



Management Accounts and Prudential Indicators for the period ending 30th June 2012



HUMBERSIDE
Fire & Rescue Service

Safer Communities Safer Firefighters

Index

Key to Traffic Light System	2
Revenue Budget Summary - Table 1	3
Revenue Budget - Table 2	4
Capital Budget	6
Pensions Account	7
Treasury Management - Borrowing & Lending Activity	8
Movement in Revenue Reserves	9
Prudential Indicators	10
Budget Virements Processed	13

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 2012 to 30 June 2012

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 2012 compared to the profiled 2012/13 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 2012/13
1 April 2012 to 30 June 2012 (Period 03)

	Original Budget £'000	Revised Budget £'000	30 June 2012		Full Year			Traffic Light		Note
			Profile £'000	Actual & Committed £'000	Projection £'000	Variance £'000 %		Status	Direction	
Employees										
Wholetime	27,231	27,232	6,809	6,670	27,232	-	-	Green	Amber	
Retained	3,596	3,596	899	627	3,596	-	-	Green	Amber	
Support	6,504	6,401	1,607	1,408	6,206	(195)	(3.05)	Green	Green	1
Other Employee Expenses (Training, Occ Health, Insurance)	1,336	1,394	359	399	1,429	35	2.51	Red	Red	2
Total Pay & Pensions	38,667	38,623	9,674	9,104	38,463	(160)	(0.41)			
Premises	2,097	2,017	942	1,013	2,053	36	1.78	Red	Amber	3
Transport	1,163	1,141	324	312	1,141	-	-	Green	Amber	
Supplies & Services	3,485	3,644	790	858	3,609	(35)	(0.96)	Green	Green	4
Support Services	124	124	19	72	124	-	-	Green	Amber	
Total Expenditure	45,536	45,549	11,749	11,359	45,390	(159)	(0.35)			
Income	(539)	(539)	(33)	(312)	(539)	-	-	Green	Amber	
Net Expenditure (Ex Capital Charges)	44,997	45,010	11,716	11,047	44,851	(159)	(0.35)			
Interest Payable	1,331	1,405	20	(16)	1,405	-	-	Green	Amber	
Interest Receivable	(50)	(50)	(7)	(8)	(50)	-	-	Green	Amber	
Contingency	135	65	-	-	65	-	-	Green	Amber	
Accounting Adjustments	535	667	(371)	(676)	495	(172)	(25.79)	Green	Amber	5
Contributions to /(from) Reserves	1,213	1,064	-	-	1,064	-	-	Green	Amber	
Net Budget Requirement	48,161	48,161	11,358	10,347	47,830	(331)	(0.69)	Green	Green	
Financed By										
Revenue Support Grant	(497)	(497)	(260)	(261)	(497)	-	-			
National Non Domestic Rates	(25,054)	(25,054)	(6,514)	(6,660)	(25,054)	-	-			
Precepts	(22,610)	(22,610)	(5,722)	(5,727)	(22,610)	-	-			
	-	-	(1,138)	(2,301)	(331)	(331)	-			

Table 2

HUMBERSIDE FIRE & RESCUE SERVICE
REVENUE MONITORING STATEMENT 2012/13
 1 April 2012 to 30 June 2012 (Period 03)

	Original Budget £'000	Revised Budget £'000	30 June 2012		Projection £'000	Full Year Variance		Traffic Light		Note
			Profile £'000	Actual & Committed £'000		£'000	%	Status	Direction	
Community Fire Safety										
Expenditure										
Employees										
Wholetime	1,450	1,450	363	344	1,450	-	-	Green	Amber	
Retained	76	76	19	1	76	-	-	Green	Amber	
Support	1,854	1,751	438	393	1,726	(25)	(1.43)	Green	Amber	1
Indirect Employees	10	48	12	9	48	-	-	Green	Amber	
Premises	1	1	-	-	1	-	-	Green	Amber	
Transport	7	23	6	9	23	-	-	Green	Amber	
Supplies and Services	306	356	89	17	356	-	-	Green	Amber	
Total Expenditure	3,704	3,705	927	773	3,680	(25)	(0.67)			
Income	(63)	(63)	(16)	(71)	(63)	-	-	Green	Amber	
Net Expenditure	3,641	3,642	911	702	3,617	(25)	(0.69)			
Fire Fighting & Rescue Operations										
Expenditure										
Employees										
Wholetime	22,041	22,042	5,511	5,431	22,042	-	-	Green	Amber	
Control	1,257	1,257	314	301	1,257	-	-	Green	Amber	
Retained	3,520	3,520	880	626	3,520	-	-	Green	Amber	
Support	206	206	52	32	206	-	-	Green	Amber	
Indirect Employees	19	39	10	8	39	-	-	Green	Amber	
Premises	1,204	1,204	631	636	1,240	36	2.99	Red	Amber	3
Transport	17	17	4	1	17	-	-	Green	Amber	
Supplies and Services	1,280	1,389	227	232	1,389	-	-	Green	Amber	
Total Expenditure	29,544	29,674	7,629	7,267	29,710	36	0.12			
Income	(322)	(322)	(6)	(232)	(322)	-	-	Green	Amber	
Net Expenditure	29,222	29,352	7,623	7,035	29,388	36	0.12			
Management & Support Services										
Expenditure										
Employees										
Wholetime	2,483	2,483	621	594	2,483	-	-	Green	Amber	
Support	4,444	4,444	1,117	983	4,274	(170)	(3.83)	Green	Green	1
Other Pension Costs	583	583	117	149	583	-	-	Green	Amber	
Indirect Employees	541	541	129	144	576	35	6.47	Red	Red	2
Employee Related Insurances	183	183	91	89	183	-	-	Green	Amber	
Premises	892	812	311	377	812	-	-	Green	Amber	
Transport	1,135	1,097	313	301	1,097	-	-	Green	Amber	
Supplies and Services	1,675	1,675	419	561	1,640	(35)	(2.09)	Green	Green	4
Support Services	119	119	19	72	119	-	-	Green	Amber	
Contingency	135	65	-	-	65	-	-	Green	Amber	
Total Expenditure	12,190	12,002	3,137	3,270	11,832	(170)	(1.42)			
Income	(154)	(154)	(11)	(9)	(154)	-	-	Green	Amber	
Net Expenditure	12,036	11,848	3,126	3,261	11,678	(170)	(1.43)			
Democratic Representation & Management										
Expenditure										
Transport	4	4	1	1	4	-	-	Green	Amber	
Supplies and Services	154	154	38	48	154	-	-	Green	Amber	
Support Services	-	-	-	-	-	-	-	Green	Amber	
Net Expenditure	158	158	39	49	158	-	-			

Cont....

Table 2 Cont....

HUMBERSIDE FIRE & RESCUE SERVICE
REVENUE MONITORING STATEMENT 2012/13
 1 April 2012 to 30 June 2012 (Period 03)

	Original Budget £'000	Revised Budget £'000	30 June 2012		Full Year			Traffic Light		Note
			Profile £'000	Actual & Committed £'000	Projection £'000	Variance £'000 %		Status	Direction	
Corporate Management Expenditure										
Supplies and Services	70	70	17	-	70	-	-	Green	Amber	
Support Services	5	5	-	-	5	-	-	Green	Amber	
Net Expenditure	75	75	17	-	75					
Net Expenditure (excluding Capital Charges)	45,132	45,075	11,716	11,047	44,916	(159)	(0.35)			
Interest Payable	1,331	1,405	20	(16)	1,405	-	-	Green	Amber	
Interest Receivable	(50)	(50)	(7)	(8)	(50)	-	-	Green	Amber	
Accounting Adjustments	535	667	(371)	(676)	495	(172)	(25.79)	Green	Amber	5
Contributions to / (from) Reserves	1,213	1,064	-	-	1,064	-	-	Green	Amber	
Net Budget Requirement	48,161	48,161	11,358	10,347	47,830	(331)	(0.69)	Green	Green	
Financed by :										
Revenue Support Grant	(497)	(497)	(260)	(261)	(497)	-	-	Green	Amber	
NNDR	(25,054)	(25,054)	(6,514)	(6,660)	(25,054)	-	-	Green	Amber	
Precepts	(22,610)	(22,610)	(5,722)	(5,727)	(22,610)	-	-	Green	Amber	
	-	-	(1,138)	(2,301)	(331)	(331)				

The following notes give a brief explanation of any variances shown in the Revenue Monitoring Statements, which are found on pages 3-5.

Notes

1. The projected underspend is due to a number of vacant posts.
2. As a result of the underspend due to vacant posts, additional costs will be incurred by using agency staff.
3. Increased business rate charges in 2012/13 created this variance.
4. A projected underspend of £25k on subsistence and £10k on course & conferences is expected at this stage.
5. Lower MRP (Minimum Revenue Provision) due to less expenditure on capital during 2011/12.

Capital Statement

This report shows the actual and committed capital expenditure as at 30 June 2012 compared with the adjusted profiled 2012/13 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. The revised budget has been updated to incorporate slippage from 2011/12 as approved by Members of the Fire Authority on 22nd June 2012.

Table 3

**HUMBERSIDE FIRE & RESCUE SERVICE
CAPITAL MONITORING STATEMENT 2012/13
1 April 2012 to 30 June 2012 (Period 03)**

SCHEME	Original Budget £'000	Revised Budget £'000	30 June 2012		Projection £'000	Full Year		Traffic Light		Note
			Profile £'000	Actual & Committed £'000		Variance £'000	%	Status	Direction	
Building Works										
Clough Road Rebuild	3,950	3,950	-	-	1,000	(2,950)	(74.68)	Green	Amber	1
Workshops Relocation	-	1,775	-	-	450	(1,325)	(74.65)	Green	Amber	2
Residential Self Rostering	500	500	-	-	500	-	-	Green	Amber	
Hornsea	-	47	47	47	47	-	-	Green	Amber	
Withernsea	-	34	15	13	34	-	-	Green	Amber	
Patrinton	-	38	15	13	38	-	-	Green	Amber	
Preston	-	38	15	13	38	-	-	Green	Amber	
Scunthorpe	-	130	-	-	130	-	-	Green	Amber	
Immingham West	-	175	-	-	175	-	-	Green	Amber	
	4,450	6,687	92	86	2,412	(4,275)	(63.93)			
Vehicles										
Operational Vehicles	1,478	1,924	-	1,046	1,924	-	-	Green	Amber	
Support Vehicles	167	167	-	60	167	-	-	Green	Amber	
Equipment	184	180	-	14	180	-	-	Green	Amber	
Information Technology	320	706	-	72	706	-	-	Green	Amber	
Breathing Apparatus	700	1,000	-	26	1,000	-	-	Green	Amber	
Management Information System	-	220	-	-	220	-	-	Green	Amber	
	7,299	10,884	92	1,304	6,609	(4,275)	(39.28)			

Notes

1. The Clough Road development will not be completed during 2012/13.
2. The workshops development is not expected to be completed during 2012/13.

Pensions Account Statement

The Authority has budgeted for a deficit of £6.508m on this account for 2012/13. As at 30th June this is still expected to be the deficit.

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 2013.

Table 4

**HUMBERSIDE FIRE & RESCUE SERVICE
PENSIONS ACCOUNT STATEMENT 2012/13
1 April 2012 to 30 June 2012 (Period 03)**

	Original Budget £'000	Revised Budget £'000	30 June 2012		Projection £'000	Full Year		Note
			Profile £'000	Actual £'000		Variance		
					£'000	%		
<u>Expenditure</u>								
Pension payments	10,468	10,468	2,617	4,025	10,468	-	-	
Commutations	1,590	1,590	398	360	1,590	-	-	
Transfer Values	100	100	25	-	100	-	-	
Total Pensions Expenditure	12,159	12,159	3,040	4,385	12,159	-	-	
<u>Income</u>								
Contributions								
Ill Health	(120)	(120)	-	-	(120)	-	-	
Employee's	(1,915)	(1,915)	(479)	(578)	(1,915)	-	-	
Employer's	(3,516)	(3,516)	(879)	(1,011)	(3,516)	-	-	
	(5,551)	(5,551)	(1,358)	(1,589)	(5,551)	-	-	
Transfer Values	(100)	(100)	-	(59)	(100)	-	-	
Total Pensions Income	(5,651)	(5,651)	(1,358)	(1,648)	(5,651)	-	-	
Net Pensions Deficit/(Surplus) To be financed by CLG grant	6,508	6,508	1,682	2,737	6,508	-	-	

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 2012 to 30 June 2012 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.

The total amount temporarily invested at 30 June 2012 is £20,500,000 which includes £7.2m 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 2012 is £529,694.14. This account currently accrues interest at 0.10%.

Table 5

HUMBERSIDE FIRE & RESCUE SERVICE
BORROWING AND LENDING ACTIVITY STATEMENT
For the Month of June 2012

Ref.	Company	Investment £	From	To	%	Returned		
						Interest £	Investment £	
301315	Nationwide Bld Soc	1,000,000.00	16/03/2012	18/06/2012	0.98	2,523.84	1,000,000.00	
301342	DMO	500,000.00	22/05/2012	22/06/2012	0.25	106.16	500,000.00	
301310	Telford and Wrekin Council	1,000,000.00	21/02/2012	29/06/2012	0.35	1,236.99	1,000,000.00	
301311	Conwy County Borough Council	1,000,000.00	24/02/2012	29/06/2012	0.35	1,208.22	1,000,000.00	
301327	Plymouth City Council	1,000,000.00	12/04/2012	29/06/2012	0.30	641.10	1,000,000.00	
301345	DMO	500,000.00	19/06/2012	10/07/2012	0.25	71.92	-	
301331	Wigan Council	1,000,000.00	23/04/2012	20/07/2012	0.35	843.84	-	
301333	Salford City Council	1,000,000.00	24/04/2012	31/07/2012	0.31	832.33	-	
301335	Midlothian Council	1,000,000.00	30/04/2012	31/07/2012	0.30	756.16	-	
301347	DMO	500,000.00	25/06/2012	31/07/2012	0.25	123.29	-	
301348	DMO	500,000.00	29/06/2012	31/07/2012	0.25	109.59	-	
301341	Barclays Bank	1,000,000.00	21/05/2012	21/08/2012	0.94	2,369.32	-	
301340	Tayside Fire & Rescue	1,000,000.00	21/05/2012	31/08/2012	0.32	894.25	-	
301257	London Borough of Islington	1,000,000.00	15/09/2011	13/09/2012	0.80	7,978.08	-	
301344	Nationwide Bld Soc	1,000,000.00	19/06/2012	19/09/2012	0.60	1,512.33	-	
301343	Birmingham City Council	1,000,000.00	07/06/2012	28/09/2012	0.34	1,052.60	-	
301337	Nottingham City Council	1,000,000.00	01/05/2012	31/10/2012	0.40	2,005.48	-	
301277	Bank of Scotland	1,000,000.00	04/11/2011	02/11/2012	2.15	21,441.10	-	
301338	Eastleigh Borough Council	1,000,000.00	03/05/2012	30/11/2012	0.45	2,601.37	-	
301339	Cornwall Council	1,000,000.00	10/05/2012	30/11/2012	0.40	2,235.62	-	
301316	Leeds City Council	1,000,000.00	16/03/2012	17/12/2012	0.50	3,780.82	-	
301326	Fife Council	1,000,000.00	12/04/2012	14/01/2013	0.70	5,312.33	-	
301328	Swindon Borough Council	1,000,000.00	13/04/2012	31/01/2013	0.45	3,612.33	-	
301317	Newcastle City Council	1,000,000.00	16/03/2012	15/03/2013	0.50	4,986.30	-	
301318	Barnsley Metropolitan B.Council	1,000,000.00	16/03/2012	15/03/2013	0.50	4,986.30	-	
301319	Kingston upon Thames Council	1,000,000.00	16/03/2012	15/03/2013	0.50	4,986.30	-	
301346	Dumfries & Galloway	1,000,000.00	21/06/2012	28/03/2013	0.30	2,301.37	-	
						80,509.34		
Total Investments at 30 June 2012		20,500,000.00						

Summary of Interest Receipts

		Projection	Actual	Variance under/(over)	%
		£	£	£	
Accumulated interest on Investments to :	30/06/2012	7,000	8,109	(1,109)	(15.84)

Temporary Loans

	Investment £	From	To	%	Interest £
Nil	-			-	-

Movement in Revenue Reserves

This statement shows the movements on the revenue reserves for the period 1 April 2012 to 30 June 2012.

This statement also gives a projected value of revenue reserves at 31 March 2013 based on the projections in Table 1.

Table 6

**HUMBERSIDE FIRE & RESCUE SERVICE
MOVEMENT IN REVENUE RESERVES
as at 30 June 2012**

	As at 1 April 2012 £'000	Transfers per HFA £'000	Projected Balance at 31 March 2013 £'000
General Reserve	7,015	(1,500)	7,059
Earmarked Reserves			
Insurance Reserve	400		400
Control Reserve	149	-	-
Clough Road Rebuild Reserve	1,100	-	1,100
Water Rescue Equipment Reserve	100	-	100
RDS Equal Pay Case Reserve	350	-	-
BA Replacement	700	-	700
Change Management Earmarked Reserve	2,500	-	2,500
Wide Area Network (WAN) Reserve	1,750	-	1,750
Property Reserve	-	1,500	1,500
	14,064	-	15,109

Prudential Indicators

The Prudential Indicators of the Authority for 2012/13 were approved at the 13 February 2012 Fire Authority Meeting.

The statements below monitor the actual performance to 30 June 2012 against the approved indicators.

Indicator 1 - Estimated Capital Expenditure 2012/13

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

	2011/12 Actual £m	2012/13 Estimate Original £m	2012/13 Estimate Revised £m	2013/14 Estimate £m	2014/15 Estimate £m
Total Capital expenditure	3.351	7.299	6.609	2.181	2.422

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.

	2011/12 Actual %	2012/13 Estimate Original %	2012/13 Estimate Revised %	2013/14 Estimate %	2014/15 Estimate %
Ratio of Capital Financing Costs to Net Revenue Stream	5.67	6.61	6.71	7.77	8.23

Indicator 3 – Estimated Capital Financing Requirement

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

	Actual 31/03/12 £m	31/03/13 Estimate Original £m	31/03/13 Estimate Revised £m	Estimate 31/03/14 £m	Estimate 31/03/15 £m
Capital Financing Requirement	18.311	21.893	21.351	21.779	21.767

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 £27.700 million for 2012/13.

As at the 30 June 2012, there has been no short term borrowing nor has there been any long term borrowing undertaken in respect of capital expenditure. 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 £23.700 million for 2012/13.

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 2012/13 do not require amendment.

	As at 30/06/12	2012/13	2013/14	2014/15
	%	%	%	%
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 30/06/12	Lower Limit %
Under 12 Months	10	5.10	-
12 months and within 24 months	10	4.72	-
24 months and within 5 years	25	16.81	-
5 years and within 10 years	60	22.04	-
10 years and above	80	51.34	-

Indicator 8 – Upper Limit for the Maturity Structure of Investments

When the 2012/13 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 Processed

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