



Management Accounts for the period ending 28 February 2023



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:-

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.

HUMBERSIDE FIRE & RESCUE SERVICE
COMMENTARY ON THE MANAGEMENT ACCOUNTS
For the period 1 April 2022 to 28 February 2023

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) as at 28 February 2023 compared to the profiled 2022/23 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 2022/23
1 April 2022 to 28 February 2023 (Period 11)

	Original Budget £'000	Revised Budget £'000	28 February 2023		Projection £'000	Full Year		Status	Note
			Profile £'000	Actual & Committed £'000		Variance			
						£'000	%		
Employees									
Wholtime Firefighters	25,946	25,946	23,784	23,053	26,452	506	1.95	Red	1
On-Call Firefighters	5,040	5,054	4,448	4,241	4,994	(60)	(1.19)	Green	2
Non-Operational	7,450	7,450	6,829	6,837	7,450	-	-	Green	
Other Employee Expenses (Training, Occ Health, Insurance)	1,726	1,687	1,440	1,657	1,977	290	17.19	Red	3
Total Pay & Pensions	40,162	40,137	36,501	35,788	40,873	736	1.83		
Premises	3,207	3,067	2,887	3,190	3,351	284	9.26	Red	4
Transport	1,805	1,784	1,635	1,770	1,784	-	-	Green	
Supplies & Services	4,258	3,877	3,240	3,797	3,877	-	-	Green	
Support Services	212	223	205	75	223	-	-	Green	
Non Pay Efficiency Savings	(240)	207	190	-	-	(207)	-	Green	5
Total Expenditure	49,404	49,295	44,658	44,620	50,108	813	1.65		
Income	(4,377)	(4,425)	(4,056)	(4,786)	(4,968)	(543)	12.27	Green	6
Net Expenditure (Ex Capital Charges)	45,027	44,870	40,602	39,834	45,140	270	0.60		
Interest Payable	666	666	534	430	621	(45)	(6.76)	Green	7
Interest Receivable	(40)	(40)	(37)	(263)	(280)	(240)	600.00	Green	8
Accounting Adjustments	1,971	2,128	-	-	2,083	(45)	(2.11)	Green	9
Contributions to / (from) Reserves	(10)	(10)	-	-	(10)	-	-	Green	
Net Budget Requirement	47,614	47,614	41,099	40,001	47,554	(60)	(0.13)	Green	
Financed By									
Business Rates	(4,283)	(4,283)	(3,926)	(3,928)	(4,283)	-	-		
National Non Domestic Rates	(17,370)	(17,370)	(16,127)	(16,631)	(17,370)	-	-		
Precepts	(25,961)	(25,961)	(23,852)	(23,905)	(25,961)	-	-		
	-	-	(2,806)	(4,463)	(60)	(60)	-		

Notes

1. This projected overspend is primarily due to higher grey book pay award than that which was budgeted for in 2022/23.
2. This projected underspend is primarily due to vacancies at on-call fire stations.
3. This projected overspend is primarily due to additional training of operational staff due to unexpected staff turnover as well as a higher level of ill health retirements.
4. This projected overspend is due to the additional cost of electricity which is reduced by lower Business Rate charges following a review of the rateable values.
5. The Service has worked hard to identify non-pay savings. This has resulted in an overachievement against the non-pay efficiency target.
6. Additional Government grants, an insurance claim and secondments have resulted in this variance.
7. No new borrowing taken during the year has resulted in a lower interest expense.
8. Higher interest rates on our investments has resulted in this variance.
9. This projected underspend is due to a lower Minimum Revenue Provision charge following a lower Capital spend during 2021/22.

Capital Statement

This report shows the actual and committed capital expenditure as at 28 February 2023 compared with the adjusted profiled 2022/23 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 2

HUMBERSIDE FIRE & RESCUE SERVICE
CAPITAL MONITORING STATEMENT 2022/23
1 April 2022 to 28 February 2023 (Period 11)

SCHEME	Original Budget £'000	Revised Budget £'000	28 February 2023		Projection £'000	Full Year		Traffic Light Status	Note
			Profile	Actual & Committed		Variance			
			£'000	£'000		£'000	%		
Building Works									
Invest to Save	-	42	11	-	-	(42)	(100.00)	Green	1
Goole	-	387	97	-	30	(357)	(92.25)	Green	1
Snaith	-	50	13	50	50	-	-	Green	
Bridlington	-	100	25	100	100	-	-	Green	
BA Training Refurbishment	-	8	2	-	8	-	-	Green	
Co-Location	-	97	24	-	-	(97)	(100.00)	Green	1
Howden	-	390	98	-	-	(390)	(100.00)	Green	1
Winterton	-	150	38	1	10	(140)	(93.33)	Green	1
Pocklington	50	150	38	-	-	(150)	(100.00)	Green	1
Calvert Lane	50	50	13	50	50	-	-	Green	
Scunthorpe	-	100	25	-	100	-	-	Green	
Immingham East	-	350	88	17	21	(329)	(94.00)	Green	1
Grimsby - Cromwell Road	250	500	125	20	26	(474)	(94.80)	Green	1
Crowle	150	150	38	-	-	(150)	(100.00)	Green	1
Driffield	50	50	13	-	-	(50)	(100.00)	Green	1
Other Minor Schemes	140	162	41	-	-	(162)	(100.00)	Green	1
Training Infrastructure	200	200	50	-	-	(200)	(100.00)	Green	1
Furniture and Equipment	-	8	2	8	8	-	-	Green	
	890	2,944	741	246	403	(2,541)	(86.31)		
Vehicles									
Operational Vehicles	-	1,436	1,350	1,350	1,350	(86)	(5.99)	Green	2
Support Vehicles	120	730	150	150	150	(580)	(79.45)	Green	2
Equipment	97	527	150	87	87	(440)	(83.49)	Green	2
PPE	-	364	364	167	364	-	-	Green	
Information Technology	950	1,291	500	503	731	(560)	(43.38)	Green	3
	2,057	7,292	3,255	2,503	3,085	(4,207)	(57.69)		

Notes

1. These building schemes are not expected to start until 2023/24.
2. Some vehicles and equipment are not expected to be delivered until 2023/24.
3. Some ICT schemes are not expected to commence until 2023/24.

Pensions Account Statement

The Authority has a revised budgeted deficit of £13.52m on this account for 2022/23.

The deficit on this account is financed through the Pensions Top-up Grant given by the Home Office, of which 80% of the grant was received in July of this financial year. The Authority has to stand any cash flow losses until the balance of the grant is paid in full in July 2023.

Table 3

HUMBERSIDE FIRE & RESCUE SERVICE
PENSIONS ACCOUNT STATEMENT 2022/23
1 April 2022 to 28 February 2023 (Period 11)

	Revised Budget £'000	28 February 2023		Projection £'000	Full Year		Note
		Profile £'000	Actual £'000		Variance		
					£'000	%	
<u>Expenditure</u>							
Pension payments	17,802	17,802	17,802	17,802	-	-	-
Commutations	4,373	4,273	4,273	4,373	-	-	-
Transfer Values	-	-	-	-	-	-	-
Total Pensions Expenditure	22,175	22,075	22,075	22,175	-		-
<u>Income</u>							
Contributions							
Ill Health	(206)	(206)	(206)	(206)	-	-	-
Employee's	(2,608)	(2,608)	(2,608)	(2,608)	-	-	-
Employer's	(5,560)	(5,560)	(5,560)	(5,560)	-	-	-
	(8,374)	(8,374)	(8,374)	(8,374)	-		-
Transfer Values	(278)	(278)	(278)	(278)	-	-	-
Total Pensions Income	(8,652)	(8,652)	(8,652)	(8,652)	-		-
Net Pensions Deficit/(Surplus) To be financed by HO grant	13,523	13,423	13,423	13,523	-		-

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 2022 to 28 February 2023 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 4

HUMBERSIDE FIRE & RESCUE SERVICE
BORROWING AND LENDING ACTIVITY STATEMENT
For the Period Ending 28 February 2023

Ref.	Company	Investment £	From	To	%	Returned	
						Interest £	Investment £
MMF	Deutsche Managed Sterling Fund	1,000,000.00					
MMF	Aberdeen (SL) Liquidity Fund	1,000,000.00					
MMF	Goldman Sachs Liquid Reserve Fund	1,000,000.00					
301769	DMO	2,000,000.00	07/10/2022	06/01/2023	2.80	13,961.64	2,000,000.00
301778	DMO	1,450,000.00	06/01/2023	09/01/2023	3.32	395.67	1,450,000.00
301779	DMO	1,230,000.00	09/01/2023	19/01/2023	3.32	1,118.79	1,230,000.00
301775	DMO	3,000,000.00	21/12/2022	31/01/2023	3.27	11,019.45	3,000,000.00
301771	DMO	2,500,000.00	08/11/2022	08/02/2023	2.93	18,463.01	2,500,000.00
301772	DMO	3,000,000.00	21/11/2022	20/02/2023	3.04	22,700.14	3,000,000.00
301781	DMO	1,500,000.00	15/02/2023	28/02/2023	3.82	2,040.82	1,500,000.00
301782	DMO	4,000,000.00	20/02/2023	28/02/2023	3.82	3,349.04	4,000,000.00
301776	DMO	1,500,000.00	21/12/2022	21/03/2023	3.43	12,686.30	-
301777	YBS	2,000,000.00	21/12/2022	21/03/2023	3.43	16,915.07	-
301783	DMO	2,000,000.00	21/02/2023	21/03/2023	3.82	5,860.82	-
301780	DMO	2,000,000.00	19/01/2023	31/03/2023	3.63	14,102.74	-
						122,613.51	
Total Investments at 28 February 2023		10,500,000.00					

Summary of Interest Receipts

		<u>Projection</u>	<u>Actual</u>	<u>Variance</u> <u>under/(over)</u>	<u>%</u>
		£	£	£	
Accumulated interest on Investments to :	28/02/2023	36,663	226,497	(189,834)	(517.78)

Temporary Loans

<u>Investment</u>	<u>From</u>	<u>To</u>	<u>%</u>	<u>Interest</u>
£				£
-				-

The total amount temporarily invested at 28 February 2023 is £10.50m.

Movement in Revenue Reserves

This statement shows the movements on the revenue reserves for the period 1 April 2022 to 28 February 2023.

This statement also gives a projected value of revenue reserves at 31 March 2023 based on the projections in Table 1.

Table 5

**HUMBERSIDE FIRE & RESCUE SERVICE
MOVEMENT IN REVENUE RESERVES
as at 28 February 2023**

	As at 1 April 2022 £'000	In Year Movements £'000	Projected Balance at 31 March 2023 £'000
General Reserve	5,908	950 *	6,858
Earmarked Reserves			
Insurance	500	-	500
The Ark - National Flood Resilience Centre	1,000	-	1,000
Capital Programme	3,410	(1,090)	2,320
Business Continuity Reserve	1,000	-	1,000
ESMCP	265	-	265
Grenfell and Protection	71	(71)	-
East Coast & Hertfordshire Control Room Consortium	1,000	-	1,000
Pay and Prices	1,200	400	1,600
COVID	210	(210)	-
Environmental Reserve	30	-	30
	14,594	(21)	14,573

*In year contribution to the General Reserve is based on the budgeted contribution to the reserve, transfer between reserves plus any estimated under/overspend as at 28 February 2023.

Budget Virements (transfer between lines) Processed

There were no budget virements processed during the period to 28 February 2023.

Prudential Indicators as at 28 February 2023**Indicator 1 - Capital Expenditure**

The actual capital expenditure for the current year compared to the original estimate and revised budget, together with estimates of expenditure to be incurred in future years are shown below:

	2021/22	2022/23	2022/23	2023/24	2024/25	2025/26
	Actual	Budget	Revised	Estimate	Estimate	Estimate
	£k	£k	£k	£k	£k	£k
Total Capital expenditure	1,960	7,292	3,085	7,590	2,847	3,707

Indicator 2 - Capital Financing Requirement

The capital financing requirement for 2022/23 and estimates for future years are as follows:

	Actual	Estimate	Estimate	Estimate	Estimate
	31/03/22	31/03/23	31/03/24	31/03/25	31/03/26
	£k	£k	£k	£k	£k
Capital Financing Requirement	17,691	18,975	24,628	24,980	26,068
Lease - Integrated Care Centre	1,029	1,012	994	974	953
Total CFR	18,720	19,987	25,622	25,954	27,021

The capital financing requirement measures the Authority's need to borrow for capital purposes. In accordance with best professional practice, the Humberside Fire Authority does not associate borrowing with particular items or types of expenditure. The Authority has, at any point in time, a number of cash flows both positive and negative, and manages its treasury position in terms of its borrowings and investments in accordance with its approved Strategy. In day to day cash management, no distinction can be made between revenue cash and capital cash. External borrowing arises as a consequence of all the financial transactions of the authority and not simply those arising from capital spending. In contrast, the capital financing requirement reflects the Authority's underlying need to borrow for a capital purpose.

A key indicator of prudence under the Prudential Code is: -

"In order to ensure that over the medium term net borrowing will only be for a capital purpose, the local authority should ensure 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 any additional capital financing requirement for the current and next two financial years".

The S151 Officer reports that the Authority has had no difficulty meeting this requirement during the course of this financial year and no difficulties are envisaged in future years. This takes into account current commitments, existing plans and the proposals contained in the Medium Term-Financial Plan.

Indicator 3 – Core Funds and Expected Investment Balances

The table below shows the estimates of the year-end balances for each resource and anticipated day-to-day cash flow balances.

	2022/23 Original £k	2022/23 Revised £k	2023/24 Estimate £k	2024/25 Estimate £k	2025/26 Estimate £k
Total Core Funds	13,924	14,573	13,356	11,057	10,877
Expected Investments	7,564	12,167	4,797	2,305	1,209

The actual total investments held as at 28th February 2023 is £10.5m. This is lower than the expected investments due to cash flow fluctuations through the year.

Indicator 4 - Operational Boundary for External Debt

The proposed operational boundary for external debt is based on the same estimates as the authorised limit but reflects directly the S151 Officer's estimate of the most likely, prudent but not worst case scenario, without the additional headroom included within the authorised limit to allow for example for unusual cash movements, and equates to the maximum of external debt projected by this estimate. The operational boundary represents a key management tool for in year monitoring by the S151 Officer.

	2022/23 Boundary £k	Actual As at 28/02/23 £k	2023/24 Boundary £k	2024/25 Boundary £k	2025/26 Boundary £k
Borrowing	25,000	18,169	25,000	25,000	25,000
Other Long-Term Liabilities	3,500	1,012	3,500	3,500	3,500
	28,500	19,181	28,500	28,500	28,500

The S151 Officer confirms that borrowing in the year has not exceeded the operational boundary at any point within the year to date and is not expected to do so over the course of the next period based on information currently available.

Indicator 5 - Authorised Limit for External Debt

The table below shows the Authorised limit for External Debt for 2022/23 and subsequent three-year period as approved by Members, compared to the actual level of borrowing as at 28 February 2023.

	2022/23	Actual as at	2023/24	2024/25	2025/26
	Limit	28/02/23	Limit	Limit	Limit
	£k	£k	£k	£k	£k
Borrowing	31,000	18,169	31,000	31,000	31,000
Other Long-Term Liabilities	3,500	1,012	3,500	3,500	3,500
	<u>34,500</u>	<u>19,181</u>	<u>34,500</u>	<u>34,500</u>	<u>34,500</u>

The Authorised Limit reflects the Authority's projected long- and short-term borrowing requirements, together with any other long-term liabilities it may have. The figures are based on the estimate of most likely, prudent but not worst-case scenario, with sufficient headroom over and above this to allow for operational management of, for example unusual cash movements.

The S151 Officer confirms that the Authorised Limit has not been approached at any point during the first three months of the year, nor is it likely to during the remaining nine months of 2022/23.

Indicator 6 - Ratio of Capital Financing Costs to Net Revenue Stream

The ratio of financing costs to net revenue stream for the current year and estimates for future years are as follows: -

	2021/22	2022/23	2022/23	2023/24	2024/25	2025/26
	Actual	Original	Revised	Estimate	Estimate	Estimate
	%	%	%	%	%	%
Ratio of Financial Costs to Net Revenue Stream	<u>3.49</u>	<u>3.35</u>	<u>2.44</u>	<u>2.81</u>	<u>3.75</u>	<u>3.84</u>

These ratios indicate the proportion of the net budget of the Authority that is required to finance the costs of capital expenditure in any year. Estimates of financing costs include current commitments and the proposals contained in the capital programme of the Authority.

In calculating the ratio, Net Revenue Streams in any year have been taken to exclude any element of the net budget requirement that is intended to provide reserves for the Authority.

The projected increase in the ratio over the period reflects the increase in capital financing costs resulting from the capital allocations approved as part of the medium-term financial plan.

Indicator 7 – Upper and Lower Limits for the maturity structure of borrowings

This indicator seeks to ensure the Authority controls its exposure to the risk of interest rate changes by limiting the proportion of debt maturing in any single period. Ordinarily debt is replaced on maturity and therefore it is important that the Authority is not forced to replace a large proportion of loans at a time of relatively high interest rates.

“The Authority will set for the forthcoming financial year both upper and lower limits with respect to the maturity structure of its borrowings. The prudential indicators will be referred to as the upper and lower limits respectively for the maturity structure of borrowing and shall be calculated as follows:

Amount of projected borrowing that is fixed rate maturing in each period expressed as a percentage of total projected borrowing that is fixed rate;

Where the periods in question are:

- Under 12 months
- 12 months and within 24 months
- 24 months and within 5 years
- 5 years and within 10 years
- 10 years and above”

	Actual as at 28/02/23	Upper Limit	Lower Limit
	%	%	%
Under 12 Months	8.26	15	0
12 months and within 24 months	3.27	15	0
24 months and within 5 years	16.92	30	0
5 years and within 10 years	44.03	60	0
10 years and above	27.52	80	0

The S151. Officer confirms that the maturity structure of external debt as at 28/02/23 is within the upper and lower limits approved by the Authority.