)	43,167	43,167	11,170	11,047	42,897	(270)	(0.63)			
Interest Payable	804	804	-	13	804	-	-	Green	Amber	
Interest Receivable	(50)	(50)	(13)	(4)	(50)	-	-	Green	Amber	
Accounting Adjustments	682	682	(253)	(1,846)	682	-	-	Green	Amber	
Contributions to / (from) Reserves	134	134	-	-	134	-	-	Green	Amber	
Net Budget Requirement	44,737	44,737	10,904	9,210	44,467	(270)	(0.60)	Green	Green	
Financed by :										
Business Rates	(3,252)	(3,252)	(813)	(799)	(3,252)	-	-	Green	Amber	
NDR	(22,124)	(22,124)	(5,531)	(9,310)	(22,124)	-	-	Green	Amber	
Precepts	(19,361)	(19,361)	(5,059)	(5,062)	(19,361)	-	-	Green	Amber	
	-	-	(499)	(5,961)	(270)	(270)				

Notes

1. Additional section 31 grant received from DCLG.

Capital Statement

This report shows the actual and committed capital expenditure as at 30 June 2014 compared with the adjusted profiled 2014/15 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 2014/15
1 April 2014 to 30 June 2014 (Period 03)

SCHEME	Original Budget £'000	Revised Budget £'000	30 June 2014		Projection £'000	Full Year		Traffic Light		Note
			Profile	Actual & Committed		Variance	Status	Direction		
			£'000	£'000					£'000	
Building Works										
Invest to Save	200	278	70	57	278	-	-	Green	Amber	
Bransholme	350	350	-	-	350	-	-	Green	Amber	
Clough Road	-	2,945	250	207	2,945	-	-	Green	Amber	
Brough	1,100	1,100	10	2	500	(600)	(54.55)	Green	Green	1
Immingham West	-	140	-	-	140	-	-	Green	Amber	
Howden	180	120	-	-	120	-	-	Green	Amber	
Withersea	-	60	60	60	60	-	-	Green	Amber	
Station End Equipment	150	150	-	-	150	-	-	Green	Amber	
Brigg	240	240	-	-	240	-	-	Green	Amber	
Training Infrastructure	1,575	1,959	70	62	1,959	-	-	Green	Amber	
	3,795	7,342	460	388	6,742	(600)	(8.17)			
Vehicles										
Operational Vehicles	2,540	2,846	-	-	2,846	-	-	Green	Amber	
Support Vehicles	356	356	150	146	356	-	-	Green	Amber	
Equipment	400	459	100	98	459	-	-	Green	Amber	
Information Technology	320	320	120	108	320	-	-	Green	Amber	
Management Information System	-	36	-	-	36	-	-	Green	Amber	
Breathing Apparatus	-	645	50	22	645	-	-	Green	Amber	
	7,411	12,004	880	762	11,404	(600)	(5.00)			

Notes

1. The new Brough Fire Station scheme will not complete within 2014/15.

Pensions Account Statement

The Authority has a revised budgeted deficit of £8.445m on this account for 2014/15.

The deficit on this account is financed through the Pensions Top-up Grant given by the CLG, of which 80% of the grant will be 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 2015.

Table 4

**HUMBERSIDE FIRE & RESCUE SERVICE
PENSIONS ACCOUNT STATEMENT 2014/15
1 April 2014 to 30 June 2014 (Period 03)**

	Revised Budget £'000	30 June 2014		Projection £'000	Full Year		Note
		Profile £'000	Actual £'000		Variance		
					£'000	%	
<u>Expenditure</u>							
Pension payments	12,828	4,276	4,234	12,828	-	-	-
Commutations	2,442	814	104	2,442	-	-	-
Transfer Values	100	33	-	100	-	-	-
Total Pensions Expenditure	15,370	5,123	4,337	15,370	-		-
<u>Income</u>							
Contributions							
Ill Health	(180)	-	-	(180)	-	-	-
Employee's	(2,760)	(690)	(693)	(2,760)	-	-	-
Employer's	(3,885)	(971)	(977)	(3,885)	-	-	-
	(6,825)	(1,661)	(1,669)	(6,825)			
Transfer Values	(100)	-	-	(100)	-	-	-
Total Pensions Income	(6,925)	(1,661)	(1,669)	(6,925)	-		-
Net Pensions Deficit/(Surplus) To be financed by CLG grant	8,445	3,462	2,668	8,445	-		-

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 2014 to 30 June 2014 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 Month of June 2014

Ref.	Company	Investment £	From	To	%	Returned	
						Interest £	Investment £
HFA Instant	HSBC	-					
MMF	Ignis Sterling Liquidity Fund	1,000,000.00					
MMF	Goldman Sachs Liquid Reserve Fund	150,000.00					
301421	Leeds City Council	1,000,000.00	16/07/2013	16/06/2014	0.30	2,753.42	1,000,000.00
301422	Leeds City Council	1,000,000.00	12/07/2013	16/06/2014	0.30	2,786.30	1,000,000.00
301458	HSBC	1,000,000.00	23/06/2014	24/06/2014	0.25	6.85	1,000,000.00
301459	HSBC	1,500,000.00	24/06/2014	30/06/2014	0.25	61.64	1,500,000.00
301433	Plymouth City Council	1,000,000.00	01/08/2013	10/07/2014	0.29	2,725.21	-
301450	Nationwide Building Society	1,000,000.00	10/04/2014	11/07/2014	0.47	1,184.66	-
301418	Blackpool Borough Council	1,000,000.00	15/07/2013	14/07/2014	0.30	2,991.78	-
301424	Bury Metropolitan Borough Council	2,000,000.00	15/07/2013	14/07/2014	0.39	7,778.63	-
301423	Bassetlaw District Council	1,000,000.00	15/07/2013	14/07/2014	0.30	2,991.78	-
301432	Merthyr Tydfil Council	2,000,000.00	22/07/2013	21/07/2014	0.28	5,584.66	-
301451	Nationwide Building Society	1,000,000.00	29/04/2014	29/07/2014	0.48	1,196.71	-
301444	Royal Bank of Scotland	1,000,000.00	31/07/2013	30/07/2014	0.70	6,980.82	-
301420	Woking Borough Council	2,000,000.00	01/08/2013	31/07/2014	0.30	5,983.56	-
301454	HSBC	1,000,000.00	15/05/2014	15/08/2014	0.40	1,008.22	-
301434	Isle of Wight Council	1,000,000.00	21/08/2013	20/08/2014	0.28	2,792.33	-
301435	Thurrock Borough Council	2,000,000.00	02/09/2013	01/09/2014	0.28	5,584.66	-
301442	Eastleigh Borough Council	1,000,000.00	03/09/2013	02/09/2014	0.30	2,991.78	-
301457	Barclays Bank	2,000,000.00	16/06/2014	16/09/2014	0.47	2,369.32	-
301427	Corby Borough Council	1,600,000.00	20/09/2013	19/09/2014	0.30	4,786.85	-
301436	London Borough of Islington	2,000,000.00	01/10/2013	30/09/2014	0.28	5,584.66	-
301453	Bank of Scotland	1,000,000.00	06/05/2014	06/11/2014	0.70	3,528.77	-
301449	Bank of Scotland	1,000,000.00	01/04/2014	31/03/2015	0.95	9,473.97	-
						81,146.58	
Total Investments at 30 June 2014		25,750,000.00					

Summary of Interest Receipts

		Projection	Actual	Variance under/(over)	%
		£	£	£	
Accumulated interest on Investments to :	30/06/2014	12,501	4,383	8,118	64.94

Temporary Loans

	Investment £	From	To	%	Interest £
Nil	-				-

The total amount temporarily invested at 30 June 2014 is £25,750,000 which includes £4.38m invested on behalf of the East Coast and Hertfordshire Control Project.

The balance in the Authority's Liquidity Manager Account (LMA) bank account as at 30 June 2014 is £104,786.21. 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 2014 to 30 June 2014.

This statement also gives a projected value of revenue reserves at 31 March 2015 based on the projections in Table 1.

Table 6

**HUMBERSIDE FIRE & RESCUE SERVICE
MOVEMENT IN REVENUE RESERVES
as at 30 June 2014**

	As at 1 April 2014 £'000	In Year Movements £'000	Projected Balance at 31 March 2015 £'000
General Reserve	5,232	404 *	5,636
Earmarked Reserves			
Insurance	500	-	500
East Coast & Hertfordshire Control	1,137	(1,137)	-
BA Replacement	497	(497)	-
Change Management	2,405	-	2,405
Wide Area Network (WAN)	1,750	-	1,750
New Brough Station	1,229	(500)	729
Data and Intelligence Management	107	(107)	-
Lease Buy-Out	-	-	-
Central Fire Station	2,000	-	2,000
HFR Solutions	506	-	506
Workshops Collaboration	400	(400)	-
Capital Programme	1,498	(1,498)	-
	17,261	(3,735)	13,526

*In year contribution to the General Reserve is based on the budgeted contribution to the reserve plus any estimated under/overspend as at 30th June 2014.

Balance Sheet

This statement represents a snapshot of the balances at the date of this report.

It assumes that a revenue surplus of £5,961k, shown for the period in Table 1, is transferred to the General Reserve and that all capital expenditure is charged to the asset accounts.

As at the date of the report no long term borrowing to finance capital expenditure has been undertaken.

Table 7

	30-Jun
	£'000
Property, Plant & Equipment	68,935
Intangible Assets	635
Long Term Assets	69,570
Inventories	335
Short Term Investments	25,750
Short Term Debtors	2,334
Cash and Cash Equivalents	0
Current Assets	28,419
Cash and Cash Equivalents (liability)	(1,003)
Short Term Creditors	(3,828)
Short Term Borrowing	(1,051)
Current Liabilities	(5,882)
Long Term Borrowing	(16,739)
Other Long Term Liabilities	(1,331)
Long Term Liabilities	(18,070)
Net Assets	<u>74,037</u>
Usable Reserves	23,236
Unusable Reserves	50,801
Total Reserves	<u>74,037</u>

The balance sheet displayed excludes IAS19 Employee Benefits pension liabilities of £538m. These liabilities relate to pension benefits that have been earned by employees which will eventually be paid as pensions in the future.

Prudential Indicators

The Prudential Indicators of the Authority for 2014/15 were approved at the 14 March 2014 Fire Authority Meeting.

The statements below monitor the actual performance to 30 June 2014 against the approved indicators.

Indicator 1 - Estimated Capital Expenditure 2014/15

This table reflects the forecasted capital expenditure as recorded in Table 3 of this report.

	2013/14 Actual £m	2014/15 Estimate Original £m	2014/15 Estimate Revised £m	2015/16 Estimate £m	2016/17 Estimate £m
Total Capital expenditure	5.061	11.544	11.404	1.439	2.642

Indicator 2 – Estimated ratio of Capital Financing Costs to Net Revenue Stream

This indicator reflects the estimated proportion of the net budget which is required to meet capital financing costs.

	2013/14 Actual %	2014/15 Estimate Original %	2014/15 Estimate Revised %	2015/16 Estimate %	2016/17 Estimate %
Ratio of Capital Financing Costs to Net Revenue Stream	11.25	5.60	5.63	6.55	6.69

Indicator 3 – Estimated Capital Financing Requirement

This indicator measures the Authority's need to borrow for capital financing purposes.

	Actual 31/03/14 £m	31/03/15 Estimate Original £m	31/03/15 Estimate Revised £m	Estimate 31/03/16 £m	Estimate 31/03/17 £m
Capital Financing Requirement	16.606	23.061	20.014	21.469	20.875

Indicator 4 – Authorised Limit for External Debt

The Authorised Limit for External Debt reflects the Authority's projected long and short term borrowing requirements at any time together with any other long term liabilities it may have. It is based on a prudent (but not worst case) scenario, and contains sufficient head room over and above this level to allow for operational management, for example, usual cash flow movements. The indicator was set at £31.557 million for 2014/15.

As at the 30 June 2014, the Authorised Limit has not been approached at any point in the year to date and is not forecast to be approached during the remainder of the financial year.

Indicator 5 – Operational Boundary for External Debt

The Operational Boundary for External Debt is based on the same elements as the Authorised Limit (Indicator 4 above), but reflects directly the Director of Finance/S.151 Officer's estimate of the likely, prudent but not the worst case scenario without the additional headroom included in the Authorised Limit. This indicator therefore equates to the maximum external debt projected by this estimate and was set at £23.557 million for 2014/15.

As with the Authorised Limit, borrowing in the year to date has not exceeded the boundary and is not expected to exceed the boundary for the remainder of the financial year.

Indicator 6 – Fixed and Variable Rate Interest Exposure

This indicator seeks to ensure that the Authority limits its exposure to the risk of interest rate changes by restricting the proportion of variable rate borrowing within total borrowings. The approved limits for 2014/15 do not require amendment.

	As at 30/06/14	2014/15	2015/16	2016/17
	%	%	%	%
Fixed Rate – Upper Limit	100	100	100	100
Fixed Rate – Lower Limit	75	75	75	75
Variable Rate – Upper Limit	25	25	25	25
Variable Rate – Lower Limit	-	-	-	-

Indicator 7 – Upper and Lower Limits for the Maturity Structure of Borrowings

This indicator also seeks to ensure the Authority controls its exposure to the risk of interest rate fluctuations by limiting the proportion of debt maturing in any single period. The maturity structure of external debt is within the current approved upper and lower limits.

	Upper Limit %	% As at 30/06/14	Lower Limit %
Under 12 Months	15	6.04	-
12 months and within 24 months	15	7.45	-
24 months and within 5 years	25	15.42	-
5 years and within 10 years	60	27.73	-
10 years and above	80	43.36	-

Indicator 8 – Upper Limit for the Maturity Structure of Investments

When the 2014/15 Prudential Indicators were established the Authority's cash flow strategy was that any investment of surplus funds would not exceed a period of more than 364 days duration. To date, effective cash flow management has duly reflected this strategy, and it is anticipated that any future investments in this financial year will also reflect this strategy.

Key Indicator of Prudence

Under the Prudential Code a key indicator of prudence is that "net external borrowing does not, except in the short term, exceed the total of the Capital Financing Requirement in the preceding year plus the estimates of additional Capital Financing Requirements for the current and the next two financial years". To date, this indicator has not been breached.

Budget Virements (transfer between lines) Processed

There have been no budget virements processed during the month of June.

HFR Solutions

The financial performance of HFR Solutions in 2012/13 (actual), 2013/14 (actual) and 2014/15 (year-end projection) is shown below.

	HFR Solutions surplus after corporation tax	HFRS costs charged to HFR Solutions (secondments, staff time, etc)	Total financial benefit of HFR Solutions to HFRS
	(£k)	(£k)	(£k)
2012/13 Actual (audited)	298	280	578
2013/14 Actual (audited)	164	451	615
2014/15 Year-End Projection	200	500	700

