



Management Accounts for the period ending 31 December 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 2023 to 31 December 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 31 December 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 31 December 2023 (Period 09)

	Original Budget £'000	Revised Budget £'000	31 December 2023		Projection £'000	Full Year		Status	Note
			Profile £'000	Actual & Committed £'000		Variance			
						£'000	%		
Employees									
Wholtime Firefighters	27,716	27,871	20,821	21,047	28,209	338	1.21	Red	1
On-Call Firefighters	5,408	5,408	3,740	3,670	5,308	(100)	(1.85)	Green	2
Non-Operational	8,165	8,165	6,074	6,047	8,130	(35)	(0.43)	Green	3
Other Employee Expenses (Training, Occ Health, Insurance)	1,999	2,016	1,517	1,538	2,123	107	5.31	Red	4
Total Pay & Pensions	43,288	43,460	32,152	32,302	43,770	310	0.71		
Premises	3,678	3,636	3,039	2,981	3,589	(47)	(1.29)	Green	5
Transport	1,842	1,765	1,382	1,476	1,864	99	5.61	Red	6
Supplies & Services	4,483	4,291	3,593	3,319	4,223	(68)	(1.58)	Green	7
Support Services	210	250	187	127	340	90	36.00	Red	8
Non Pay Efficiency Savings	(280)	-	-	-	-	-	-	Green	
Total Expenditure	53,221	53,402	40,353	40,205	53,786	384	0.72		
Income	(3,992)	(4,173)	(3,773)	(3,950)	(4,602)	(429)	10.28	Green	9
Net Expenditure (Ex Capital Charges)	49,229	49,229	36,580	36,255	49,184	(45)	(0.09)		
Interest Payable	710	649	215	311	649	-	-	Green	
Interest Receivable	(200)	(500)	(150)	(499)	(700)	(200)	40.00	Green	10
Accounting Adjustments	2,955	3,316	-	-	3,316	-	-	Green	
Contributions to / (from) Reserves	(567)	(567)	-	-	(567)	-	-	Green	
Net Budget Requirement	52,127	52,127	36,645	36,067	51,882	(245)	(0.47)	Green	
Financed By									
Business Rates	(6,187)	(6,187)	(4,640)	(4,636)	(6,187)	-	-		
National Non Domestic Rates	(18,514)	(18,514)	(14,557)	(14,557)	(18,514)	-	-		
Precepts	(27,426)	(27,426)	(20,662)	(20,659)	(27,426)	-	-		
	-	-	(3,214)	(3,785)	(245)	(245)	-		

Notes

1. This projected overspend is primarily due to funding additional posts to deliver the additional operational training that has been required during the year, Control room project and to cover posts due to absences.
2. This projected underspend is due to carrying a number of on-call vacancies.
3. This projected underspend is due to carrying a number of vacancies which is off-set by additional costs associated with the NJC pay award.
4. This projected overspend is due to the following:
 - legislation around DBS checks that has been introduced in Fire and Rescue Services nationally;
 - additional operational training that has been required; and
 - additional costs associated with injury pensions and ill health pensions
5. This projected underspend is due to lower Business Rate charges following a review of the rateable values of our premises.
6. This projected overspend is due to additional costs associated with our joint workshops to maintain our fleet and the excess cost to repair an appliance following damage which had been caused. Some of these additional costs have been offset by lower officer travel and lower motor insurance premiums.
7. This projected underspend is due to lower ICT costs than expected.
8. This projected overspend is primarily due to the conclusion of the mesothelioma claim.
9. This additional income is due to the following:
 - an additional grant from Government in relation to Protection;
 - higher level of aerial rental income; and
 - additional income in relation to collaborations
10. A higher level of interest rates has resulted in higher returns on our investments.

Capital Statement

This report shows the actual and committed capital expenditure as at 31 December 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 31 December 2023 (Period 09)									
	*Original Budget £'000	Revised Budget £'000	31 December 2023		Projection £'000	Full Year		Traffic Light Status	Note
			Profile £'000	Actual & Committed £'000		Variance			
						£'000	%		
SCHEME									
Building Works									
Headquarters	-	130	-	-	-	(130)	(100.00)	Green	1
Goole	143	675	400	375	617	(58)	(8.59)	Green	2
Bridlington	150	150	-	-	-	(150)	(100.00)	Green	1
Fire Station External Works	100	100	-	-	-	(100)	(100.00)	Green	1
Training Infrastructure	-	108	-	-	-	(108)	(100.00)	Green	1
Preston and Patrington	-	60	-	-	60	-	-	Green	1
Electric Vehicle Charging Points	40	60	-	-	-	(60)	(100.00)	Green	1
Winterton	-	433	-	-	433	-	-	Green	
Immingham East	-	328	20	12	50	(278)	(84.76)	Green	2
	433	2,044	420	387	1,160	(884)	(43.25)		
Vehicles									
Operational Vehicles	1,400	2,200	-	-	-	(2,200)	(100.00)	Green	3
Support Vehicles	624	1,085	110	108	108	(977)	(90.05)	Green	4
Equipment									
	363	790	200	172	172	(618)	(78.23)	Green	3
Information Technology									
	600	600	300	252	557	(43)	(7.17)	Green	5
	3,420	6,719	1,030	919	1,997	(4,722)	(70.28)		

Notes

1. The work on these schemes will not start until 2024/25.
2. The works on these schemes will not be concluded until 2024/25.
3. The purchase of fire appliances and aerial will not be completed until during 2024/25.
4. The purchase of the support vehicles will not conclude until 2024/25.
5. The delay in the delivery of the fire appliances mentioned above will result in the purchase of the operational equipment needed for those appliances to be delayed also.

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 was paid 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 31 December 2023 (Period 09)**

	Revised Budget £'000	31 December 2023		Projection £'000	Full Year		Note
		Profile £'000	Actual £'000		Variance		
					£'000	%	
<u>Expenditure</u>							
Pension payments	19,758	16,465	16,486	19,758	-	-	
Commutations	2,967	2,473	2,567	2,967	-	-	
Transfer Values	100	75	45	100	-	-	
Total Pensions Expenditure	22,825	19,013	19,098	22,825	-	-	
<u>Income</u>							
Contributions							
Ill Health	(123)	-	-	(123)	-	-	
Employee's	(2,775)	(2,081)	(2,022)	(2,775)	-	-	
Employer's	(5,883)	(4,412)	(4,413)	(5,883)	-	-	
	(8,781)	(6,493)	(6,435)	(8,781)	-	-	
Transfer Values	(250)	(125)	(209)	(250)	-	-	
Total Pensions Income	(9,031)	(6,618)	(6,644)	(9,031)	-	-	
Net Pensions Deficit/(Surplus) To be financed by HO grant	13,794	12,395	12,454	13,794	-	-	

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 31 December 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 31 December 2023

Ref.	Company	Investment £	From	To	%	Returned	
						Interest £	Investment £
MMF	Deutsche Managed Sterling Fund	2,000,000.00					
MMF	Aberdeen (SL) Liquidity Fund	780,000.00					
MMF	Goldman Sachs Liquid Reserve Fund	-					
301804	DMO	3,180,000.00	26/09/2023	13/10/2023	5.17	7,657.27	3,180,000.00
301805	DMO	1,200,000.00	19/10/2023	31/10/2023	5.17	2,039.67	1,200,000.00
301806	DMO	1,600,000.00	21/11/2023	28/11/2023	5.17	1,586.41	1,600,000.00
301799	DMO	10,000,000.00	31/08/2023	30/11/2023	5.35	133,383.56	10,000,000.00
301807	DMO	7,750,000.00	30/11/2023	04/12/2023	5.17	4,390.96	7,750,000.00
301800	Derbyshire County Council	2,000,000.00	20/09/2023	20/12/2023	5.31	26,477.26	2,000,000.00
301810	DMO	1,800,000.00	04/12/2023	28/12/2023	5.19	6,142.68	1,800,000.00
301814	DMO	2,000,000.00	21/12/2023	02/01/2024	5.19	3,412.60	-
301803	Cheltenham BC	2,000,000.00	26/09/2023	03/01/2024	5.30	28,750.68	-
301812	DMO	1,430,000.00	19/12/2023	08/01/2024	5.19	4,066.68	-
301811	BOS	2,000,000.00	04/12/2023	10/01/2024	5.38	10,907.40	-
301808	Eastleigh BC	2,000,000.00	04/12/2023	04/03/2024	5.50	27,424.66	-
301809	Surrey CC	2,000,000.00	04/12/2023	04/03/2024	5.50	27,424.66	-
301813	London Borough of Newham	2,000,000.00	20/12/2023	05/04/2024	5.50	32,246.58	-
						315,911.07	

Total Investments at 31 December 2023

16,210,000.00

Summary of Interest Receipts

		Projection	Actual	Variance under/(over)	%
		£	£	£	
Accumulated interest on Investments to :	31/12/2023	375,000	498,986	(123,986)	(33.06)

Temporary Loans

Investment £	From	To	%	Interest £
-				-

The total amount temporarily invested at 31 December 2023 is £16.21m.

Movement in Revenue Reserves

This statement shows the movements on the revenue reserves for the period 1 April 2023 to 31 December 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 31 December 2023**

	As at 1 April 2023 £'000	In Year Movements £'000	Projected Balance at 31 March 2024 £'000
General Reserve	6,946	(322) *	6,624
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	(432)	14,379

*In year contribution to the General Reserve is based on the budgeted contribution to the reserve plus any estimated under/overspend as at 31 December 2023.

Budget Virements (transfer between lines) Processed

The following budget virements were processed during the period to 31 December 2023.

	£'000
Supplies and Services	(15)
Non-Pay Savings	15
<u>Allocation of non-pay efficiency savings</u>	

Prudential Indicators as at 31 December 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	6,719	1,997	9,136	4,050	3,990

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	17,097	24,247	25,968	27,460
Lease - Integrated Care Centre	1,013	996	977	956	933
Total CFR	19,412	18,093	25,224	26,924	28,393

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: -

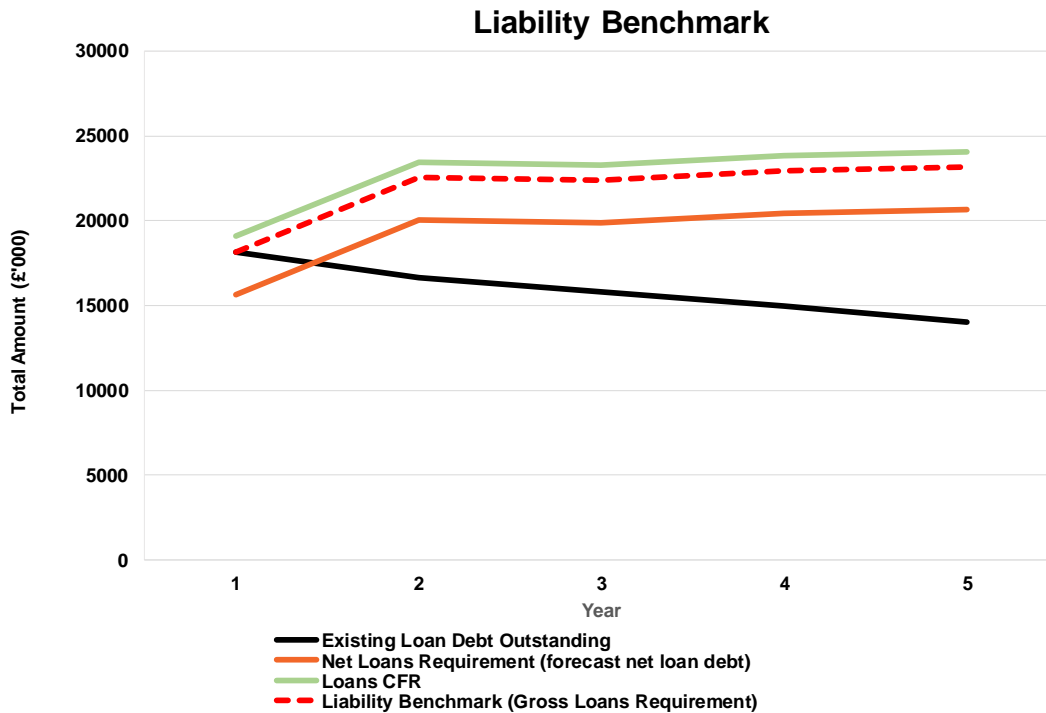
"In order to ensure that over the medium term net borrowing will only be for a capital purpose, the local authority should ensure that net external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year plus the estimates of any additional 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.

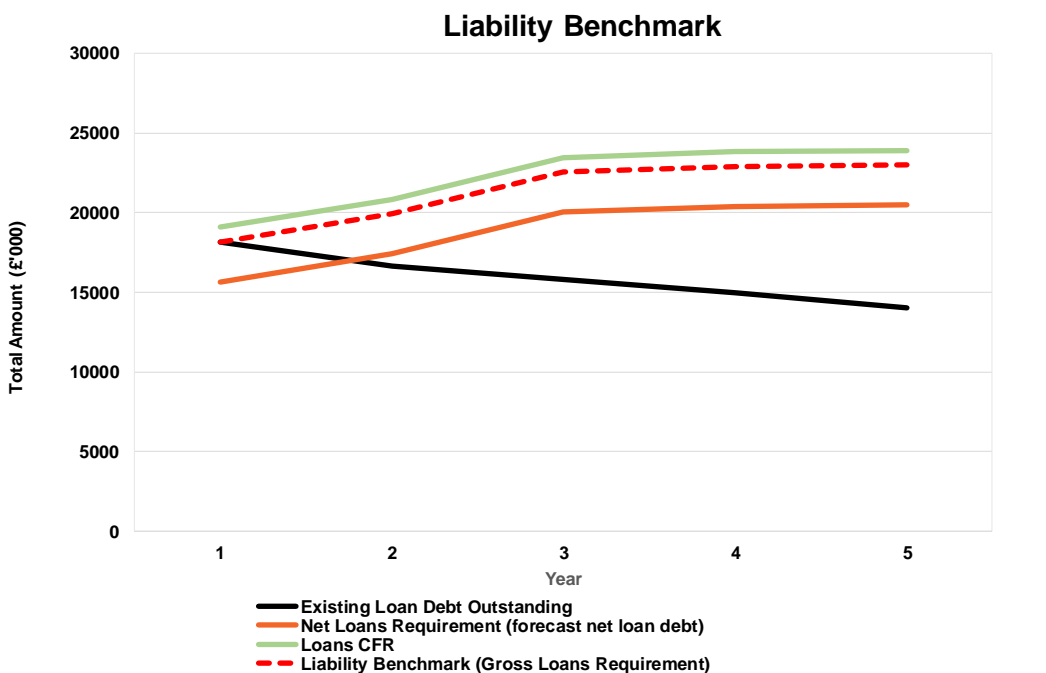
Indicator 3 – Liability Benchmark

The Authority is required estimate and measure the Liability Benchmark for the forthcoming year and the following two years as a minimum.

The following graph shows what the Liability Benchmark was estimated to be for 2023/24 onwards as set in the Treasury Management Strategy 2023/24:



The Liability Benchmark has been updated to show revised estimates for 2023/24 onwards and is shown in the graph below:



The revised graph shows that the gap between existing loans outstanding and our future need to borrow (as shown by the liability benchmark line on the graph above) is reducing as we contribute more funding to reduce the need to borrow in the future. The gap between the liability benchmark and the Existing Loan Debt Outstanding is the amount of borrowing that the Authority may have to take in the future, and there is therefore a risk that borrowing may have to be taken when the interest rate is in excess of the budgeted rate.

Indicator 4 – 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	14,409	13,993	10,773	9,405
Expected Investments	5,858	11,481	4,074	(695)	(3,555)

The actual total investments held as at 31st December 2023 is £16.2m. This is higher than the expected investments due to cash flow fluctuations through the year.

Indicator 5 - 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 31/12/23 £k	2024/25 Boundary £k	2025/26 Boundary £k	2026/27 Boundary £k
Borrowing	25,000	16,669	25,000	25,000	25,000
Other Long-Term Liabilities	3,500	996	3,500	3,500	3,500
	28,500	17,665	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 6 - 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 31/12/23	2024/25	2025/26	2026/27
	Limit £k	£k	Limit £k	Limit £k	Limit £k
Borrowing	31,000	16,669	31,000	31,000	31,000
Other Long-Term Liabilities	3,500	996	3,500	3,500	3,500
	<u>34,500</u>	<u>17,665</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 7 - 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>1.65</u>	<u>2.40</u>	<u>3.07</u>	<u>3.30</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 8 – 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 31/12/23	Upper Limit	Lower Limit
	%	%	%
Under 12 Months	0.00	15	0
12 months and within 24 months	7.44	15	0
24 months and within 5 years	20.57	30	0
5 years and within 10 years	41.99	60	0
10 years and above	30.00	80	0

The S151. Officer confirms that the maturity structure of external debt as at 31/12/23 is within the upper and lower limits approved by the Authority.

Appendix 2**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 1st October to 31st December 2023:

Contract Description	Justification	Responsible Officer	Contract End Date	Value £'000
Working at Heights Training	Extension of one-year trial period for HFR Solutions to deliver all Working at Heights Training as a direct result of previous courses being delayed due to COVID-19 and enhanced recruitment numbers in 2023/24	Head of Training	31 st March 2024	63