



# **Merseyside Fire & Rescue Service**

## **2019/20 Summary Statement of Accounts**

## Background to Merseyside Fire and Rescue Service

Merseyside is a metropolitan area in the North West of England covering the District Councils of Knowsley, Liverpool, Sefton, St. Helens and Wirral. It covers an area of 645sq/km and has a resident population of some 1.4 million people.

Merseyside Fire & Rescue Authority (MFRA) is a local authority created by the Local Government Act 1985. It is made up of 18 elected representatives appointed by the constituent District Councils. The number of councillors from each district is determined by statute and in most cases is representative of the political composition of that Council. During 2018/19 this was as follows:

Knowsley	2	(2 Labour)
Liverpool	6	(5 Labour, 1 Liberal Democrat)
Sefton	4	(3 Labour, 1 Liberal Democrat)
St. Helens	2	(2 Labour)
Wirral	4	(2 Labour, 2 Conservative)

The Authority's Mission and Aims are outlined below and the approved 2019/20 financial plan had prioritised the allocation of resources to deliver the Mission and the Integrated Risk Management Plan (IRMP).

### Our Mission;

**To Achieve; Safer, Stronger Communities - Safe Effective Firefighters**

### Our Aims;

#### Excellent Operational Preparedness

*We will provide our firefighters with the training, information, procedures and equipment to ensure they can safely and effectively resolve all emergency incidents.*

#### Excellent Operational Response

*To maintain an excellent emergency response to meet risk across Merseyside with safety and effectiveness at its core.*

#### Excellent Prevention and Protection

*We will work with our partners and our community to protect the most vulnerable.*

#### Excellent People

*We will develop and value all our employees, respecting diversity, promoting opportunity and equality for all.*

The Authority's Fire and Rescue Service is led by a Chief Fire Officer, supported by a Strategic Leadership Team (SLT) comprising of the Deputy Chief Fire Officer, Assistant Chief Fire Officer and other senior managers.

The Authority delivered its services through:

- employing circa 990 employees at the end of March 2020, (approximately 975 full time equivalents) most of the staff are involved in front line service delivery (Firefighters, Marine Rescue, Community Prevention and protection work)
- 30 fire appliances available day and night (a combination of Wholetime and Retained). In practical terms, this will mean that during the day the Authority will have 27 appliances immediately available with a further 3 available within 30 minutes.
- 23 Community Fire Stations (plus 1 Marine Rescue Station) with a variety of duty systems. These stations act as hubs for providing services to our communities. The Authority has plans to merge some fire stations that will reduce the number of fire stations from 23 to 22. Once the programme has been fully implemented, the 22 stations will incorporate a variety of duty systems. In addition to the community fire stations, the Authority has a Water Rescue Unit, a Training and Development Academy, a Headquarters and an Operational Workshop/Stores.

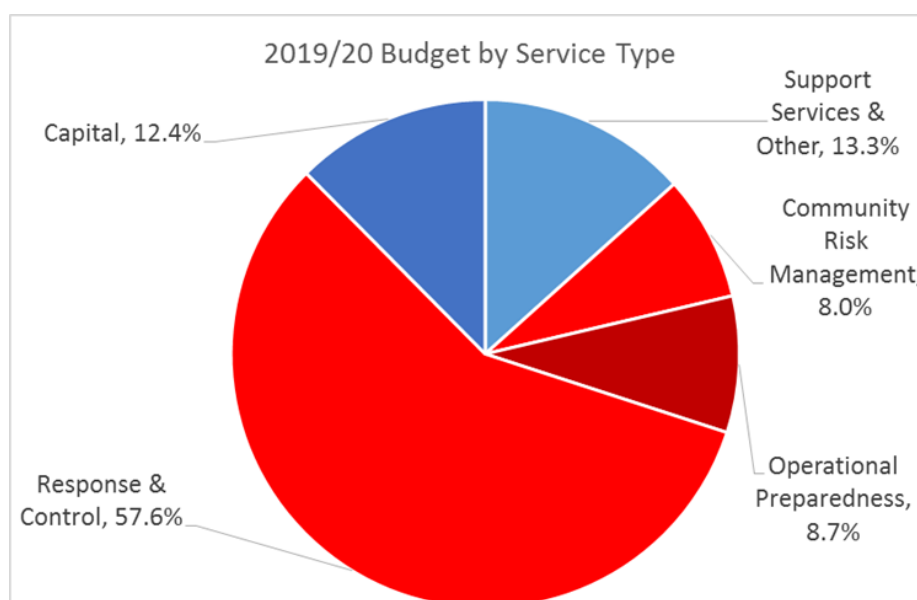
## The 2019/20 Approved Financial Plan & Financial Performance for the Year.

The Authority determines its budget requirement by assessing the service commitments that are financed through its General Fund. The General Fund is a statutory account that records only those expenses that regulations allow to be charged against the amount to be collected from council taxpayers. The Authority then monitors and manages expenditure throughout the year against the General Fund budget to ensure all expenditure is affordable and planned. The General Fund position for the year is shown in the Movement in Reserves Statement.

The Authority faced an unprecedented financial challenge over the period 2011/12 – 2019/20 as the Government implemented an austerity plan in an attempt to reduce national debt. A significant element of the plan was to reduce the level of Government funding for local government (this includes fire and rescue authorities). As the Authority had a relatively low council tax base, it was more reliant upon Government grant funding to support its revenue budget and therefore suffered a more proportionate financial loss than almost every other fire and rescue authority in the country. The cumulative percentage reduction in Government revenue support for the Authority between 2011/12 and 2019/20 equated to a 33% cash reduction or approximately 50% in real terms. The impact on the Authority's revenue budget was significant, in 2010/11 the budget was £73.3m, if this was uplifted to 2019/20 prices it would equate to approximately £85m, in reality the 2019/20 budget at £60.3m is 29% lower in real terms. This scale of cuts meant unavoidable reductions in the front line operational services over this period.

The Authority has historically maintained a rolling five-year comprehensive medium term financial plan (MTFP) and has continued to plan prudently to deal with all known or anticipated reductions in Government funding. The impact on the Authority of this level of cut in funding has resulted in significant reductions in the level of resources and the Authority has approved savings to ensure the MTFP remained in a balanced position over the period. The plan included significant efficiency savings, a cut in management costs, a reduction in support services, and, unfortunately, in order to balance the plan it includes an unavoidable reduction in frontline services. The impact of the required savings over the 2011/12 – 2019/20 period on staffing, fire appliances & fire stations has already been outlined.

The Authority set its General Fund budget for 2019/20 at £60.282m, approximately 74% of the budget directly funds activities related to fire response or prevention work.



The Authority adopted a reserves strategy that maintained a General Reserve of £2.000m and anticipated (based on the estimated forecast when the 2019/20 budget was approved) Earmarked Reserves as at 01.04.19 of £23.122m to cater for specific risks, projects and one-off initiatives and in particular to help it manage effectively the financial pressures

## 2019/20 Revenue Outturn Position:

Throughout the year, the Authority received regular financial review reports detailing:-

- the service's progress in implementing the approved savings options,
- any additional budget amendments required,
- plus the movements from and to reserves.

The cash savings required to balance the budget were delivered.

The approved General Fund budget remained constant throughout the year at £60.282 million. The table overleaf summarises the **general revenue fund position** at year-end and compares it to that budget. Overall, the Authority spend matched the budget after taking into account £0.650 million of reduced earmarked reserves drawdown at the year-end to cover planned expenditure incurred in 2019/20:

Programme	Fire Service Budget £'000	Fire Authority £'000	National Resilience £'000	Total Budget £'000	Actual £'000	Variance £'000
<b>Expenditure</b>						
Employee Costs	47,868	390	2,023	50,281	49,276	(1,005)
Premises Costs	3,056	-	-	3,056	3,056	-
Transport Costs	1,304	-	6,027	7,331	7,104	(227)
Supplies and Services	3,763	22	1,893	5,678	4,706	(972)
Agency Services	6,181	-	730	6,911	6,823	(88)
Central Support Services	488	127	184	799	717	(82)
Capital Financing	12,320	-	6	12,326	13,827	1,501
<b>Income</b>	(11,214)	-	(10,863)	(22,077)	(21,628)	449
<b>Net Expenditure</b>	<b>63,766</b>	<b>539</b>	<b>-</b>	<b>64,305</b>	<b>63,881</b>	<b>(424)</b>
<b>Contingency Pay &amp; Prices</b>	97	-	-	97	-	(97)
<b>Interest on Balances</b>	(172)	-	-	(172)	(301)	(129)
	<b>63,691</b>	<b>539</b>	<b>-</b>	<b>64,230</b>	<b>63,580</b>	<b>(650)</b>
Movement on Reserves	(3,948)	-	-	(3,948)	(3,298)	650
<b>Overall Financial Position</b>	<b>59,743</b>	<b>539</b>	<b>-</b>	<b>60,282</b>	<b>60,282</b>	<b>-</b>

In light of the recent years of financial pressures, the Authority had adopted a strategy that would aim as far as possible to maximise its level of reserves in order to provide a temporary resource to enable the service changes that would deliver the required savings without compulsory redundancy.

During the 2019/20 budget making process the Authority confirmed its support, as outlined in the IRMP supplement, to increase the frontline firefighter response and protection establishment from 620 Full Time Equivalent (FTE) to 642 FTE, (plus a new fire engineer post in protection). This allowed an increase in the available fire appliances from 26 to 30, at a cost of £1m p.a. The additional £1m required to implement the proposals was possible as the Local Government Pension Scheme (LGPS) moved from a deficit to a fully funded position following the 2019 actuarial review, releasing the annual deficit contribution budget.

The Authority's current minimum revenue provision, MRP, policy is to utilise any in year revenue savings to fund additional MRP payments in order to free up future debt servicing budget to re-invest in front line services. Therefore throughout

the year managers looked at every opportunity to maximise savings against the approved budget to enable an increase in the repayment of debt servicing costs. The 2019/20 year-end “underspend” of £1.501m, after taking into account the net year-end earmarked reserves drawdown, was used to increase the MRP actual and therefore the net position on the revenue account was that actual overall spend was consistent with the budget.

## 2019/20 Capital Investment Programme:

The Authority manages its capital investment plans through its capital programme. The approved budget and final expenditure together with the various sources of funding are shown below:

Programme	Final Budget £'000	Actual Expenditure £'000	Re-Phased from 2019/20 into 2020/21 £'000	Variance £'000
<b>Expenditure</b>				
Building/Land	7,256.0	5,702.1	1,502.3	(51.6)
Fire Safety	827.5	784.2	4.5	(38.8)
ICT	2,021.4	535.3	1,485.4	(0.7)
Operational Equip & Hydrants	932.6	481.9	420.0	(30.7)
Vehicles	1,762.1	1,411.9	350.2	-
<b>TOTAL</b>	<b>12,799.6</b>	<b>8,915.4</b>	<b>3,762.4</b>	<b>(121.8)</b>
<b>Financing</b>				
Capital Receipts	2,300.0	2,313.1	-	13.1
Revenue and Reserves	3,737.2	3,737.2	-	-
Grants	2,206.2	1,966.3	239.9	-
Unsupported Borrowing	4,556.2	898.8	3,522.5	(134.9)
<b>TOTAL</b>	<b>12,799.6</b>	<b>8,915.4</b>	<b>3,762.4</b>	<b>(121.8)</b>

The most significant items of capital expenditure have been:

- The building of a new fire station in St Helens
- New firefighter accommodation unit at Formby Fire Station
- Installation of smoke alarms
- Upgrades and replacement of ICT software and hardware
- The purchase of new appliances and specialist vehicles.

## Authority's Balance Sheet at 31<sup>st</sup> March 2020

The purpose of the balance sheet is to provide a summary of the assets and liabilities of the Authority at the end of the financial year and provide details of what reserves and balances the Authority has available. Basically, the statement shows what the Authority owns, is owed, and what it owes.

31 March 2019 £000		Notes	31 March 2020 £000
80,995	Property, Plant and Equipment	12	87,382
149	Intangible Assets	13	110
-	Assets Held for Sale	18	-
-	Long-term Investments	14	-
-	Long-term Debtors	14	-
<b>81,144</b>	<b>Long-term Assets</b>		<b>87,492</b>
17,088	Short-term Investments	14	23,119
550	Assets Held for Sale	18	350
608	Inventories	15	649
16,309	Short-term Debtors	16	14,459
4,669	Cash and Cash Equivalents	14 & 17	3,075
<b>39,224</b>	<b>Current Assets</b>		<b>41,652</b>
(1,084)	Short-term Borrowing	14	(1,301)
(10,271)	Short-term Creditors	19	(10,684)
<b>(11,355)</b>	<b>Current Liabilities</b>		<b>(11,985)</b>
(17,753)	Long-term Creditors	14	(17,324)
(1,155)	Provisions	20	(1,096)
(37,335)	Long-term Borrowing	14	(36,885)
(1,188,005)	Other Long-term Liabilities	14 & 40	(1,093,226)
<b>(1,244,248)</b>	<b>Long-term Liabilities</b>		<b>(1,148,531)</b>
<b>(1,135,235)</b>	<b>Net Liabilities</b>		<b>(1,031,372)</b>
(29,920)	Usable Reserves	21	(25,357)
1,165,155	Unusable Reserves	22	1,056,729
<b>1,135,235</b>	<b>Total Reserves</b>		<b>1,031,372</b>

## Contact Us

The Authority values the opinions of the people it serves. Feedback on how useful you found this summary statement or if you feel anything else should have been included would be welcomed. Please do not hesitate to get in touch with me or my team at the contact point below.

If you wish to comment about the services of the Fire Authority, contact Fire Service Headquarters 0151 296 4000.

Ian Cummins, CPFA,  
Director of Finance  
Merseyside Fire and Rescue Authority  
Service Headquarters,  
Bridle Road,  
Bootle,  
Merseyside  
L30 4YD

Fire Authority Enquiries to: Ian Cummins

Tel. 0151 296 4244  
E-mail: [iancummins@merseyfire.gov.uk](mailto:iancummins@merseyfire.gov.uk)

For more information regarding the Authority visit our website [www.merseyfire.gov.uk](http://www.merseyfire.gov.uk)