



Management Accounts for the period ending 30 June 2023



HUMBERSIDE
Fire & Rescue Service

Safer Communities Safer Firefighters

Index

Key to Traffic Light System	2
Revenue Budget Summary	3
Capital Budget	5
Pensions Account	6
Treasury Management - Borrowing & Lending Activity	7
Movement in Revenue Reserves	8
Budget Virements Processed	9
Appendix 1 – Prudential Indicators	10
Appendix 2 – Contracts Awarded Outside of the Constitution	14

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 2021 to 30 June 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 30 June 2023 compared to the profiled 2023/24 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 2023/24
1 April 2023 to 30 June 2023 (Period 03)

	Original Budget £'000	Revised Budget £'000	30 June 2023		Projection £'000	Full Year Variance		Status	Note
			Profile £'000	Actual & Committed £'000		£'000	%		
Employees									
Wholetime Firefighters	27,716	27,716	6,929	6,905	27,716	-	-	Green	
On-Call Firefighters	5,408	5,408	1,310	1,212	5,408	-	-	Green	
Non-Operational	8,165	8,165	2,041	1,875	8,240	75	0.92	Red	1
Other Employee Expenses (Training, Occ Health, Insurance)	1,999	1,999	564	341	2,049	50	2.50	Red	2
Total Pay & Pensions	43,288	43,288	10,844	10,333	43,413	125	0.29		
Premises	3,678	3,678	1,069	1,216	3,653	(25)	(0.68)	Green	3
Transport	1,842	1,842	461	395	1,842	-	-	Green	
Supplies & Services	4,483	4,483	1,122	742	4,233	(250)	(5.58)	Green	4
Support Services	210	210	52	66	210	-	-	Green	
Non Pay Efficiency Savings	(280)	(280)	(70)	-	(280)	-	-	Green	
Total Expenditure	53,221	53,221	13,478	12,752	53,071	(150)	(0.28)		
Income	(3,992)	(3,992)	(2,910)	(2,970)	(3,992)	-	-	Green	
Net Expenditure (Ex Capital Charges)	49,229	49,229	10,568	9,782	49,079	(150)	(0.30)		
Interest Payable	710	710	-	-	710	-	-	Green	
Interest Receivable	(200)	(200)	(50)	(78)	(300)	(100)	50.00	Green	5
Accounting Adjustments	2,955	2,955	-	-	2,910	(45)	(1.52)	Green	6
Contributions to / (from) Reserves	(567)	(567)	-	-	(567)	-	-	Green	
Net Budget Requirement	52,127	52,127	10,518	9,704	51,832	(295)	(0.57)	Green	
Financed By									
Business Rates	(6,187)	(6,187)	(1,547)	(1,534)	(6,187)	-	-		
National Non Domestic Rates	(18,514)	(18,514)	(6,544)	(6,544)	(18,514)	-	-		
Precepts	(27,426)	(27,426)	(7,134)	(7,126)	(27,426)	-	-		
	-	-	(4,707)	(5,500)	(295)	(295)	-		

Notes

1. This projected overspend is due to the potential higher than budgeted for pay award.
2. This projected overspend is due to legislation around DBS checks that has been introduced in Fire and Rescue Services nationally.
3. This projected underspend is due to lower Business Rate charges following a review of the rateable values of our premises.
4. This projected underspend is due to lower ICT costs than expected.
5. Higher interest rates on our investments has resulted in this variance.
6. This projected underspend is due to a lower Minimum Revenue Provision charge following a lower Capital spend during 2022/23.

Capital Statement

This report shows the actual and committed capital expenditure as at 30 June 2023 compared with the adjusted profiled 2023/24 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 2023/24
1 April 2023 to 30 June 2023 (Period 03)

	Original Budget £'000	Revised Budget £'000	30 June 2023		Projection £'000	Full Year		Traffic Light Status	Note
			Profile	Actual & Committed		Variance			
			£'000	£'000		£'000	%		
SCHEME									
Building Works									
Invest to Save	-	42	11	-	42	-	-	Green	
Goole	143	636	159	164	636	-	-	Green	
Bridlington	150	150	38	-	150	-	-	Green	
Fire Station External Works	100	262	66	-	262	-	-	Green	
Driffield	55	257	64	-	257	-	-	Green	
Training Infrastructure	-	200	50	-	200	-	-	Green	
Furniture and Equipment	-	11	3	-	11	-	-	Green	
Electric Vehicle Charging Points	40	40	10	-	40	-	-	Green	
Dignity Works									
Withernsea	50	50	13	-	50	-	-	Green	
Winterton	-	199	50	-	199	-	-	Green	
Pocklington	-	150	38	-	150	-	-	Green	
Immingham East	-	297	74	-	297	-	-	Green	
Grimsby - Cromwell Road	-	430	108	-	430	-	-	Green	
Crowle	50	200	50	-	200	-	-	Green	
	588	2,924	734	164	2,924	-	-		
Vehicles									
Operational Vehicles	1,400	1,400	350	108	1,400	-	-	Green	
Support Vehicles	624	1,085	271	-	1,085	-	-	Green	
Equipment									
	363	790	198	41	790	-	-	Green	
Information Technology									
	600	1,275	319	83	1,275	-	-	Green	
	3,575	7,474	1,872	396	7,474	-	-		

Pensions Account Statement

The Authority has a revised budgeted deficit of £13.79m on this account for 2023/24.

The deficit on this account is financed through the Pensions Top-up Grant given by the Home Office, of which 80% of the grant is due 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 2024.

Table 3

HUMBERSIDE FIRE & RESCUE SERVICE
PENSIONS ACCOUNT STATEMENT 2023/24
1 April 2023 to 30 June 2023 (Period 03)

	Revised Budget £'000	30 June 2023		Projection £'000	Full Year		Note
		Profile £'000	Actual £'000		Variance		
					£'000	%	
<u>Expenditure</u>							
Pension payments	19,804	6,601	6,579	19,804	-	-	
Commutations	2,480	620	240	2,480	-	-	
Transfer Values	100	25	45	100	-	-	
Total Pensions Expenditure	22,384	7,246	6,864	22,384	-	-	
<u>Income</u>							
Contributions							
Ill Health	(123)	(31)	-	(123)	-	-	
Employee's	(2,623)	(656)	(643)	(2,623)	-	-	
Employer's	(5,746)	(1,437)	(1,426)	(5,746)	-	-	
	(8,492)	(2,124)	(2,069)	(8,492)	-	-	
Transfer Values	(100)	(25)	(90)	(100)	-	-	
Total Pensions Income	(8,592)	(2,149)	(2,159)	(8,592)	-	-	
Net Pensions Deficit/(Surplus) To be financed by HO grant	13,792	5,097	4,705	13,792	-	-	

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 2023 to 30 June 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 30 June 2023							
Ref.	Company	Investment £	From	To	%	Returned	
						Interest £	Investment £
MMF	Deutsche Managed Sterling Fund	2,000,000.00					
MMF	Aberdeen (SL) Liquidity Fund	2,000,000.00					
MMF	Goldman Sachs Liquid Reserve Fund	990,000.00					
301786	DMO	4,000,000.00	31/03/2023	03/04/2023	4.05	1,331.51	4,000,000.00
301787	DMO	6,800,000.00	03/04/2023	04/04/2023	4.05	754.52	6,800,000.00
301784	LB Barking & Dagenham	2,000,000.00	21/03/2023	21/04/2023	4.50	7,643.84	2,000,000.00
301788	DMO	3,800,000.00	04/04/2023	28/04/2023	4.06	10,131.95	3,800,000.00
301791	DMO	1,400,000.00	22/05/2023	26/05/2023	4.38	672.00	1,400,000.00
301790	DMO	1,300,000.00	02/05/2023	31/05/2023	4.26	4,394.89	1,300,000.00
301789	LB Barking & Dagenham	2,000,000.00	21/04/2023	21/06/2023	4.27	14,272.33	2,000,000.00
301794	DMO	2,000,000.00	21/06/2023	30/06/2023	4.60	2,266.03	2,000,000.00
301792	Derbyshire County Council	2,000,000.00	20/06/2023	20/09/2023	4.76	23,995.62	-
301793	LB Barking & Dagenham	2,000,000.00	21/06/2023	21/09/2023	4.84	24,398.90	-
301795	Nationwide	2,000,000.00	26/06/2023	26/09/2023	5.09	25,659.18	-
						115,520.75	
Total Investments at 30 June 2023		10,990,000.00					

Summary of Interest Receipts

	Projection £	Actual £	Variance under/(over) £	%
Accumulated interest on Investments to :				
30/06/2023	50,001	78,216	(28,215)	(56.43)

Temporary Loans

Investment £	From	To	%	Interest £
-				-

The total amount temporarily invested at 30 June 2023 is £10.99m.

Movement in Revenue Reserves

This statement shows the movements on the revenue reserves for the period 1 April 2023 to 30 June 2023.

This statement also gives a projected value of revenue reserves at 31 March 2024 based on the projections in Table 1.

Table 5

**HUMBERSIDE FIRE & RESCUE SERVICE
MOVEMENT IN REVENUE RESERVES
as at 30 June 2023**

	As at 1 April 2023 £'000	In Year Movements £'000	Projected Balance at 31 March 2024 £'000
General Reserve	6,946	(272) *	6,674
Earmarked Reserves			
Insurance	500	-	500
The Ark - National Flood Resilience Centre	1,000	-	1,000
Capital Programme	3,410	-	3,410
Business Continuity Reserve	500	-	500
ESMCP	215	-	215
Grenfell and Protection	110	(110)	-
East Coast & Hertfordshire Control Room Consortium	1,000	-	1,000
Pay and Prices	600	-	600
Strategic Transformation Fund	500	-	500
Environmental Reserve	30	-	30
	14,811	(382)	14,429

*In year contribution to the General Reserve is based on the budgeted contribution to the reserve plus any estimated under/overspend as at 30 June 2023.

Budget Virements (transfer between lines) Processed

There were no budget virements processed during the period to 30 June 2023.

Prudential Indicators as at 30 June 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:

	2022/23	2023/24	2023/24	2024/25	2025/26	2026/27
	Actual	Budget	Revised	Estimate	Estimate	Estimate
	£k	£k	£k	£k	£k	£k
Total Capital expenditure	3,238	7,474	7,474	2,847	3,707	3,565

Indicator 2 - Capital Financing Requirement

The capital financing requirement for 2023/24 and estimates for future years are as follows:

	Actual	Estimate	Estimate	Estimate	Estimate
	31/03/23	31/03/24	31/03/25	31/03/26	31/03/27
	£k	£k	£k	£k	£k
Capital Financing Requirement	18,399	22,980	22,786	23,374	23,607
Lease - Integrated Care Centre	1,013	996	977	956	933
Total CFR	19,412	23,976	23,763	24,330	24,540

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.

	2023/24 Original £k	2023/24 Revised £k	2024/25 Estimate £k	2025/26 Estimate £k	2026/27 Estimate £k
Total Core Funds	13,624	14,841	12,542	12,362	13,240
Expected Investments	5,858	7,075	5,084	4,488	5,134

The actual total investments held as at 30th June 2023 is £11.0m. This is higher 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.

	2023/24 Boundary £k	Actual As at 30/06/23 £k	2024/25 Boundary £k	2025/26 Boundary £k	2026/27 Boundary £k
Borrowing	25,000	18,169	25,000	25,000	25,000
Other Long-Term Liabilities	3,500	996	3,500	3,500	3,500
	28,500	19,165	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 2023/24 and subsequent three-year period as approved by Members, compared to the actual level of borrowing as at 30 June 2023.

	2023/24	Actual as at 30/06/23	2024/25	2025/26	2026/27
	Limit £k	£k	Limit £k	Limit £k	Limit £k
Borrowing	31,000	18,169	31,000	31,000	31,000
Other Long-Term Liabilities	3,500	996	3,500	3,500	3,500
	<u>34,500</u>	<u>19,165</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 2023/24.

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: -

	2022/23	2023/24	2023/24	2024/25	2025/26	2026/27
	Actual	Original	Revised	Estimate	Estimate	Estimate
	%	%	%	%	%	%
Ratio of Financial Costs to Net Revenue Stream	<u>3.03</u>	<u>2.81</u>	<u>2.62</u>	<u>3.75</u>	<u>3.84</u>	<u>4.07</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 30/06/23	Upper Limit	Lower Limit
	%	%	%
Under 12 Months	8.26	15	0
12 months and within 24 months	4.63	15	0
24 months and within 5 years	21.07	30	0
5 years and within 10 years	38.53	60	0
10 years and above	27.52	80	0

The S151. Officer confirms that the maturity structure of external debt as at 30/06/23 is within the upper and lower limits approved by the Authority.

Contracts Awarded Outside of the Constitution

The following contracts have been awarded outside the process detailed within part 4 section E of the constitution during the period up to 30th June 2023:

Contract Description	Justification	Responsible Officer	Contract End Date	Value £'000
MDT SDR Communications Link	Airwave are the only supplier of the secure Emergency Service Radio network supplied to all emergency services and used to connect all critical equipment	Head of ICT	31 st March 2024	17
Clean Cab Retrofit	Work undertaken by the original contractor that build the bodywork and have the mechanical and technical drawings readily available	Head of Fleet and Estates	31 st March 2024	112
Incident Command Courses	Availability to deliver courses within set timeframe and accredit candidates as well as the ability to provide the courses within Humberside	Head of Training	30 th September 2023	55