



# Merseyside Fire & Rescue Authority Budget 2023/24

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## Alternative Formats

We are committed to ensuring that all our information is fully accessible for all communities across Merseyside, we have included this document on our website, which can be accessed, from our Webpage <http://www.merseyfire.gov.uk/equality & diversity>

We also provide a free speech, reading and translation service using Browse Aloud to help people who require online reading support access our documents, this can be located on the front page, top left of our website by clicking the button called “listen with Browse aloud”

If you would like a copy in Arabic, Bengali, Chinese, French or Somali please contact us at Diversity Team, Merseyside Fire & Rescue Service Headquarters, Bridle Road , Bootle, Liverpool L30 4YD. Telephone 0151 296 4422 or email [diversityteam@merseyfire.gov.uk](mailto:diversityteam@merseyfire.gov.uk).

This Document is also available in larger print and can be reproduced in Braille on request.

If you have any comments on any aspect of the financial information contained on the website or would like further information please contact Ian Cummins by

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## 1. **Medium Term Financial Plan (MTFP) and 2023/2024 Budget.**

The Authority had to set a balanced (fully funded) budget for 2023/2024 by 1<sup>st</sup> March 2023, which it did, when it approved the 2023/2024 – 2027/2028 MTFP and Budget at the Authority meeting on 23 February 2023. The full report can be found on the Authority’s website, however this summary report outlines some of the key elements of the Budget. The gross 2023/2024 budget was £88.254m and after taking into account specific grants, fees, and charges, the **budget funding requirement** was £67.921m. Section 2 of this report outlines how the budget requirement is funded.

The MTFP indicated a financial challenge of £0.683m rising to £1.040m from 2024/2025 to 2027/2028, however as the level of uncertainty over costs and funding in these years was significant, particularly regarding the level of future Government support, the challenge was simply noted by the Authority at this point. Future Budget Authority meetings will consider any challenge beyond 2023/2024 as the financial information becomes more certain.

## 2. **Finances - Where the money comes from**

The budget requirement for 2023/2024 is funded by Government Grant and Council Tax;

### **Government Funding;**

The Authority receives approximately 50% of its funding from Central Government as part of the Local Government Financial Settlement, the “**Settlement Funding Assessment**”, (SFA). The SFA can be broken down into two parts;

- **Baseline** – estimated value of retained **local business rates** plus a **Top-Up grant**, and
- **Revenue Support Grant.**

The Government announced a number of measures to assist with the Country’s economic recovery post Covid-19 and cost of living crisis. One of the measures was to continue freezing business rates in 2023/2024, rather than apply the September 2022 CPI increase of 10.1%.

As the **Baseline** element of the SFA is directly linked to the business rates any freeze would adversely impact on the SFA. The Government acknowledged the impact of the business rates freeze and announced an increase in the business rates compensation grant of £1.500m. In addition, a revaluation of Business Rates resulted in an increase in the Baseline funding of £0.754m.

The other element of the SFA, the **Revenue Support Grant (RSG)**, increased by £1.175m or 10.1%.

The overall change in SFA/Business Rates compensation grant funding was 10.8% or £3.429m.

However, as the district council's local business rates forecast for 2023/2024 was £0.400m below that included in the SFA/Baseline assumption, the SFA allocation must be reduced by that amount.

### **Council Tax;**

The Authority's remaining income comes from council tax. The Authority issues a precept (based on the required total council tax to be collected) on the five districts of Merseyside. The Authority has kept to its financial plan and increased council tax by the maximum allowable without a referendum of £5.00 (just under 6%).

For 2023/2024 the ***Band D Council Tax is £88.61, which equates to an increase of 10p per week on the 2022/2023 figure.*** As most people in Merseyside will pay ***Band A Council Tax of £59.07, the increase is 6p per week on the 2022/2023 figure.***

For 2023/2024 the estimated income from the precept (council tax) is £34.371m. There has also been an additional £0.301m from the collection fund surplus.

Summary of **Budget Requirement, £67.921m**, funding;

	<b>£000</b>
<b>Government Funding</b>	
Revenue Support Grant	-12,759
Baseline Funding (less local business rates adjustment)	-20,490
	<hr/>
	-33,249
<b>Council Tax</b>	
2023/2024 Precept	-34,371
Collection Fund	-301
	<hr/>
	<b>-67,921</b>

## **3. How the money is spent**

The Authority has set a financial plan that allows investment in line with the Authority's Vision and Purpose:-

### **Our Vision:**

To be the best Fire and Rescue Service in the UK.  
One team, putting its communities first.

### **Purpose:**

Here to serve. Here to protect. Here to keep you safe.

The MTFP also allocates resources that allows investment identified within the Integrated Risk Management Plan (IRMP) that will help the Authority maintain its high performing status. (*The*

*IRMP sets out the future strategic direction for the Authority and is available on our website at [www.merseyfire.gov.uk](http://www.merseyfire.gov.uk). )*

The Authority has also secured significant re-investment back into the organisation in recent years, particularly in frontline response and protection services. In 2019/2020 – 2022/2023 the Authority reversed some of the cuts in Operational Response and Protection services. The Authority:-

- Increased the firefighter numbers on Merseyside by an additional 22 posts, to 642,
- Increased the number of retained (on call) contract holders,
- Introduced new duty systems which avoided the proposed closure of Liverpool City and Wallasey overnight
- Increased fire engine/appliance availability from 26 to 31,
- Introduced a new fire engineer post to work with partners ensuring the safety of residents in high-rise buildings.
- Introduced specialist teams to deal with all foreseeable risk,
- Increased investment in specialist appliances and other operational equipment,
- Approved a new £39m Training and Development Academy and Hybrid Station with rescue capability.

The 2023/2024 Budget continues to build on that foundation with further investment in the frontline being proposed, leading to;

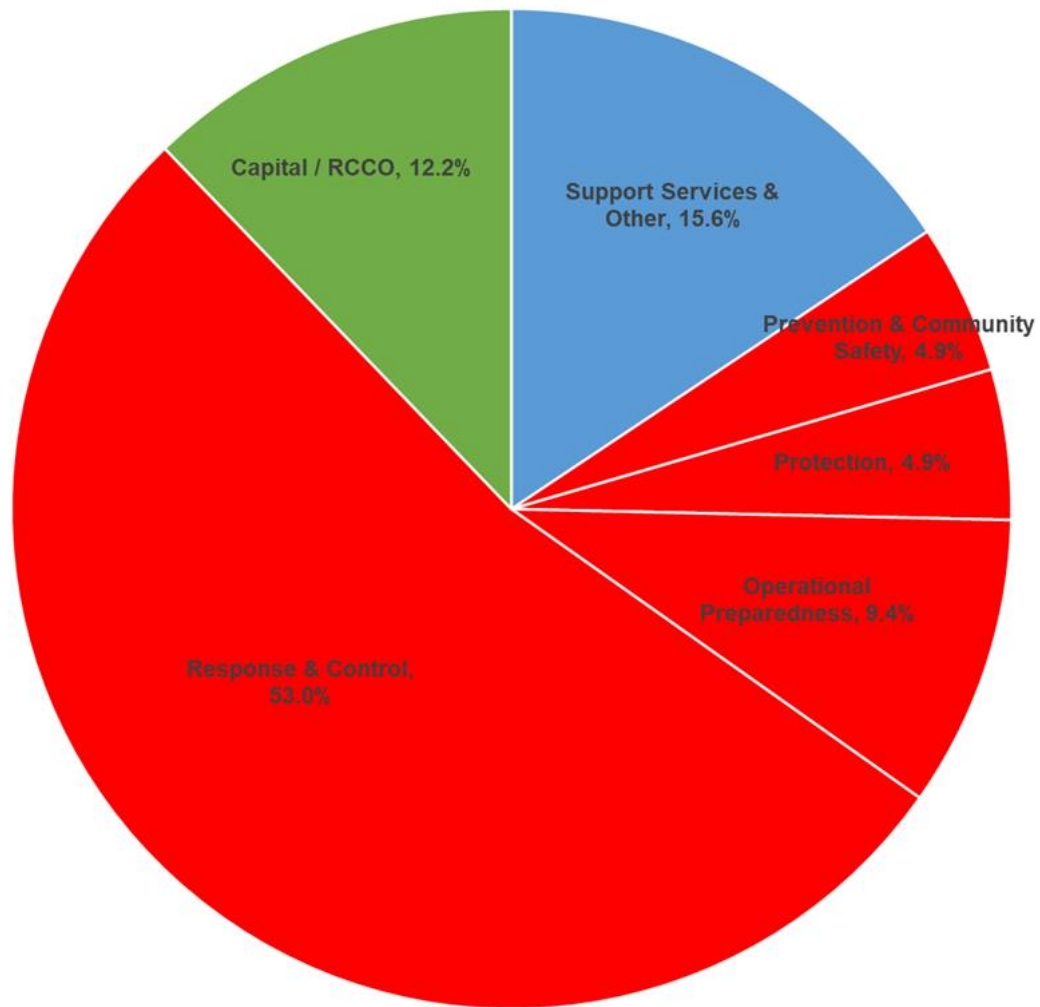
- An increase in supervisory management provision through the creation of a further 20 new Crew Manager roles,
- An improvement in the firefighter training resources at the TDA,
- The number of retained contracts being established to underpin the Hybrid/DCWTR Duty system (reflecting the IRMP 2021/24 goal of having 32 fire engines available),
- Despite the financial challenge to fund the increased 2022/2023 firefighter pay award of 7%, the Authority through prudent financial management will maintain the operational establishment at 642 FTE.
- The increase in Control staff into the permanent establishment, 32 to 35 posts (including the Station Manager post),
- A specific allocation of budget to deal with the risks posed by alternative fuels (Lithium Batteries) and the risks posed by contaminants to firefighters.

The Authority MTFP will, as far as possible, maintain the front line response and services to keep the people of Merseyside safe from fire and other potential risks.

### **Analysis of Expenditure by Type of Service**

The Authority has an excellent track record of investing in line with its corporate priorities. The pie chart overleaf outlines that most expenditure, 53.0%, goes on emergency and specialist response. In addition, 9.4% goes on Operational Preparedness and 9.8% on Protection, Prevention & Community Safety. Therefore 72.2% of expenditure is on the “front line” services. The 12.2% on capital costs relates mostly to previous investment in front line assets, fire stations, vehicles and equipment. The remaining 15.6% is on support and operational enabling services.

2023/20234 Net Budget By Service



## 4. Capital Investment Programme

Each financial year the Authority produces a capital programme to manage major schemes. Owing to the nature of capital expenditure, a large number of schemes span more than one financial year so the programme is a rolling programme covering five financial years. The Authority's five-year capital investment programme 2023/2024 to 2027/2028 totals £54.952m. The programme includes:

- Spending on fire appliances and operational equipment
- Investment in refurbishment and maintenance of Fire Stations and other buildings
- Investment in Information Technology (IT)

### Capital Programme 2023/2024 to 2027/2028

Capital Expenditure	Total Cost £	2023/24 £	2024/25 £	2025/26 £	2026/27 £	2027/28 £
Building/Land	32,991,000	30,026,000	572,500	1,027,500	827,500	537,500
Fire Safety	3,175,000	635,000	635,000	635,000	635,000	635,000
ICT	6,899,840	2,526,960	1,206,460	1,018,860	1,174,660	972,900
NRAT Resilience Assets	0	0	0	0	0	0
Operational Equipment & Hydrants	4,107,300	977,800	1,546,000	462,000	390,500	731,000
Vehicles	7,778,650	2,096,800	1,300,850	2,176,000	200,000	2,005,000
<b>Expenditure</b>	<b>54,951,790</b>	<b>36,262,560</b>	<b>5,260,810</b>	<b>5,319,360</b>	<b>3,227,660</b>	<b>4,881,400</b>
Financing Available	Total £	2023/24 £	2024/25 £	2025/26 £	2026/27 £	2027/28 £
Capital Receipts	3,915,000	3,915,000	0	0	0	0
RCCO	1,875,000	375,000	375,000	375,000	375,000	375,000
Capital Reserves	6,315,900	6,315,900	0	0	0	0
Grants	0	0	0	0	0	0
<b>Total Non Borrowing</b>	<b>12,105,900</b>	<b>10,605,900</b>	<b>375,000</b>	<b>375,000</b>	<b>375,000</b>	<b>375,000</b>
Unsupported Borrowing	42,845,890	25,656,660	4,885,810	4,944,360	2,852,660	4,506,400
<b>Total Funding</b>	<b>54,951,790</b>	<b>36,262,560</b>	<b>5,260,810</b>	<b>5,319,360</b>	<b>3,227,660</b>	<b>4,881,400</b>

Most of the capital programme is funded by borrowing, £42.846m, and is in line with the Authority's approved prudential borrowing limits and treasury management strategy. The balance is funded by specific funding; capital receipts £3.915m; specific reserves £6.316m; and revenue contributions of £1.875m.

## 5. Reserves and Balances

The Authority has prudently planned to meet its financial challenges over the medium term. The plan the Authority proposes is based upon the key assumptions around changes to grant, pay, tax and pension costs. To protect and safeguard the Authority from unforeseen changes in circumstances, demands or assumptions made in setting the budget the Authority has an established general fund and specific earmarked reserves. The Authority's forecasted reserves as at 31<sup>st</sup> March 2023 are £20.006m.

### **General Revenue Reserve £3m (approximately 5% of Revenue Budget)**

As a general rule external audit view an appropriate level for a general reserve as 5% of the forecast Net Operating Expenditure. The Authority's general revenue reserve equates to 5% of the forecast Net Operating Expenditure.

### **Committed (Earmarked) Reserves**

The Authority has created these reserves for specific purposes and involves funds being set aside to meet known or predicted future liabilities or risks. The Director of Finance and Procurement has carried out a review of current reserves based on the latest financial review and known planned future use of the Authority's forecast reserves. The proposed reserves for 2023/2024 and future years are outlined overleaf;

Committed Reserves														
	Balance to be C/fwd From 2022/23	Proposed Re-alignment	Revised Balance to be C/fwd from 2022/23	Estimated 2023/24 Use	Estimated 2024/25 Use	Estimated 2025/26 Use	Estimated 2026/27 Use	Estimated 2027/28 Use	Estimated 2028/29 Use	Estimated 2029/30 Use	Estimated 2030/31 Use	Estimated 2031/32 Use	Estimated 2032/33 Use	Held to Cover Risk
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Emergency Related Reserves</b>														
Bellwin / Emergency Planning Res	222		222											222
Insurance Reserve	499		499											499
<b>Modernisation Challenge</b>			0											
Smoothing Reserve	1,788	-788	1,000											1,000
Pensions Reserve	590		590		-375	-215								0
Recruitment Reserve	1,450	300	1,750		-300	-300	-300	-300	-300	-250				0
Invest to Save / Collaboration Res	282		282		-282									0
Collection Fund Reserve	1,114	-864	250											250
<b>Capital Investment Reserve</b>			0											
New TDA & Station	6,316		6,316	-6,316										0
Other	785	1,202	1,987	0	-1,890	-150	0							-53
<b>PFI Annuity Reserve</b>	1,373		1,373	-69	-75	-80	-90	-100	-110	-120	-130	-140	-150	309
<b>Specific Projects</b>														
Community Sponsorship Reserve	55		55		-55									0
Equipment Reserve	195		195		-195									0
Community Engagement Reserve	2		2		-2									0
Training Reserve	50	150	200		-200									0
Health and Wellbeing Reserve	0		0											0
Inflation Reserve	1,650		1,650											1,650
Clothing	90		90		-90									0
<b>Ringfenced Reserves</b>														
Community Risk Management Res	305		305		-155	-150								0
Energy Reserve	201		201	68										269
New Dimensions Reserve	39		39		-39									0
Forecast Use of Reserves in the year	17,006	0	17,006	-6,317	-3,658	-895	-390	-400	-410	-370	-130	-140	-150	4,146
Total Earmarked Reserves Bal C/fwd	17,006	0	17,006	10,689	7,031	6,136	5,746	5,346	4,936	4,566	4,436	4,296	4,146	4,199
General Revenue Reserve	3,000	0	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Total Reserves	20,006	0	20,006	13,689	10,031	9,136	8,746	8,346	7,936	7,566	7,436	7,296	7,146	7,199

**Reserves and balances can only be used to finance one-off expenditure. They are not able to fund ongoing revenue expenditure. This is underlined by the Auditor's 'Golden Rule' - that "one-off" revenue reserves should not be used to support 'ongoing' revenue expenditure.**