



# Management Accounts and Prudential Indicators for the period ending 30<sup>th</sup> September 2013



**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 2013 to 30 September 2013**

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 2013 compared to the profiled 2013/14 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 2013/14**  
**1 April 2013 to 30 September 2013 (Period 06)**

	Original Budget £'000	Revised Budget £'000	30 September 2013		Full Year			Traffic Light		Note
			Profile £'000	Actual & Committed £'000	Projection £'000	Variance £'000 %		Status	Direction	
<b>Employees</b>										
Wholetime	26,695	26,735	13,348	13,216	26,735	-	-	Green	Amber	
Retained	3,783	3,783	1,691	1,432	3,433	(350)	(9.25)	Green	Green	1
Support	6,163	6,059	3,042	2,888	5,859	(200)	(3.30)	Green	Green	2
Other Employee Expenses (Training, Occ Health, Insurance)	1,372	1,437	648	727	1,607	170	11.83	Red	Amber	3
<b>Total Pay &amp; Pensions</b>	<b>38,013</b>	<b>38,014</b>	<b>18,729</b>	<b>18,263</b>	<b>37,634</b>	<b>(380)</b>	<b>(1.00)</b>			
Premises	2,168	2,198	1,397	1,355	2,183	(15)	(0.68)	Green	Amber	4
Transport	1,169	1,145	593	449	1,085	(60)	(5.24)	Green	Amber	5
Supplies & Services	3,519	3,905	2,124	1,316	3,931	26	0.67	Red	Red	6
Support Services	130	130	54	34	130	-	-	Green	Amber	
Total Expenditure	44,999	45,392	22,897	21,417	44,963	(429)	(0.95)			
Income	(521)	(521)	(213)	(806)	(1,001)	(480)	92.13	Green	Green	7
<b>Net Expenditure (Ex Capital Charges)</b>	<b>44,478</b>	<b>44,871</b>	<b>22,684</b>	<b>20,611</b>	<b>43,962</b>	<b>(909)</b>	<b>(2.03)</b>			
Interest Payable	996	996	470	348	876	(120)	(12.05)	Green	Green	8
Interest Receivable	(50)	(50)	(25)	(58)	(90)	(40)	80.00	Green	Amber	9
Contingency	35	15	15	-	15	-	-	Green	Amber	
Accounting Adjustments	978	1,018	(394)	(1,691)	1,018	-	-	Green	Amber	
Contributions to / (from) Reserves	5	(408)	(206)	-	(408)	-	-	Green	Amber	
<b>Net Budget Requirement</b>	<b>46,442</b>	<b>46,442</b>	<b>22,544</b>	<b>19,210</b>	<b>45,373</b>	<b>(1,069)</b>	<b>(2.30)</b>	<b>Green</b>	<b>Green</b>	
<b>Financed By</b>										
Council Tax Funding	(3,815)	(3,815)	(1,908)	(1,944)	(3,815)	-	-			
Business Rates	(3,101)	(3,101)	(1,550)	(1,616)	(3,101)	-	-			
National Non Domestic Rates	(20,550)	(20,550)	(10,275)	(11,261)	(20,550)	-	-			
Precepts	(18,976)	(18,976)	(9,564)	(9,568)	(18,976)	-	-			
	-	-	(753)	(5,179)	(1,069)	(1,069)	-			

Table 2

**HUMBERSIDE FIRE & RESCUE SERVICE**  
**REVENUE MONITORING STATEMENT 2013/14**  
**1 April 2013 to 30 September 2013 (Period 06)**

	Original Budget £'000	Revised Budget £'000	30 September 2013		Full Year			Traffic Light		Note
			Profile £'000	Actual & Committed £'000	Projection £'000	Variance		Status	Direction	
						£'000	%			
<b>Community Fire Safety</b>										
<b>Expenditure</b>										
Employees										
Wholetime	1,226	1,226	613	501	1,226	-	-	Green	Amber	
Retained	76	76	38	13	76	-	-	Green	Amber	
Support	1,938	1,834	917	797	1,744	(90)	(4.91)	Green	Amber	2
Indirect Employees	9	47	24	14	47	-	-	Green	Amber	
Premises	1	1	-	19	1	-	-	Green	Amber	
Transport	7	23	12	8	23	-	-	Green	Amber	
Supplies and Services	306	356	178	121	356	-	-	Green	Amber	
<b>Total Expenditure</b>	<b>3,563</b>	<b>3,563</b>	<b>1,782</b>	<b>1,473</b>	<b>3,473</b>	<b>(90)</b>	<b>(2.53)</b>			
<b>Income</b>	<b>(63)</b>	<b>(63)</b>	<b>(32)</b>	<b>(186)</b>	<b>(63)</b>	-	-	Green	Amber	
<b>Net Expenditure</b>	<b>3,500</b>	<b>3,500</b>	<b>1,750</b>	<b>1,287</b>	<b>3,410</b>	<b>(90)</b>	<b>(2.57)</b>			
<b>Fire Fighting &amp; Rescue Operations</b>										
<b>Expenditure</b>										
Employees										
Wholetime	21,502	21,542	10,751	10,656	21,542	-	-	Green	Amber	
Control	1,242	1,242	621	611	1,242	-	-	Green	Amber	
Retained	3,707	3,707	1,653	1,419	3,357	(350)	(9.44)	Green	Green	1
Support	158	158	79	58	158	-	-	Green	Amber	
Indirect Employees	19	19	9	13	19	-	-	Green	Amber	
Premises	1,278	1,299	882	979	1,284	(15)	(1.15)	Green	Amber	4
Transport	17	17	9	6	17	-	-	Green	Amber	
Supplies and Services	1,263	1,220	849	508	1,220	-	-	Green	Red	
<b>Total Expenditure</b>	<b>29,186</b>	<b>29,204</b>	<b>14,853</b>	<b>14,250</b>	<b>28,839</b>	<b>(365)</b>	<b>(1.25)</b>			
<b>Income</b>	<b>(305)</b>	<b>(305)</b>	<b>(132)</b>	<b>(477)</b>	<b>(305)</b>	-	-	Green	Amber	
<b>Net Expenditure</b>	<b>28,881</b>	<b>28,899</b>	<b>14,721</b>	<b>13,773</b>	<b>28,534</b>	<b>(365)</b>	<b>(1.26)</b>			
<b>Management &amp; Support Services</b>										
<b>Expenditure</b>										
Employees										
Wholetime	2,725	2,725	1,363	1,448	2,725	-	-	Green	Amber	
Support	4,067	4,067	2,046	2,033	3,957	(110)	(2.70)	Green	Green	2
Other Pension Costs	589	589	236	261	589	-	-	Green	Amber	
Indirect Employees	554	581	278	419	751	170	29.26	Red	Amber	3
Employee Related Insurances	201	201	101	20	201	-	-	Green	Amber	
Premises	889	898	515	357	898	-	-	Green	Amber	
Transport	1,141	1,101	570	432	1,041	(60)	(5.45)	Green	Amber	5
Supplies and Services	1,721	2,130	997	581	2,156	26	1.22	Red	Red	6
Support Services	125	125	54	34	125	-	-	Green	Amber	
Contingency	35	15	15	-	15	-	-	Green	Amber	
<b>Total Expenditure</b>	<b>12,047</b>	<b>12,432</b>	<b>6,175</b>	<b>5,585</b>	<b>12,458</b>	<b>26</b>	<b>0.21</b>			
<b>Income</b>	<b>(153)</b>	<b>(153)</b>	<b>(49)</b>	<b>(143)</b>	<b>(633)</b>	<b>(480)</b>	<b>313.73</b>	Green	Green	7
<b>Net Expenditure</b>	<b>11,894</b>	<b>12,279</b>	<b>6,126</b>	<b>5,442</b>	<b>11,825</b>	<b>(454)</b>	<b>(3.70)</b>			
<b>Democratic Representation &amp; Management</b>										
<b>Expenditure</b>										
Transport	4	4	2	3	4	-	-	Green	Amber	
Supplies and Services	157	157	79	84	157	-	-	Green	Amber	
Support Services	-	-	-	-	-	-	-	Green	Amber	
<b>Net Expenditure</b>	<b>161</b>	<b>161</b>	<b>81</b>	<b>87</b>	<b>161</b>	-	-			

Cont....

Table 2 Cont....

**HUMBERSIDE FIRE & RESCUE SERVICE**  
**REVENUE MONITORING STATEMENT 2013/14**  
 1 April 2013 to 30 September 2013 (Period 06)

	Original Budget £'000	Revised Budget £'000	30 September 2013		Full Year			Traffic Light		Note
			Profile £'000	Actual & Committed £'000	Projection £'000	Variance		Status	Direction	
						£'000	%			
<b>Corporate Management Expenditure</b>										
Supplies and Services	72	42	21	22	42	-	-	Green	Amber	
Support Services	5	5	-	-	5	-	-	Green	Amber	
<b>Net Expenditure</b>	<b>77</b>	<b>47</b>	<b>21</b>	<b>22</b>	<b>47</b>	<b>-</b>	<b>-</b>			
<b>Net Expenditure (excluding Capital Charges)</b>	<b>44,513</b>	<b>44,886</b>	<b>22,699</b>	<b>20,611</b>	<b>43,977</b>	<b>(909)</b>	<b>(2.03)</b>			
Interest Payable	996	996	470	348	876	(120)	(12.05)	Green	Green	8
Interest Receivable	(50)	(50)	(25)	(58)	(90)	(40)	80.00	Green	Amber	9
Accounting Adjustments	978	1,018	(394)	(1,691)	1,018	-	-	Green	Amber	
Contributions to / (from) Reserves	5	(408)	(206)	-	(408)	-	-	Green	Amber	
<b>Net Budget Requirement</b>	<b>46,442</b>	<b>46,442</b>	<b>22,544</b>	<b>19,210</b>	<b>45,373</b>	<b>(1,069)</b>	<b>(2.30)</b>	Green	Green	
<b>Financed by :</b>										
Council Tax Funding	(3,815)	(3,815)	(1,908)	(1,944)	(3,815)	-	-	Green	Amber	
Business Rates	(3,101)	(3,101)	(1,550)	(1,616)	(3,101)	-	-	Green	Amber	
NNDR	(20,550)	(20,550)	(10,275)	(11,261)	(20,550)	-	-	Green	Amber	
Precepts	(18,976)	(18,976)	(9,564)	(9,568)	(18,976)	-	-	Green	Amber	
	-	-	(753)	(5,179)	(1,069)	(1,069)				

**Notes**

1. This projected underspend is due to lower activity levels than anticipated.
2. This projected underspend is due to a number of vacant posts.
3. This is due to additional costs incurred by using agency staff to cover support vacancies.
4. Business rate charges for 2013/14 are slightly lower than anticipated.
5. This projected underspend relates to various transport costs including officer travel and maintenance of vehicles which is offset by a slight increase in vehicle insurance premiums.
6. This projected overspend is due to spending less on subsistence which is offset by additional costs associated with the WAN.
7. Additional income as a result of employees of the service currently seconded to the CIC and government departments.
8. This projected underspend on interest payable is due to having less external debt than anticipated.
9. This variance is due to more investment income than anticipated as a result of higher cash balances.

## Capital Statement

This report shows the actual and committed capital expenditure as at 30 September 2013 compared with the adjusted profiled 2013/14 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 2013/14 1 April 2013 to 30 September 2013 (Period 06)									
SCHEME	Original Budget £'000	Revised Budget £'000	30 September 2013		Full Year		Traffic Light		Note
			Profile £'000	Actual & Committed £'000	Projection £'000	Variance £'000    %	Status	Direction	
<b>Building Works</b>									
Invest to Save	200	200	-	-	200	-	-	Green	Amber
Immingham West	-	175	10	1	50	(125)	(71.43)	Green	Green 1
Workshops Relocation	-	1,997	-	-	-	(1,997)	(100.00)	Green	Green 2
Control Refurbishment	-	421	421	421	421	-	-	Green	Amber
Clough Road	-	3,935	150	124	1,750	(2,185)	(55.53)	Green	Green 3
	200	6,728	581	546	2,421	(4,307)	(64.02)		
<b>Vehicles</b>									
Operational Vehicles	1,431	1,479	950	936	1,229	(250)	(16.90)	Green	Green 4
Support Vehicles	319	348	150	127	348	-	-	Green	Amber
<b>Equipment</b>	609	666	200	197	416	(250)	(37.54)	Green	Green 2
<b>Information Technology</b>									
Core Programme	320	418	150	137	418	-	-	Green	Amber
Control Refurbishment	-	188	188	188	188	-	-	Green	Amber
<b>Management Information System</b>	-	36	10	1	36	-	-	Green	Amber
<b>Breathing Apparatus</b>	-	848	-	-	186	(662)	(78.07)	Green	Green 5
	2,879	10,711	2,229	2,132	5,242	(5,469)	(51.06)		

## Notes

1. The works at Immingham West will now slip into 2014/15.
2. A partnership with Humberside Police and YAS is unlikely to require a capital contribution from HFRS. Costs of the creation and running of the joint facility are likely to be charged to partners as a revenue cost on an annual basis.
3. Clough Road will complete late summer 2014 and therefore some of the expenditure will be incurred in the 2014/15 financial year.
4. The Command Unit will not be completed until 2014/15.
5. BA Cylinders will be purchased in 2013/14 and BA sets will be purchased in 2014/15.

## Pensions Account Statement

The Authority has budgeted for a deficit of £9.307m on this account for 2013/14. The deficit for the year is now projected to be £7.464m due to the effect of increased employee contributions introduced by the Government.

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 2014.

Table 4

**HUMBERSIDE FIRE & RESCUE SERVICE  
PENSIONS ACCOUNT STATEMENT 2013/14  
1 April 2013 to 30 September 2013 (Period 06)**

	Original Budget £'000	Revised Budget £'000	30 September 2013		Projection £'000	Full Year		Note
			Profile £'000	Actual £'000		Variance £'000	%	
<b><u>Expenditure</u></b>								
Pension payments	11,701	12,403	7,235	7,197	12,403	-	-	
Commutations	2,701	1,857	928	624	1,857	-	-	
Transfer Values	100	100	50	-	100	-	-	
<b>Total Pensions Expenditure</b>	<b>14,502</b>	<b>14,360</b>	<b>8,213</b>	<b>7,821</b>	<b>14,360</b>	<b>-</b>	<b>-</b>	
<b><u>Income</u></b>								
Contributions								
Ill Health	(180)	(120)	(60)	-	(120)	-	-	
Employee's	(1,741)	(2,612)	(1,306)	(1,283)	(2,612)	-	-	
Employer's	(3,174)	(4,064)	(2,032)	(2,017)	(4,064)	-	-	
	(5,095)	(6,796)	(3,398)	(3,300)	(6,796)	-	-	
Transfer Values	(100)	(100)	(50)	-	(100)	-	-	
<b>Total Pensions Income</b>	<b>(5,195)</b>	<b>(6,896)</b>	<b>(3,448)</b>	<b>(3,300)</b>	<b>(6,896)</b>	<b>-</b>	<b>-</b>	
<b>Net Pensions Deficit/(Surplus) To be financed by CLG grant</b>	<b>9,307</b>	<b>7,464</b>	<b>4,765</b>	<b>4,521</b>	<b>7,464</b>	<b>-</b>	<b>-</b>	



## 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 2013 to 30 September 2013 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 September 2013

Ref.	Company	Investment £	From	To	%	Returned	
						Interest £	Investment £
MMF	RBS Global Treasury Fund	-					
MMF	Ignis Sterling Liquidity Fund	-					
MMF	Goldman Sachs Liquid Reserve Fund	-					
301367	Isle of Wight Council	1,000,000.00	04/09/2012	03/09/2013	0.26	2,592.88	1,000,000.00
301445	DMO	1,000,000.00	31/07/2013	03/09/2013	0.25	232.88	1,000,000.00
301372	Glasgow City Council	1,000,000.00	13/09/2012	12/09/2013	0.27	2,692.60	1,000,000.00
301374	Rugby Borough Council	1,000,000.00	17/09/2012	16/09/2013	0.35	3,490.41	1,000,000.00
301402	Nationwide Building Society	1,000,000.00	21/03/2013	20/09/2013	0.54	2,707.40	1,000,000.00
301373	London Borough of Islington	1,000,000.00	02/10/2012	01/10/2013	0.26	2,592.88	-
301409	Nationwide Building Society	1,000,000.00	16/04/2013	16/10/2013	0.52	2,607.12	-
301375	Plymouth City Council	1,000,000.00	22/10/2012	21/10/2013	0.26	2,592.88	-
301379	Birmingham City Council	1,000,000.00	01/11/2012	31/10/2013	0.30	2,991.78	-
301383	Bank of Scotland	1,000,000.00	04/12/2012	03/12/2013	1.50	14,958.90	-
301425	Cornwall Council	2,000,000.00	15/07/2013	15/01/2014	0.28	2,823.01	-
301426	Dumfries & Galloway	1,000,000.00	15/07/2013	15/01/2014	0.28	1,411.51	-
301399	London Borough of Enfield	1,000,000.00	15/03/2013	28/02/2014	0.40	3,835.62	-
301400	Barnsley Metropolitan B.Council	1,000,000.00	15/03/2013	28/02/2014	0.40	3,835.62	-
301406	Bank of Scotland	1,000,000.00	02/04/2013	01/04/2014	1.10	10,969.86	-
301412	Salford City Council	1,000,000.00	30/04/2013	29/04/2014	0.35	3,490.41	-
301413	Salford City Council	1,000,000.00	07/05/2013	06/05/2014	0.35	3,490.41	-
301419	Aberdeen City Council	1,000,000.00	15/07/2013	15/05/2014	0.30	2,498.63	-
301421	Leeds City Council	1,000,000.00	16/07/2013	16/06/2014	0.30	2,753.42	-
301422	Leeds City Council	1,000,000.00	12/07/2013	16/06/2014	0.30	2,786.30	-
301433	Plymouth City Council	1,000,000.00	01/08/2013	10/07/2014	0.29	2,725.21	-
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	-
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	-
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	-
301427	Corby Borough Council	1,600,000.00	20/09/2013	19/09/2014	0.30	4,786.85	-
						126,546.58	
<b>Total Investments at 30 September 2013</b>		<b>31,600,000.00</b>					

**Summary of Interest Receipts**

		Projection	Actual	Variance under/(over)	%
		£	£	£	
Accumulated interest on Investments to :	30/09/2013	25,002	58,218	(33,216)	(132.85)

**Temporary Loans**

	Investment £	From	To	%	Interest £
Nil	-				-

The total amount temporarily invested at 30 September 2013 is £31,600,000 which includes £5.89m 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 September 2013 is £693,533.78. 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 2013 to 30 September 2013.

This statement also gives a projected value of revenue reserves at 31 March 2014 based on the projections in Table 1.

**Table 6**

**HUMBERSIDE FIRE & RESCUE SERVICE  
MOVEMENT IN REVENUE RESERVES  
as at 31 September 2013**

	As at 1 April 2013 £'000	In Year Movements £'000	Projected Balance at 31 March 2014 £'000
General Reserve	5,461	674 *	6,135
Earmarked Reserves			
Insurance	500	-	500
Control	100	(100)	-
East Coast & Hertfordshire Control	1,659	(659)	1,000
Clough Road Rebuild	1,250	(1,250)	-
Water Rescue Equipment	100	(100)	-
BA Replacement	700	(186)	514
Change Management	2,500	(100)	2,400
Wide Area Network (WAN)	1,913	(163)	1,750
New Brough Station	1,229	(120)	1,109
Data and Intelligence Management	150	(150)	-
Lease Buy-Out	750	(100)	650
Central Fire Station	2,000	-	2,000
HFR Solutions	280	400	680
	18,592	(1,854)	16,738

\*In year contribution to the General Reserve is based on the budgeted contribution to the reserve plus any estimated under/overspend as at 30<sup>th</sup> September 2013.

**Balance Sheet**

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

It assumes that a revenue surplus of £5,179k, 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**

	<b>30-Sep</b>
	<b>£'000</b>
Property, Plant & Equipment	65,529
Intangible Assets	594
<b>Long Term Assets</b>	<b>66,123</b>
Inventories	363
Short Term Investments	31,600
Short Term Debtors	2,427
Cash and Cash Equivalents	5,805
<b>Current Assets</b>	<b>40,195</b>
Cash and Cash Equivalents (liability)	
Short Term Creditors	(13,479)
Short Term Borrowing	(1,422)
<b>Current Liabilities</b>	<b>(14,901)</b>
Long Term Borrowing	(17,689)
Other Long Term Liabilities	(988)
<b>Long Term Liabilities</b>	<b>(18,677)</b>
<b>Net Assets</b>	<b><u>72,740</u></b>
Usable Reserves	27,950
Unusable Reserves	44,790
<b>Total Reserves</b>	<b><u>72,740</u></b>

The balance sheet displayed excludes IAS19 Employee Benefits pension liabilities of £549m. 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 2013/14 were approved at the 15 March 2013 Fire Authority Meeting.

The statements below monitor the actual performance to 30 September 2013 against the approved indicators.

**Indicator 1 - Estimated Capital Expenditure 2013/14**

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

	<b>2012/13 Actual £m</b>	<b>2013/14 Estimate Original £m</b>	<b>2013/14 Estimate Revised £m</b>	<b>2014/15 Estimate £m</b>	<b>2015/16 Estimate £m</b>
Total Capital expenditure	3.457	2.879	5.242	2.265	3.115

**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.

	<b>2012/13 Actual %</b>	<b>2013/14 Estimate Original %</b>	<b>2013/14 Estimate Revised %</b>	<b>2014/15 Estimate %</b>	<b>2015/16 Estimate %</b>
Ratio of Capital Financing Costs to Net Revenue Stream	7.88	5.95	5.77	7.06	6.64

**Indicator 3 – Estimated Capital Financing Requirement**

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

	<b>Actual 31/03/13 £m</b>	<b>31/03/14 Estimate Original £m</b>	<b>31/03/14 Estimate Revised £m</b>	<b>Estimate 31/03/15 £m</b>	<b>Estimate 31/03/16 £m</b>
Capital Financing Requirement	17.720	24.698	17.253	23.902	24.687

**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 £34.415 million for 2013/14.

As at the 30 September 2013, 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 £26.415 million for 2013/14.

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 2013/14 do not require amendment.

	<b>As at 30/09/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
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.

	<b>Upper Limit %</b>	<b>% As at 30/09/13</b>	<b>Lower Limit %</b>
Under 12 Months	10	4.97	-
12 months and within 24 months	10	5.74	-
24 months and within 5 years	25	19.97	-
5 years and within 10 years	60	25.44	-
10 years and above	80	43.88	-

**Indicator 8 – Upper Limit for the Maturity Structure of Investments**

When the 2013/14 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**

The following virements have been processed during September 2013 under delegations within the Fire Authority's constitution

	£
Management & Support	
Transport	(50,000)
Fire Fighting & Rescue Operations	
Wholetime Pay	40,000
Management & Support	
Transport	10,000
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Funding of costs associated with industrial action	
Fire Fighting & Rescue Operations	
Supplies & Services	(30,000)
Premises	30,000
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Funding of costs associated with the Station End Equipment enabling works	
Fire Fighting & Rescue Operations	
Supplies & Services	(20,000)
Management & Support	
Supplies & Services	20,000
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Funding of furniture at Headquarters	
Fire Fighting & Rescue Operations	
Supplies & Services	(40,000)
Management & Support	
Supplies & Services	40,000
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Funding of new boots for firefighters	
Fire Fighting & Rescue Operations	
Supplies & Services	(30,000)
Management & Support	
Supplies & Services	30,000
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Funding of new jackets for firefighters	



Management & Support Contingency	(50,000)
Supplies & Services	50,000
Funding of costs associated with industrial action	
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Fire Fighting & Rescue Operations Premises	(9,000)
Management & Support Premises	9,000
Realignment of grounds maintenance budgets	
<hr/>	
Management & Support Supplies & Services	(27,000)
Indirect Employees	27,000
Realignment of training budgets	
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Fire Fighting & Rescue Operations Supplies & Services	(40,000)
Accounting Adjustments RCCO	40,000
Funding of additional operational equipment	
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Reserves Reserves	(150,000)
Management & Support Supplies & Services	150,000
Creation of budget for Data & Intelligence Management	
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**HFR Solutions**

The financial performance of HFR Solutions in 2012/13 (actual) and 2013/14 (year-end projection) is as follows:-

	<b>HFR Solutions surplus after corporation tax</b>	<b>HFRS costs charged to HFR Solutions (secondments, staff time, etc)</b>	<b>Total financial benefit of HFR Solutions to HFRS</b>
	<b>(£k)</b>	<b>(£k)</b>	<b>(£k)</b>
<b>2012/13 Actual (audited)</b>	298	280	<b>578</b>
<b>2013/14 Year-End Projection</b>	150	400	<b>550</b>

A significant part of the costs charged to HFR Solutions have been secondment recharges which have supplemented the HFRS revenue budget for staff salaries at a time when the Service is carrying supernumerary operational staff.

The financial position of HFR Solutions will continue to be reported through to the Authority at regular intervals during the course of the financial year.