

Medium Term Financial Plan 2024/25 - 2028/29



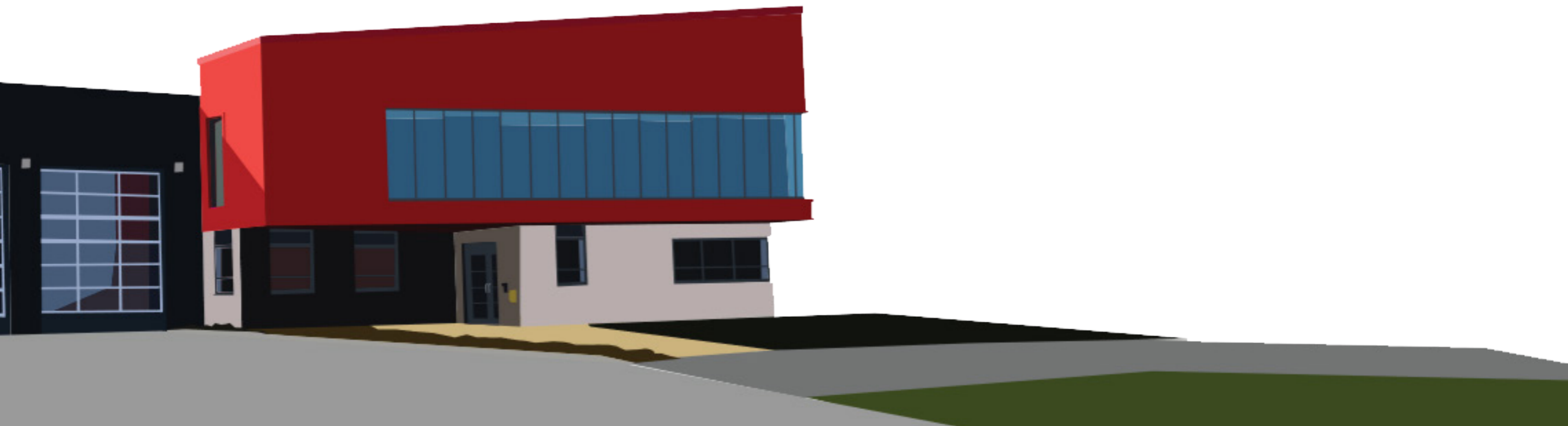
Merseyside Fire
& Rescue Authority



MERSEYSIDE
FIRE & RESCUE
SERVICE

Contents

4	Introduction & Background	21	Capital Investment Programme
8	Where the money comes from	28	Reserves and Balances
11	How the money is spent	30	Summary
13	Medium Term Financial Plan 2024/25 to 2028/29		





Introduction/Background

The Authority had to set a balanced (fully funded) budget for 2024/2025 by 1st March 2024, which it did, when it approved the 2024/2025 – 2028/2029 Medium Term Financial Plan (MTFP) and Budget at the Authority meeting on 29th February 2024. The full report can be found on the Authority's website, however this document outlines some of the key elements of the Budget. The gross 2024/2025 budget was £88.953m and after taking into account specific grants, fees, and charges, the **budget funding requirement** was £74.191m. Section 2 of this document outlines how the budget requirement is funded.

The MTFP indicated a financial challenge of £0.931m rising to £1.695m from 2025/2026 to 2028/2029, 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 noted by the Authority at this point. Future Budget Authority meetings will consider any challenge beyond the current 2024/2025 financial year as the information becomes more certain.

The Financial Plan:

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 Authority has secured significant re-investment back into the organisation in recent years, particularly in frontline response and protection services. In 2019/2020 – 2023/2024 the Authority reversed some of the cuts in Operational Response and Protection services. Introducing demand led duty systems and prudent financial management, the Authority has subsequently:

- Increased the firefighter numbers on Merseyside by an additional 22 posts, to 642,
- Increased the fire control operators from 32 to 35 including, new senior management and training officer posts,
- Increased the number of retained (on call) contract holders,
- Introduced new duty systems which avoided the proposed closure of Liverpool City and Wallasey fire stations overnight,
- Increased fire engine/appliance availability from 26 to 32,
- 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 risks,
- Increased investment in specialist appliances and other operational equipment,
- Approved a new Training and Development Academy and Hybrid Station with rescue capability,
- Increased the supervisory management provision through the creation of a further 20 new Crew Managers roles,
- Established several retained contracts to underpin the Hybrid/DCWTR Duty system (reflecting the IRMP 2021/2024 goal of having 32 fire engines available),
- Set aside 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 2024/2025 Budget continues to build on that foundation with further investment in the frontline being proposed, leading to;

- Increase fire engine/appliance availability from 32 to 34, enhancing the Authority's resilience and response to foreseeable risk (specialist response),
- Enhanced Mobilisation, making crews quicker to respond to emergencies through a pre-alert system, which will deliver additional functions within Fire Control that provide early notification of a potential incident,
- Learning Management System for the administration, automation and delivery of educational courses, training programs and the development of e-learning courses. Including a new Learning and Development Advisor role and a new E-learning Developer role,
- Increased investment in specialist clothing, training, and equipment,
- A designated Station Manager to focus on contaminants and the associated risk to firefighters,
- Investment in areas directly related to the achievement of the serious violence duty,
- A diverse and culturally competent workforce.

The investment the Authority has made in the service since 2019/20 has ensured Merseyside Fire and Rescue Service continues to deliver its vision to be the best fire and rescue service in the UK.



Where the money comes from:

The budget requirement for 2024/2025 is funded by Government Grant and Council Tax. The Authority receives 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 several measures to assist with the Country’s economic recovery and cost of living crisis. Up until April 2024, the Small Business Rates Multiplier (SBRM) and the Standard Multiplier have been linked. This has meant that either both increase or are both frozen. However, earlier this year, the government consulted on changes to the Business Rates, which included decoupling the SBRM increase from the standard rate increase. This meant that, from April 2024, the two rates could be set independently. The 2023 Autumn Statement announced that the SBRM would be frozen, while the Standard Multiplier is increasing by the Consumer Price Index (CPI) inflation index. This decoupling affects under-indexing compensation payments and Baseline Funding Levels and Tariffs/Top-ups.

This significantly impacted the 2024/2025 SFA, as the **Baseline** element of the SFA is directly linked to the business rates, and any freeze would impact the amount available to distribute to authorities. The Baseline element makes up approximately 57% of the Authority’s SFA. The Government acknowledged this and announced an increase in the business rates compensation grant of £0.619m. In addition, a revaluation of Business Rates increased the Baseline funding by £0.951m.

For 2024/2025 the income from Government Revenue Support funding is £38.326m.

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 assumed Council Tax Base increase of 0.5% for 2025/2026 and future years; the actual increase in 2024/2025 was +0.5%, as detailed below:

District	2023/24 Council Tax Taxbase	2024/25 Council Tax Taxbase	Variance	
Knowsley	38,820.00	38,957.00	137.00	0.35%
Liverpool	114,506.34	114,955.25	448.91	0.39%
Sefton	85,663.60	86,458.90	795.30	0.93%
St. Helens	53,317.00	53,461.00	144.00	0.27%
Wirral	95,585.07	95,993.93	408.86	0.43%
Sub total	387,892.01	389,826.08	1,934.07	0.50%
2023/24 Band D Tax Level	88.61	88.61		
Total Income £	34,371,111	34,542,489	171,378	0.50%

This means that for each £1 of Council Tax, the income level will be higher than that generated in 2023/2024 by £1,934.07. **The result is that the income from the current level of Council Tax is anticipated to be higher by £0.171m.**

The Government announced that for 2024/2025, the maximum increase in Council Tax before holding a referendum was just under 3%. The MTFP assumed that the uplift in Precept will be 2.98% in 2024/25 and 2% each year after that. A 2.98% increase for 2024/2025 will see the Band D precept increase from £88.61 to £91.25. **The precept increase will raise an additional £1.029m in 2024/2025.**

How the money is spent

Council Tax Increase			
District	Change in Band D Tax		
	0%	2.98%	Change
	£88.61	£91.25	£2.64
	£	£	£
Knowsley	3,451,980	3,554,826	102,846
Liverpool	10,186,185	10,489,667	303,482
Sefton	7,661,123	7,889,375	228,252
St. Helens	4,737,179	4,878,316	141,137
Wirral	8,506,022	8,759,446	253,424
	34,542,489	35,571,630	1,029,141

For 2024/2025 the **Band D Council Tax is £91.25, which equates to an increase of £2.64 or 5p per week on the 2023/2024 figure.** As most people in Merseyside will pay **Band A Council Tax of £60.83, the increase is £1.76 or 3p per week on the 2023/2024 figure.**

For 2024/2025 the estimated income from the precept (council tax) is £35.571m. There has also been an additional £0.294m from the collection fund surplus.

Summary of **Budget Requirement, £74.191m**, funding; **£000**

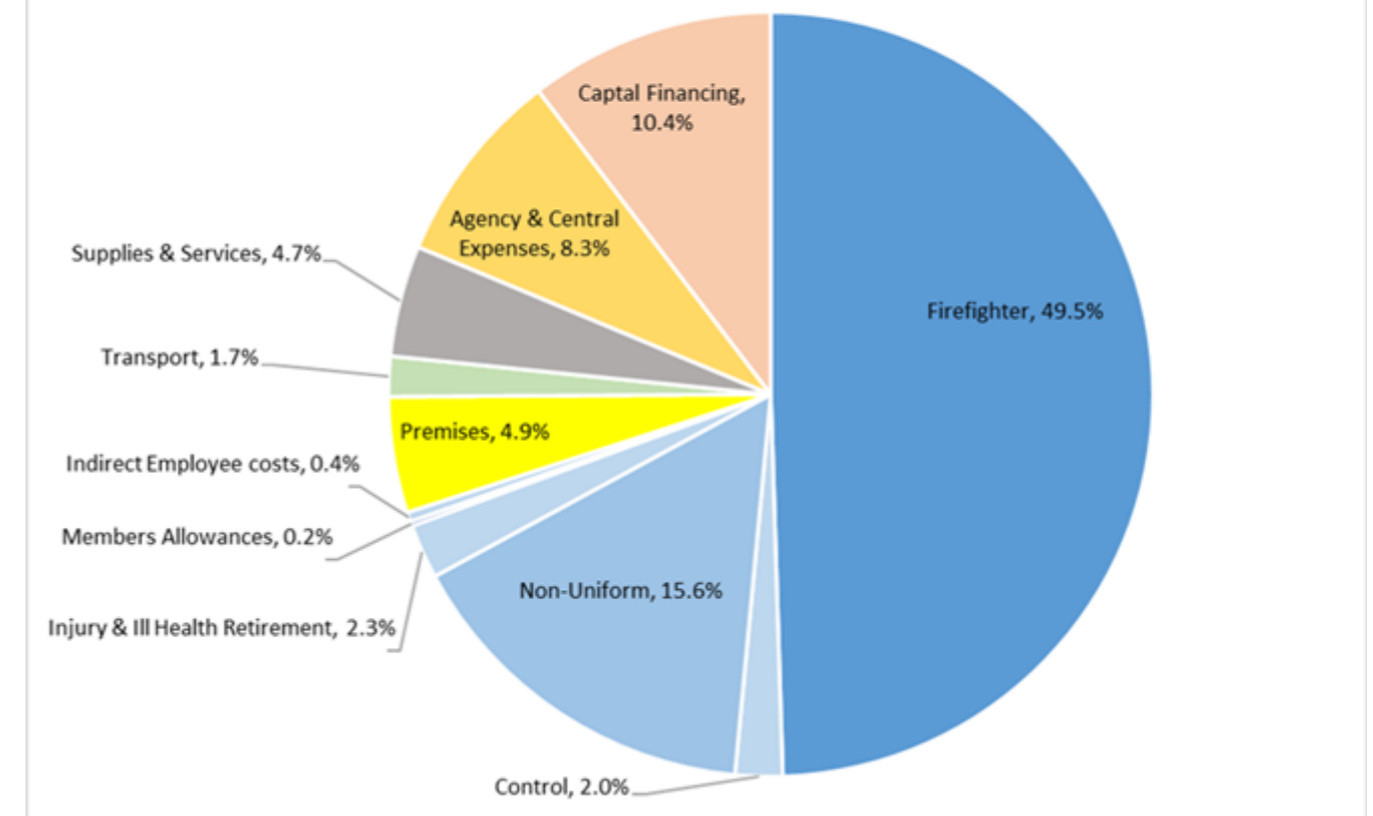
Government Funding

Revenue Support Grant	-16,629
Baseline Funding (less local business rates adjustment)	<u>-21,697</u>
	-38,326

Council Tax

2024/2025 Precept	-35,571
Collection Fund	<u>-294</u>
	<u>-74,191</u>

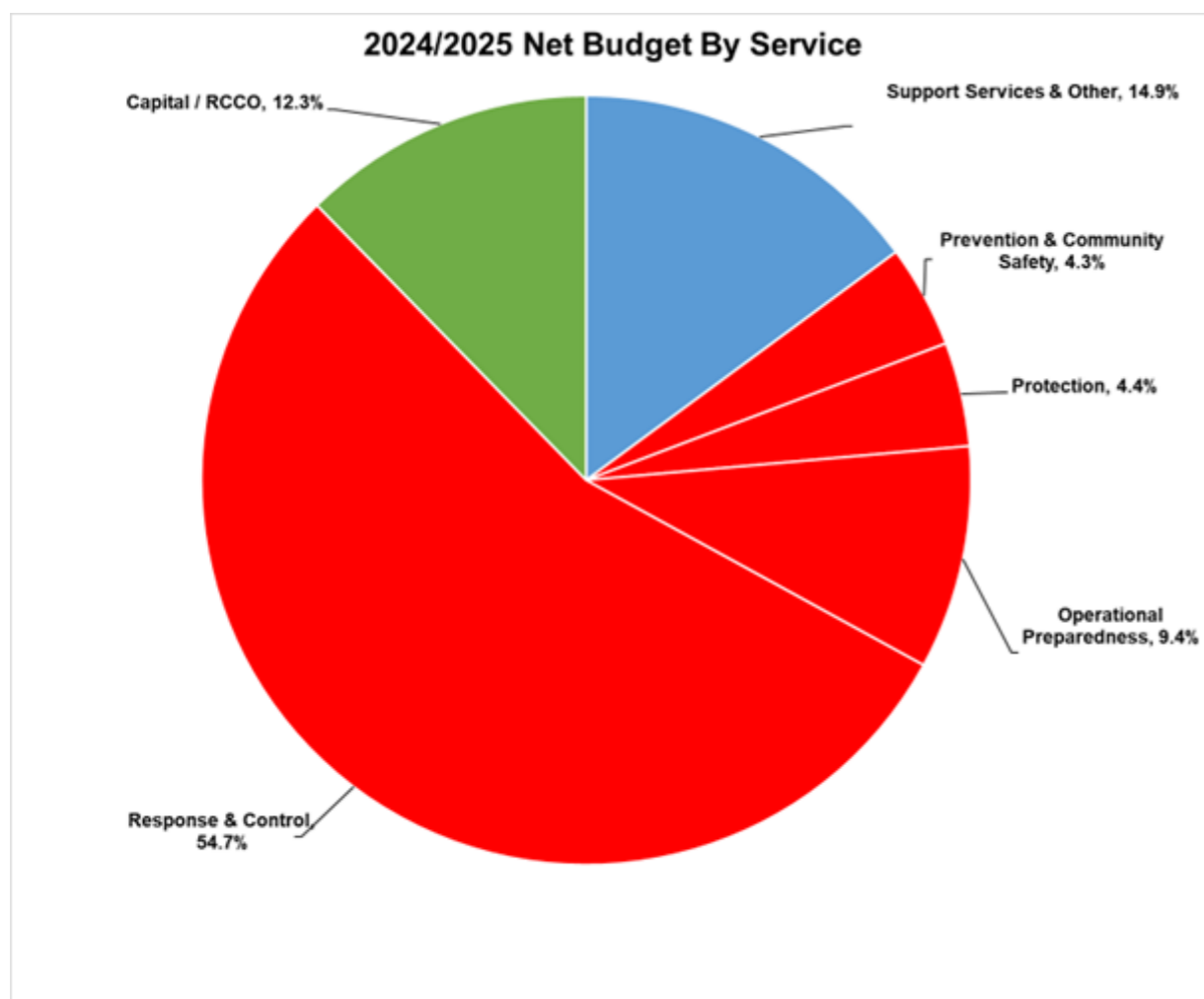
Analysis of 2024/2025 Gross Revenue Budget (excl. National Resilience Spend)



The pie chart above outlines that the majority of expenditure, 70%, goes on staffing related costs. In addition, 4.9% relates to Premises expenditure, 1.7% on Transport costs, 4.7% across Supplies and Services and 8.3% for Agency and Central expenses. The remaining 10.4% is on capital financing.

Analysis of 2024/25 Net Revenue Budget

The Authority has an excellent track record of investing in line with its corporate priorities. The pie chart below outlines that most expenditure, 54.7%, goes on emergency and specialist response. In addition, 9.4% goes on Operational Preparedness and 8.7% on Protection, Prevention & Community Safety. Therefore 72.8% of expenditure is on the “front line” services. The 12.3% on capital costs relates mostly to previous investment in front line assets, fire stations, vehicles and equipment. The remaining 14.9% is on support and operational enabling services.



Medium Term Financial Plan (MTFP) 2024/25 to 2028/29

If any organisation wants to be successful, its budget setting and MTFP must allocate resources to support its key strategic aims and priorities. This is a vital consideration when organisations face periods of severe financial challenges. The Authority has maintained a comprehensive rolling five-year MTFP and capital programme for many years.

The 2024/2025 – 2028/2029 full MTFP can be found on the Authority’s website: <https://www.merseyfire.gov.uk/about/fire-and-rescue-authority>

The MTFP is a rolling 5-year plan that includes not just the annual revenue budget and the details of how any required revenue savings/efficiencies are to be delivered, but it also includes all the necessary financial information in a single report to enable a comprehensive financial strategy to be considered and approved by the Authority. The MTFP:

- Includes a 5-year Capital Investment Programme and funding requirements that ensure the investment decisions are embedded within the 5-year Revenue Budget forecast,
- Ensures the MTFP takes into account the asks around the borrowing freedoms available under the Prudential Code and associated Prudential Indicators and the required Minimum Revenue Provision Policy (MRP),
- Outlines the proposed management of the Authority’s investments and cash flows, its banking, money market and capital market transactions (Treasury Management Strategy),
- Includes a Reserves Strategy that defines the level and purposes for which the Authority holds reserves and the planned use of these reserves.

- Considers any financial challenge over the MTFP period, the allocation of resources in line with the Authority's priorities, and options for balancing the financial plan.
- The robustness of the estimates made to determine its Budget Requirement for the forthcoming year, and:
- The legal requirement for the Authority to set a balanced budget and decide its level of precept before 1st March 2024, based on the budget requirement and council tax base.

It is essential to understand the key elements of the MTFP / financial strategy before reviewing the approved efficiency savings within the MTFP.

The MTFP forecasts the revenue position for the new budget year to allow the Authority to approve a legal balanced budget, but it also produces a revenue forecast for a further four years. The five-year revenue forecast enables effective Service planning by producing a comprehensive financial strategy.

The current MTFP has been updated for the 2024/2025 government funding settlement and the Merseyside local authorities' 2024/2025 Council Tax Base, Collection Fund, and Business Rate forecasts. All known pay and price inflation increases have been built into the MTFP, and a review of the key assumptions around future funding and cost pressures has been reviewed.

Significant uncertainty exists over the 5-year forecast, as several key assumptions must be made for unknown future costs and funding.

Pay

The 2023/2024 MTFP assumed pay awards of 5%, in light of inflation rates, and assumed future pay awards assumptions would remain at 2.5%. In 2023/2024, firefighters' received a 5% increase, and the non-firefighter staff received £1,925 or 3.88% (whichever was the greater). The non-firefighter pay award was £0.140m above the 5% budgeted increase. The proposed MTFP has included a permanent provision to cover the 2023/2024 non-firefighter pay award.

Inflation remains above the Bank of England target of 2%, but there are forecasts that this will be met by the summer of 2024. Members on strategy day agreed to increase the 2024/2025 pay award assumption from 2.5% to 3% in light of the current inflation forecast but keep future pay award assumptions at 2.5%. A 3% assumption for 2024/2025 pay awards requires an increase in the pay provision within the current MTFP of £0.285m in a full year.

Prices

The current MTFP included a provision for general price and energy increases of 5% based on inflation forecasts in January 2023. The government expected the CPI inflation to fall slowly in the early part of 2023/2024 but then, towards the end of the financial year, drop to 4% - 5% and be closer to 2% in 2024/2025. Twelve-month CPI inflation fell to 4.0% in December 2023, reflecting lower fuel, core goods and services price inflation. Although still elevated, wage growth has eased across a number of measures and is projected to decline further in the coming year. CPI inflation is projected to fall towards the 2% target in 2024, the Bank of England Monetary Policy Committee's latest most likely, or modal, projection conditioned on the lower market-implied path for Bank Rate, CPI inflation is going to around 2¾% by the end of this year.

Pensions

The Firefighter Pension Scheme(s): - Reduction in Government discount rate & Firefighter Pension Scheme Actuarial reviews from 2016 and 2020:-

In March 2016, the then Chancellor announced in the Government's 2016 Budget statement a reduction in the discount rate to be used in valuations of unfunded public service pension schemes with effect from 2019/2020. A reduction in the discount rate increases the cost of future benefits and, therefore, increases the total contribution required from employers. This was implemented simultaneously with the 2016 firefighter pension scheme valuation.

The impact on the Firefighter Pension Scheme to MFRA was an overall increase in the employer cost of over £3.210m. To contribute to the increase, the Home Office announced a fixed grant of £3.025m from 2019/2020. The grant distribution has remained the same since 2019/2020, and the Home Office rolled the £3.025m grant into the Revenue Support Grant in 2024/2025.

Following the 2020 Firefighter Pension Scheme actuarial review, the Home Office has announced that there will be a further 2024/2025 Fire Pension Grant to cover the increase in employer contribution rates from 28.8% to 37.6%. The impact on the Firefighter Pension Scheme to MFRA was an overall increase in the employer cost of over £2.300m. The Home Office announced a fixed grant of £2.183m (calculation is based on a four-year average) for 2024/2025 to cover the increase. The Authority understands that the additional pension grant (as well as other specific grants for fire and rescue services) will be allocated on a one-year basis with future years subject to the Spending Review in the usual way. The current MTFP plan assumed a £1.020m increase in the employer rate in 2025/26 and future years; this has been increased to £1.109m in the proposed MTFP.

The Home Office also confirmed that HM Treasury has agreed to provide a one-off grant for 2024/2025 to contribute towards the administration costs of implementing the pension remedy. The Authority will receive £0.153m

Future LGPS Employer Rate

The 2020 actuarial review increased the current employer rate from 17.5% to 17.9% from April 2023. However, the review also identified that the fund has a surplus of past service costs that will be repaid to the Authority. The net impact has resulted in an annual saving of £0.200m from 2023/2024 onwards. The current MTFP had assumed this saving, so no changes are required to be made to the MTFP for 2024/2025 to 2028/2029.

Services Grant

The Government announced a new un-ringfenced "one-off" Services Grant for 2022/2023. The Government stated that this latest grant was a one-off, but the intention was to work closely with local government on how to best distribute this funding from 2023/2024 onwards. The Authority received a Services Grant of £0.814m in 2023/2024 and assumed this would continue in future years in the MTFP. In 2024/2025, the Authority received a Service Grant of £0.141m, a reduction of £0.673m. The proposed MTFP assumes a Services Grant of £0.141m in future years.



2024/2025 - 2028/2029 MTFP Revenue Plan - Table

Considering all the information, the MTFP table below summarises the 2024/2025 – 2028/2029 revenue forecast.

	2024/25	2025/26	2026/27	2027/28	2028/29
	£'000	£'000	£'000	£'000	£'000
FORECAST NET SPEND IN 2023/24 MTFP	70,645	72,140	73,270	74,870	74,870
2024/25 MTFP Issues to build in future MTFP:					
Impact of 2023/24 Green Book Pay Award (£1,925 or 3.88%)	140	140	140	140	140
Assume 3% Pay Awards in 2024/25 (Increase of 0.5%)	240	285	285	285	285
Annual Pension Grant (Following 2016 Actuarial Review) consolidated into Revenue Support Grant	3,025	3,025	3,025	3,025	3,025
Firefighter Pension Scheme Increase (Following 2020 Actuarial Review) 28.8% to 37.6%	1,280	1,280	1,280	1,280	1,280
Impact of Higher Prices - Inflation	464	464	464	464	464
2028/29 Inflation Provision					1,558
2028/29 MRP/Interest - Additional year and Inflationary Impact on cost of Capital Goods					400
Utilities PFI Stations	220	220	220	220	220
Services Contract - Increase in Living Wage	110	110	110	110	110
Unavoidable Growth	474	448	528	528	528
Learning Management System	42	42	42	42	42
Enhanced Mobilisation	22	22	22	22	22
External Audit Increase	55	55	55	55	55
Contribution to Capital Reserve to fund Capital Programme and additional Inflationary Pressures	974				
Additional Income from Investments	-128	-128	-128	-128	-128
Efficiency Target (Procurement, Interest Payments, Inflation, other)	-332	-332	-332	-332	-332
Reduction in Services Grant (2024/25 £814k - £141k)	673	673	673	673	673
Increase in Bus Rates Multiplier s31 compensation grant	-619	-619	-619	-619	-619
Funding Guarantee Minimum 4% core spending power increase - 2024/25 only	-758				
Annual Pension Grant (Following 2020 Actuarial Review) 28.8% to 37.6% (Confirmed for 2024/25, assume £1.191m from 2025-26)	-2,183	-1,191	-1,191	-1,191	-1,191
Pension Admin Grant (Share of £6m) 2024/25 only	-153	0	0	0	0
TOTAL	3,546	4,495	4,575	4,575	6,533
FORECAST NET SPEND IN PROPOSED MTFP	74,191	76,635	77,845	79,445	81,403
FORECAST FUNDING IN CURRENT MTFP					
Government Funding- Settlement Funding Assessment					
Top Up Grant	-17,203				
Estimate of Local Business Rate Share	-4,638				
Baseline Funding Level	-21,841				
Baseline Funding assume 2% p.a. increase for 2025/26 then 1% from 2026/27		-22,278	-22,501	-22,726	-22,953
Revenue Support Grant	-16,629				
Revenue Support Grant assume 2% p.a. increase for 2025/26 then 1% p.a. from 2026/27		-16,962	-17,132	-17,303	-17,476
Settlement Funding Assessment	-38,470	-39,240	-39,633	-40,029	-40,429
Assumed Government Funding - Settlement Funding Assessment	-38,470	-39,240	-39,633	-40,029	-40,429
Adjustment forecast Business Rates yield based on NNDRI returns					
Adjust for Local Business Rate income forecast from Districts	144	0	0	0	0
Collection Fund (surplus)/deficit	-358				
Adjustment to Local Business Rates income forecast	-214	0	0	0	0
Council Tax					
Base Precept Income	-34,371	-35,571	-36,464	-37,379	-38,317
Council Tax Base increase of 0.5% in 2024/25 then 0.5% p.a.	-171	-178	-182	-187	-192
Precept Increase of 2.98% in 2024/25, then 2% p.a.	-1,029	-715	-733	-751	-770
Council Tax Collection Fund (surplus)/deficit	64				
Forecast Council Tax Income	-35,507	-36,464	-37,379	-38,317	-39,279
TOTAL FUNDING	-74,191	-75,704	-77,012	-78,346	-79,708
Forecast (Surplus) / Deficit	0	931	832	1,099	1,695

The updated MTFP results in a balanced financial position for 2024/2025. This is subject to the key assumptions, particularly around the 2024/2025 annual pay increases (3% for all staff), remaining robust.

The MTFP indicates a potential financial challenge in future years, currently forecast to be £0.931m in 2025/26 rising to £1.695m by 2028/29. Whilst the MTFP is forecasting a deficit from 2025/2026 onwards, uncertainty over government funding, potential changes to the funding mechanism, and future pay awards means substantial uncertainty exists over these forecasts. The Authority noted the forecast financial challenge at this time, and also noted that the Authority has access to a range of mitigating strategies that could be deployed to close the funding gap without the need for service reductions.

Reserves

The Authority maintains a level of reserves set aside to manage unmitigated financial risks. Please see the table below for balances:

Reserve	2024/25	2025/26	2026/27	2027/28	2028/29
	£m	£m	£m	£m	£m
General reserve	3.0	3.0	3.0	3.0	3.0
Smoothing reserve	1.4	1.4	1.4	1.4	1.4
Inflation reserve	1.2	1.2	1.2	1.2	1.2
Total reserves available to manage general financial risk	5.6	5.6	5.6	5.6	5.6

Available balances are sufficient to cover the projected MTFP deficit should the Authority not succeed in closing the gap by other means, in future years.

Capital Programme

Re-phase/delay the capital programme and look at ways to reduce the revenue cost of borrowing. Extending the life of property, vehicles, and equipment, would allow for the annual revenue contribution to capital to be reduced by £0.250m.

Non-pay budget inflation

The Authority could cash limit the non pay budget (excluding unavoidable increases), saving £0.286m from the inflation provision.

Non-pay budget

The Authority could assess the Authority's non pay budgets and look at reducing these between 5 – 10%. This could generate a saving of between of £0.430m and £0.860m.

SLT will explore these strategies, carryout some scenario planning and agree strategic priorities during the 2024/25 financial year.



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 2024/2025 to 2028/2029 totals £35.871m. 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 2024/25 to 2028/29						
Capital Expenditure	Total Cost £	2024/25 £	2025/26 £	2026/27 £	2027/28 £	2028/29 £
Buildings & Land	10,774,500	5,300,600	1,594,600	2,332,500	813,300	733,500
Fire Safety	3,175,000	635,000	635,000	635,000	635,000	635,000
ICT	5,350,280	1,102,660	1,477,160	1,477,160	680,900	951,900
NRAT Resilience Assets	0	0	0	0	0	0
Operational Equipment & Hydrants	6,745,700	1,297,200	828,500	2,525,000	843,000	1,252,000
Vehicles	9,825,650	2,622,850	3,414,000	200,000	2,928,800	660,000
Expenditure	35,871,130	10,958,310	7,949,260	6,830,160	5,901,000	4,232,400
Financing Available	Total £	2024/25 £	2025/26 £	2026/27 £	2027/28 £	2028/29 £
Capital Receipts	4,365,000	4,365,000	0	0	0	0
RCCO	1,875,000	375,000	375,000	375,000	375,000	375,000
Total Non Borrowing	6,240,000	4,740,000	375,000	375,000	375,000	375,000
Unsupported Borrowing	29,631,130	6,218,310	7,574,260	6,455,160	5,526,000	3,857,400
Total Funding	35,871,130	10,958,310	7,949,260	6,830,160	5,901,000	4,232,400

Most of the capital programme is funded by borrowing, £29.631m, 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 £4.365m and revenue contributions of £1.875m.

Buildings & Land- Building investment strategy (£10.774m)

The estate comprises 22 fire stations, a Training and Development Academy (TDA), a Service Headquarters including Fire and Rescue Control, a Marine Rescue Unit, and the Engineering Centre.

The capital programme reflects the funding required to replace, maintain and enhance the current estate stock and, when possible, seeks to attract external funding or specific contributions (capital grants, capital receipts, capital reserves) to reduce the level of borrowing required. The Estates Team maintain and revise a 5-year property asset management plan supported by a 10-year property strategy. The proposed capital programme is consistent with the priority areas contained within the plan.

The programme includes the final payment of the new Training and Development Academy and fire station of £2.129m. The scheme commenced in 2022/23 with a phased build programme over 2022 – 2024, and the planned opening is in April 2024.

Major refurbishment works of £4.977m at fire stations and other property works are planned over the programme period, including major refurbishments of the Bromborough, Kirkby and Wallasey fire stations.

General station upgrade work, £1.184m, is planned over the programme period, including investment in station roofs, disabled access, appliance floor repairs and sanitary accommodation refurbishments.

The balance, £2.484m, relates to other property work on schemes such as energy conservation and furniture replacement.

Fire Safety (Community Risk Management) - (£3.175m)

Smoke alarms and sprinkler systems are being classed as capital expenditure per Government guidance. This follows the awarding of historic capital grants by the (then) Office of the Deputy Prime Minister towards the purchase cost of such items in financial years 2004/05 through to 2007/08. The current policy is to capitalise the installation costs of smoke alarms, estimated at £1.875m over the period. However, this expenditure is not funded through borrowing but financed in the year by a revenue contribution to capital. The Capital Programme includes £1.300m for smoke alarms and deaf alarms.

ICT Investing in line with ICT Strategy (£5.350m)

In line with the increasing use of technology to improve the service, there is a significant investment in ICT within the programme. The most significant investments are;

- Planned replacement of PCs, servers, operational equipment and network £0.984m,
- Software licenses £1.950m,
- ICT Servers & Network replacement £1.057m
- Operational ICT Equipment £0.650m,
- Other applications and ICT schemes £0.709m.

Operational equipment and hydrants (£6.746m)

Provision is also made to ensure that a modern fire and rescue service can be delivered and firefighters kept safe; in particular, provision is made for investment in specialist rescue equipment and new breathing apparatus such as -

- Hydraulic rescue equipment £1.260m
- BA and communication equipment £2.100m
- Improvements to Fleet £0.350m
- Search and Rescue equipment £0.290m
- Thermal Imaging Cameras £0.191m
- Gas detection Equipment £0.124m
- Water Rescue Equipment £0.158m
- CCTV Equipment £0.203m
- Electrical Equipment £0.111m
- Emerging Technologies £0.250m
- Other Specialist Equipment £0.991m
- Installation of new or replacement hydrants per our water strategy, £0.185m



Vehicle replacement strategy (£9.826m)

The vehicle asset management plan has identified the vehicle needs of the Authority and the required replacement and procurement strategy. The proposed capital programme reflects the ask within the asset management plan: -

- Fire Appliances;

The Authority has developed an appliance replacement strategy based on the economic life of an appliance. Each appliance has an estimated service life of 10 years on the front line, followed by 2 years as a reserve appliance. The plan provides for 13 new appliances (including an electric fire appliance).

- Specialist Vehicles;

There is a need to make provision for the purchase of specialist vehicles to support the wider range of roles for the fire and rescue service, including:

- Incident Command Unit (ICU)
- Prime Movers (4)
- POD Long Term capability management (1)
- Telehandler (1)
- BA Support Pod (1)
- Crane Lorry (1)
- Wildfire Appliance (2)
- Curtain sided truck (1)
- Ancillary Vehicles;

Provision is included for the phased renewal of the ancillary vehicle fleet.

- Marine Rescue Boats
- Workshop Equipment

Funding

A mixture of specific funding sources and borrowing will fund the proposed capital spend.

Capital receipts

Capital receipts are usually the proceeds from the sale of assets. Any such receipts can be applied to reduce an Authority's outstanding debt or reinvest in the capital infrastructure. The Authority has (when available) used capital receipts as a source of funding for new capital investment with little, if any, being used for debt repayment – unless regulations require a proportion of the receipts to be explicitly used to repay debt.

The proposed capital programme anticipates capital receipts from a number of site disposals totalling £4.365m. It assumes this income will be used to reinvest in the capital infrastructure and support the capital programme. It should be noted that the anticipated capital receipt values are based on the best estimates at a point in time.

Revenue Contribution to Capital Outlay (RCCO)

Capital spending can be funded by a contribution from the approved revenue budget. The proposed capital programme includes an annual RCCO of £0.375m, which comes from the “freed-up” employee budget following the capitalisation of smoke alarm installation costs (salary costs).

Borrowing

Under the Prudential capital system, local authorities can now determine their borrowing level. However, the Government has retained reserve powers to limit an Authority's borrowing if the Government believes an Authority's proposals to be “unaffordable” or in times of national public spending constraint. After considering any specific funding, the proposed capital programme requires prudential “unsupported” borrowing of £29.631m. The revenue budget and MTFP include adequate provision for this debt's future revenue servicing cost.

When the Authority borrows money, it has to factor the debt repayment and interest costs into its financial plans. The minimum revenue provision (MRP) methodology calculates how much debt repayment is required each year. Following the new Capital Regulations announced in 2008, the Authority must approve an MRP Statement each year that sets out the policy on MRP.



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 31st March 2024 are £12.580m.

General revenue reserve £3m (approximately 4% of revenue budget)

When the Authority borrows money, it has to factor the debt repayment and interest costs into its financial plans. The minimum revenue provision (MRP) methodology calculates how much debt repayment is required each year. Following the new Capital Regulations announced in 2008, the Authority must approve an MRP Statement each year that sets out the policy on MRP.

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 2024/2025 and future years are outlined in the table.

Committed Reserves														
	Balance C/fwd From 2023/24		Revised Balance C/fwd from 2023/24	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	Estimated 2033/34 Use	Held to Cover Risk
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Emergency Related Reserves														
Bellwin / Emergency Planning Res	222		222											222
Insurance Reserve	534		534											534
Modernisation Challenge														
Smoothing Reserve	1,400		1,400											1,400
Retrospective Holiday Pay	530		530	-530										0
Pensions Reserve	300		300		-200	-100								0
Recruitment Reserve	1,814		1,814		-314	-300	-300	-300	-300	-300				0
Collection Fund Reserve	100		100											100
Capital Investment Reserve														
Capital Investment Reserve	1,167	974	2,141		-1,100	-1,041								0
PFI Annuity Reserve	1,304		1,304	-69	-80	-90	-100	-110	-120	-130	-140	-150	-160	155
Specific Projects														
Community Sponsorship Reserve	55		55		-55									0
Equipment Reserve	217		217		-217									0
Training Reserve	80		80		-80									0
Health and Wellbeing Reserve	30		30		-30									0
Inflation Reserve	1,200		1,200											1,200
Clothing	90		90		-90									0
Ringfenced Reserves														
Community Risk Management Res	221		221		-121	-100								0
Energy Reserve	258	57	315			-105	-105	-105						0
New Dimensions Reserve	58		58		-58									0
Forecast Use of Reserves in the year	9,580	1,031	10,611	-599	-2,345	-1,736	-505	-515	-420	-430	-140	-150	-160	3,611
Total Earmarked Reserves Bal C/fwd	9,580	1,031	10,611	-599	-2,345	-1,736	-505	-515	-420	-430	-140	-150	-160	3,611
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	12,580	0	13,611	2,401	655	1,264	2,495	2,485	2,580	2,570	2,860	2,850	2,840	6,611

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.

Summary

The MTFP prioritises the allocation of resources for the delivery of the Leadership Vision and Purpose, and the achievement of the Service and Functional Plan objectives. The Authority receives quarterly reports on the performance against these key targets during the year. The Service Plan and progress reports are available on the Authority's website.

<https://www.merseyfire.gov.uk/about/fire-and-rescue-authority/>

The Authority also receives quarterly financial review reports to update it on the progress of the MTFP and any variations to the approved plan or deviation from the key assumptions. If needed, the financial review report recommends options for corrective action to keep the Budget and MTFP balanced. The report would also include updates on delivering approved efficiency savings.

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:

<https://www.merseyfire.gov.uk/about/equality-diversity-and-inclusion/>

On our website we also provide a free speech, reading and translation service using ReciteMe to help people who require online reading support access our documents. This can be located on the front page, top right of our website by clicking the button called "Accessibility". Braille and large print versions are also available on request by emailing our Equality and Diversity team at:

LeadershipandCulture@merseyfire.gov.uk





**MERSEYSIDE
FIRE & RESCUE
SERVICE**

Merseyside Fire & Rescue Service Headquarters
Bridle Road, Bootle, Liverpool, Merseyside, L30 4YD

t: 0151 296 4000

www.merseyfire.gov.uk



[Facebook.com/merseyfire](https://www.facebook.com/merseyfire)



[X.com/merseyfire](https://www.x.com/merseyfire)



[Instagram.com/mersey_fire](https://www.instagram.com/mersey_fire)



[Linkedin.com/company/merseyside-fire-&-rescue-service](https://www.linkedin.com/company/merseyside-fire-&-rescue-service)

June 2024