



Management Accounts for the period ending 31st December 2017



HUMBERSIDE
Fire & Rescue Service

Safer Communities Safer Firefighters

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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 31 December 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 31 December 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 31 December 2017 (Period 09)

	Original Budget	Revised Budget	31 December 2017		Full Year			Traffic Light		Note
			Profile	Actual & Committed	Projection	Variance		Status	Direction	
	£'000	£'000	£'000	£'000	£'000	£'000	%			
Employees										
Wholetime	21,832	22,253 *	16,691	17,254	23,158	905	4.07	Red	Red	1
Retained	4,082	4,082	2,895	2,790	4,112	30	0.73	Red	Red	1
Non-Operational	5,823	5,907 *	4,423	4,069	5,607	(300)	(5.08)	Green	Green	2
Other Employee Expenses (Training, Occ Health, Insurance)	1,679	1,679	1,235	1,238	1,829	150	8.93	Red	Red	3
Total Pay & Pensions	33,416	33,921	25,244	25,351	34,706	785	2.31			
Premises	2,070	2,070	1,731	1,854	2,166	96	4.64	Red	Red	4
Transport	2,001	2,001	1,564	1,681	1,788	(213)	(10.64)	Green	Red	5
Supplies & Services	2,762	2,762	2,062	2,296	2,633	(129)	(4.67)	Green	Green	6
Support Services	229	229	163	73	129	(100)	(43.67)	Green	Green	7
Total Expenditure	40,478	40,983	30,764	31,255	41,422	439	1.07			
Income	(739)	(1,244) *	(852)	(1,452)	(1,978)	(734)	59.00	Green	Green	8
Net Expenditure (Ex Capital Charges)	39,739	39,739	29,912	29,803	39,444	(295)	(0.74)			
Interest Payable	614	614	304	607	614	-	-	Green	Amber	
Interest Receivable	(80)	(80)	(60)	(22)	(40)	40	(50.00)	Red	Red	9
Accounting Adjustments	2,584	2,584	-	-	2,546	(38)	(1.47)	Green	Amber	10
Contributions to / (from) Reserves	(102)	(102)	-	-	(102)	-	-	Green	Amber	
Net Budget Requirement	42,755	42,755	30,156	30,388	42,462	(293)	(0.69)	Green	Green	
Financed By										
Business Rates	(3,015)	(3,015)	(2,102)	(2,357)	(3,015)	-	-			
National Non Domestic Rates	(18,148)	(18,148)	(14,317)	(14,317)	(18,148)	-	-			
Precepts	(21,592)	(21,592)	(16,339)	(16,341)	(21,592)	-	-			
	-	-	(2,602)	(2,627)	(293)	(293)	-			

Table 2

HUMBERSIDE FIRE & RESCUE SERVICE
REVENUE MONITORING STATEMENT 2017/18
 1 April 2017 to 31 December 2017 (Period 09)

	Original Budget £'000	Revised Budget £'000	31 December 2017		Projection £'000	Full Year		Traffic Light		Note
			Profile £'000	Actual & Committed £'000		Variance		Status	Direction	
						£'000	%			
Safety										
Expenditure										
Employees										
Wholetime	1,071	1,071	803	720	1,079	8	0.75	Red	Amber	1
Retained	12	12	9	9	12	-	-	Green	Amber	
Non-Operational	1,851	1,851	1,388	1,348	1,701	(150)	(8.10)	Green	Amber	2
Indirect Employees	48	48	36	10	48	-	-	Green	Amber	
Premises	-	-	-	-	-	-	-	Green	Amber	
Transport	3	3	2	-	3	-	-	Green	Amber	
Supplies and Services	281	281	207	177	181	(100)	(35.59)	Green	Green	6
Total Expenditure	3,266	3,266	2,445	2,264	3,024	(242)	(7.41)			
Income	(102)	(102)	(76)	(283)	(212)	(110)	107.84	Green	Green	8
Net Expenditure	3,164	3,164	2,369	1,981	2,812	(352)	(11.13)			
Fire Fighting & Rescue Operations										
Expenditure										
Employees										
Wholetime	17,114	17,455	13,092	13,418	18,039	584	3.35	Red	Red	1
Control	1,116	1,116	837	805	1,124	8	0.72	Red	Green	1
Retained	4,070	4,070	2,886	2,781	4,100	30	0.74	Red	Red	1
Non-Operational	128	128	96	57	128	-	-	Green	Amber	
Indirect Employees	20	20	15	20	12	(8)	(40.00)	Green	Green	3
Premises	1,336	1,294	1,103	1,340	1,407	113	8.73	Red	Red	4
Transport	-	-	-	-	-	-	-	Green	Amber	
Supplies and Services	796	796	597	546	777	(19)	(2.39)	Green	Green	6
Total Expenditure	24,580	24,879	18,626	18,967	25,587	708	2.85			
Income	(365)	(705)	(515)	(1,007)	(807)	(102)	14.47	Green	Green	8
Net Expenditure	24,215	24,174	18,111	17,960	24,780	606	2.51			
Management & Support Services										
Expenditure										
Employees										
Wholetime	2,531	2,611 *	1,959	2,311	2,916	305	11.68	Red	Red	1
Non-Operational	3,844	3,928 *	2,939	2,664	3,778	(150)	(3.82)	Green	Green	2
Other Pension Costs	588	588	354	261	763	175	29.76	Red	Red	3
Indirect Employees	769	769	576	631	690	(79)	(10.27)	Green	Green	3
Employee Related Insurances	254	254	254	316	316	62	24.41	Red	Red	3
Premises	734	776	628	514	759	(17)	(2.19)	Green	Green	4
Transport	1,994	1,994	1,559	1,677	1,781	(213)	(10.68)	Green	Red	5
Supplies and Services	1,506	1,506	1,124	1,460	1,496	(10)	(0.66)	Green	Green	6
Support Services	224	224	163	66	124	(100)	(44.64)	Green	Green	7
Total Expenditure	12,444	12,650	9,556	9,900	12,623	(27)	(0.21)			
Income	(272)	(437) *	(261)	(162)	(959)	(522)	119.45	Green	Green	8
Net Expenditure	12,172	12,213	9,295	9,738	11,664	(549)	(4.50)			

Cont...

Table 2 Cont...

HUMBERSIDE FIRE & RESCUE SERVICE
REVENUE MONITORING STATEMENT 2017/18
 1 April 2017 to 31 December 2017 (Period 09)

	Original Budget £'000	Revised Budget £'000	31 December 2017		Projection £'000	Full Year		Traffic Light		Note
			Profile £'000	Actual & Committed £'000		Variance £'000	%	Status	Direction	
Democratic Representation & Management Expenditure										
Transport	4	4	3	4	4	-	-	Green	Amber	
Supplies and Services	146	146	109	94	146	-	-	Green	Amber	
Net Expenditure	150	150	112	98	150	-	-			
Corporate Management Expenditure										
Supplies and Services	33	33	25	19	33	-	-	Green	Amber	
Support Services	5	5	-	7	5	-	-	Green	Amber	
Net Expenditure	38	38	25	26	38	-	-			
Net Expenditure (excluding Capital Charges)	39,739	39,739	29,912	29,803	39,444	(295)	(0.74)			
Interest Payable	614	614	304	607	614	-	-	Green	Amber	
Interest Receivable	(80)	(80)	(60)	(22)	(40)	40	(50.00)	Red	Red	9
Accounting Adjustments	2,584	2,584	-	-	2,546	(38)	(1.47)	Green	Amber	10
Contributions to / (from) Reserves	(102)	(102)	-	-	(102)	-	-	Green	Amber	
Net Budget Requirement	42,755	42,755	30,156	30,388	42,462	(293)	(0.69)	Green	Green	
Financed by :										
Business Rates	(3,015)	(3,015)	(2,102)	(2,357)	(3,015)	-	-	Green	Amber	
NDR	(18,148)	(18,148)	(14,317)	(14,317)	(18,148)	-	-	Green	Amber	
Precepts	(21,592)	(21,592)	(16,339)	(16,341)	(21,592)	-	-	Green	Amber	
	-	-	(2,602)	(2,627)	(293)	(293)				

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

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 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 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.
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 underspend is primarily 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 East Coast 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.

Capital Statement

This report shows the actual and committed capital expenditure as at 31 December 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 31 December 2017 (Period 09)**

SCHEME	Original Budget £'000	Revised Budget £'000	31 December 2017		Full Year		Traffic Light		Note	
			Profile £'000	Actual & Committed £'000	Projection £'000	Variance £'000	%	Status		Direction
Building Works										
Invest to Save	200	132	132	132	132	-	-	Green	Amber	
Bransholme	-	369	350	329	369	-	-	Green	Amber	
Clough Road Training	-	200	100	61	200	-	-	Green	Amber	
Bridlington	-	50	10	-	50	-	-	Green	Amber	
BA Training Refurbishment	-	50	50	44	50	-	-	Green	Amber	
HQ Phase 2	-	30	20	13	30	-	-	Green	Amber	
HQ OTC	-	30	20	-	30	-	-	Green	Amber	
Dignity Works	-	55	20	16	55	-	-	Green	Amber	
Brough	-	-	-	80	80	80	100.00	Red	Red	1
Sundry Buildings	700	57	57	57	57	-	-	Green	Amber	
	900	973	759	732	1,053	80	8.22			
Vehicles										
Operational Vehicles	1,850	1,520	1,200	1,141	1,520	-	-	Green	Amber	
Support Vehicles	420	274	100	50	274	-	-	Green	Amber	
Equipment	250	250	150	122	250	-	-	Green	Amber	
Information Technology	575	575	400	377	500	(75)	(13.04)	Green	Red	2
	3,995	3,592	2,609	2,422	3,597	5	0.14			

* The revised budget reflects report agreed at the 8th December 2017 Fire Authority

Notes

1. Additional spend at Brough due to the issues impacting on access and connection of services has caused this variance.
2. 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 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 31 December 2017 (Period 09)**

	Revised Budget £'000	31 December 2017		Projection £'000	Full Year Variance		Note
		Profile £'000	Actual £'000		£'000	%	
<u>Expenditure</u>							
Pension payments	14,909	12,425	12,122	14,787	(122)	(0.82)	1
Commutations	2,760	2,070	2,559	4,474	1,714	62.10	2
Transfer Values	100	75	-	100	-	-	
Total Pensions Expenditure	17,769	14,570	14,681	19,361	1,592	8.96	
<u>Income</u>							
Contributions							
Ill Health	(120)	(90)	-	(120)	-	-	
Employee's	(2,671)	(2,003)	(1,837)	(2,429)	242	(9.06)	3
Employer's	(3,294)	(2,471)	(2,281)	(2,989)	305	(9.26)	3
	(6,085)	(4,564)	(4,118)	(5,538)	547	(8.99)	
Transfer Values	(100)	(75)	-	(100)	-	-	
Total Pensions Income	(6,185)	(4,639)	(4,118)	(5,638)	547	(8.84)	
Net Pensions Deficit/(Surplus) To be financed by CLG grant	11,584	9,931	10,563	13,723	2,139	18.47	

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 31 December 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 31 December 2017

Ref.	Company	Investment £	From	To	%	Returned	
						Interest £	Investment £
HFA Instant	HSBC	-					
MMF	Deutsche Managed Sterling Fund	1,000,000.00					
MMF	Standard Life (Ignis) Sterling Liquidity Fund	1,000,000.00					
MMF	Goldman Sachs Liquid Reserve Fund	1,000,000.00					
301632	Barclays Bank	2,000,000.00	28/07/2017	30/10/2017	0.18	927.12	2,000,000.00
301643	DMO	800,000.00	23/10/2017	31/10/2017	0.10	17.53	800,000.00
301645	DMO	2,000,000.00	30/10/2017	31/10/2017	0.10	5.48	2,000,000.00
301633	Nationwide Building Society	1,000,000.00	28/07/2017	28/11/2017	0.22	741.37	1,000,000.00
301646	DMO	1,200,000.00	21/11/2017	30/11/2017	0.25	73.97	1,200,000.00
301637	Nationwide Building Society	1,000,000.00	14/08/2017	14/12/2017	0.22	735.34	1,000,000.00
301627	Bank of Scotland	1,000,000.00	20/06/2017	20/12/2017	0.36	1,804.93	1,000,000.00
301641	Surrey Heath District Council	1,500,000.00	29/09/2017	29/12/2017	0.28	1,047.12	1,500,000.00
301649	DMO	1,500,000.00	21/12/2017	29/12/2017	0.10	32.88	1,500,000.00
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	-
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	-
						10,932.05	
Total Investments at 31 December 2017		7,000,000.00					

Summary of Interest Receipts

		Projection	Actual	Variance under/(over)	%
		£	£	£	
Accumulated interest on Investments to :	31/12/2017	60,003	21,677	38,326	63.87

Temporary Loans

Investment £	From	To	%	Interest £
-				-

The total amount temporarily invested at 31 December 2017 is £7.000m.

The balance in the Authority's Liquidity Manager Account (LMA) bank account as at 31 December 2017 is £767,335.60. This account currently accrues interest at 0.10%.

Borrowing

The Authority's long-term borrowing position at 30 November 2017 was as follows:

	31 March 2018 £m	31 March 2019 £m
Estimated Capital Financing Requirement (CFR)	15.6	17.1
Actual long-term borrowing	13.6	12.6

This position shows the divergence between CFR (the underlying need to borrow for a capital purpose) and actual long-term borrowing over the next 2 years.

Given that interest rates are at an historic low a decision was taken to take £1m of long-term borrowing in December 2017 (this is the first long-term borrowing that has been taken since August 2010).

Movement in Revenue Reserves

This statement shows the movements on the revenue reserves for the period 1 April 2017 to 31 December 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 31 December 2017**

	As at 1 April 2017 £'000	In Year Movements £'000	Projected Balance at 31 March 2018 £'000
General Reserve	5,373	191 *	5,564
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>(309)</u>	<u>10,239</u>

*In year contribution to the General Reserve is based on the budgeted contribution to the reserve plus any estimated under/overspend as at 31st December 2017.

Budget Virements (transfer between lines) Processed

The following budget virement has been processed during the quarter ending 31st December 2017

	£
Firefighting & Rescue Operations	
Premises	(42,000)
Management and Support	
Premises	42,000
<hr/>	
Realignment of premises budgets to cover repairs and maintenance of buildings	