



Merseyside Fire & Rescue Authority

2022/23 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 645 Km² and has a population of 1.434m.

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 2022/23, this was as follows:

Knowsley	2	(2 Labour)
Liverpool	6	(4 Labour, 1 Liberal Democrat, 1 Liverpool Community Independents Group)
Sefton	4	(3 Labour, 1 Liberal Democrat & Progressive Alliance Group)
St. Helens	2	(2 Labour)
Wirral	4	(2 Labour, 1 Conservative, 1 Green)

The Authority approved a revised Leadership Message and associated vision, purpose, aims, values and behaviours of the Service, that captures the organisations key people priorities, developed in order to deliver the best possible services to the Merseyside community through the professionalism and capabilities of our people. The Authority's new Vision, Purpose and Aims are:

Our Vision;

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

Our Purpose;

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

Our Aims;

Protect

We protect people from harm, provide advice, guidance and when absolutely necessary use enforcement to keep the public and our firefighters safe.

Prevent

We are there for you. We are a visible presence that provides reassurance, support and advice. Alongside our partners, we protect the most vulnerable and reduce inequalities.

Prepare

We will always be the best that we can be by having highly skilled and trained people who plan for every risk and keep our teams safe and effective.

Respond

We will be there when you need us most, pulling out all the stops to save lives. Whether we are taking 999 calls, or attending incidents, we keep our communities safe.

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 2022/23 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 identified a need to re-invest back into frontline services in response to emergent and foreseeable risk from fire and other emergencies, particularly the services ability to respond to large and/or protracted incidents, as well as the need to enhance protection functions in the light of the Grenfell Tower fire, the Manchester terror attack and other major incidents.

The Authority's 2022/2023 Budget has continued to look to re-invest in frontline services by allocating additional resources in line with the approved Integrated Risk Management Plan (IRMP) for 2021–2024, and included further enhancements to the operational and protection capabilities of the Service by:-

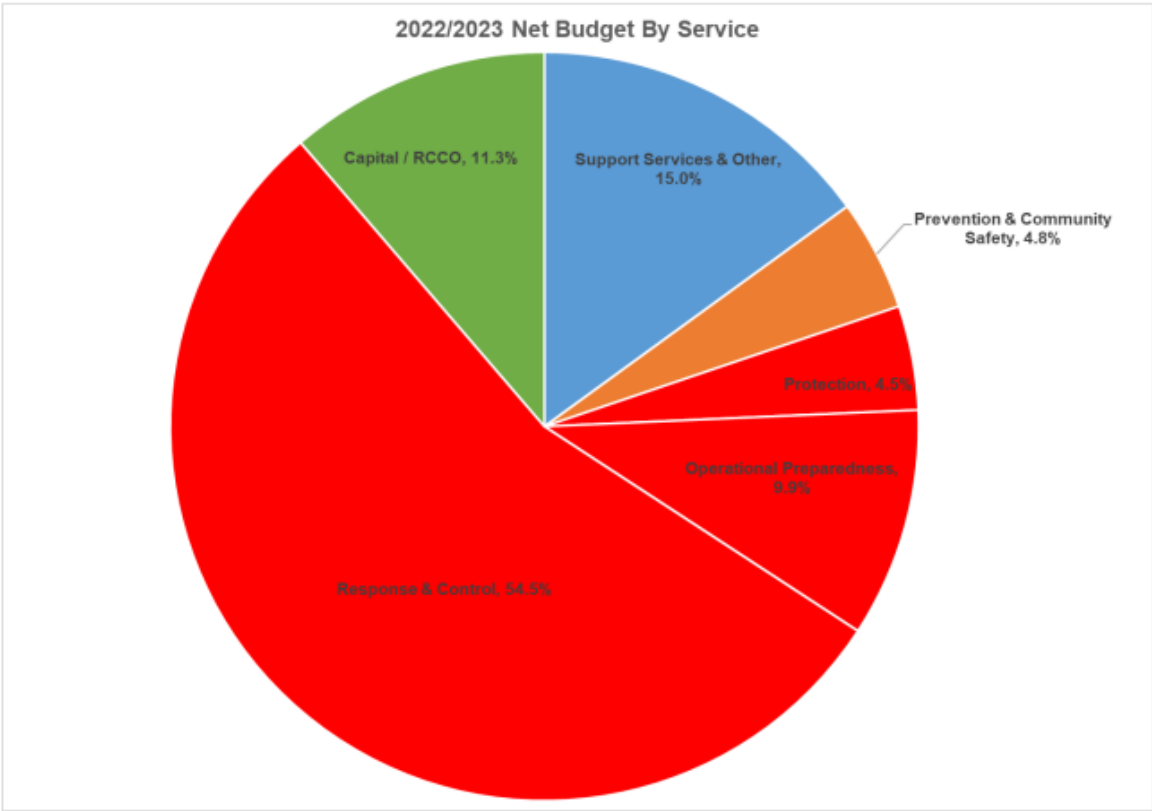
- increasing the number of fire engines the Service can deploy from 29 (plus the Special Rescue Appliance) to 31 (plus the Special Rescue Appliance) by expanding the Hybrid duty system,
- introducing specialist teams to deal with all foreseeable risk,
- increasing investment in specialist appliances and other operational equipment,
- proposed to build a new £35m Training and Development Academy and Hybrid Station with rescue capability.

The investment the Authority has made in the Service since 2020/2021 has ensured Merseyside Fire and Rescue Service continues to be one of the best, if not the best fire and rescue services' in the country. In the latest HMICFRS inspection the Service scored an unprecedented three 'Outstanding' judgements across the eleven sub themes for its work preventing fires and other emergencies, its response to major and multi-agency incidents and for making the best use of its resources.

The Authority remains concerned that the impact of the previous service reductions due to Government funding cuts have gone too far and they are steadfast in their ambition to build resources back into the Service. The permanent investment it has managed to put into the Service since 2019/20 only delivers some of the additional resources it believes are required. The Authority also calls upon the Government to make the temporary 2020/21 Protection Services grants, that allowed a short-term investment in these services, permanent.

The 2022/2023 Government funding settlement was another one-year settlement, the Authority urge the Government to reinstate the multi-year approach for future years as short-term funding is a major barrier to effective financial planning and fails to provide a permanent solution to the fundamental challenges facing the Authority.

The pie chart overleaf outlines a "thematic" analysis of the revenue budget. Most expenditure, 54.5%, goes on emergency and specialist response; 9.9% on Operational Preparedness; and, 9.3% on Protection, Prevention & Community Safety. Therefore 73.7% of expenditure is on the "front line" services, (those activities highlighted in red are deemed frontline services). The 11.3% on capital costs relates mostly to previous investment in front line assets, fire stations, vehicles and equipment. The remaining 15.0% is on support and operational enabling services.



The 2022/23 Revenue Outturn Position

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

- the robustness of the key budget and MTFP assumptions,
- any required budget amendments,
- movements from and to reserves and the revenue budget.

The approved General Fund budget remained constant throughout the year at £61.792million. The table overleaf summarises the actual general revenue fund position at year-end and compares it to the budget. Overall, the Authority spend matched the budget after taking into account a drawdown from the inflation reserve to cover higher energy costs and a firefighter pay award of 7%, and the need to cover a £2,000 reduction in council tax yield.

Programme	Fire Service Budget £'000	Fire Authority £'000	National Resilience £'000	Total Budget £'000	Actual £'000	Variance £'000
Expenditure						
Employee costs	54,219	367	2,411	56,997	55,270	(1,727)
Premises costs	4,394	-	3	4,397	4,056	(341)
Transport costs	1,419	-	6,730	8,149	7,874	(275)
Supplies and services	3,966	23	4,391	8,380	6,957	(1,423)
Agency services	6,838	-	778	7,616	7,223	(393)
Central support services	505	139	-	644	612	(32)
Capital financing	20,161	-	15	20,176	20,123	(53)
Income	(15,161)	-	(14,328)	(29,489)	(28,695)	794
Net expenditure	76,341	529	-	76,870	73,420	(3,450)
Contingency pay & prices	165	-	-	165	-	(165)
Interest on balances	(322)	-	-	(322)	(920)	(598)
	76,184	529	-	76,713	72,500	(4,213)
Movement on reserves	(14,921)	-	-	(14,921)	(10,710)	4,211
Overall financial position	61,263	529	-	61,792	61,790	(2)

Throughout the year managers looked at every opportunity to maximise savings against the approved budget to enable an increase in the capital reserve to manage long-term borrowing and debt costs. The 2022/2023 year-end “underspend” was £4.213m however, after taking into account specific year-end earmarked reserves requests of £0.924m, the available uncommitted underspend was £3.289m. The current cost of living crisis, high inflation, and increasing interest rates are putting pressure on Authority costs and in particular future pay awards. The current 2023/24 MTFP assumes a 5% increase in 2023/24 pay awards and 2.5% per annum thereafter, with each additional 1% adding £0.5m. Therefore, rather than increase the capital reserve by the full available underspend, £0.382m has been used to increase the inflation reserve to £1.250m as a short term fund to cover higher than expected inflation costs, with the balance increasing the capital reserve by £2.907m.

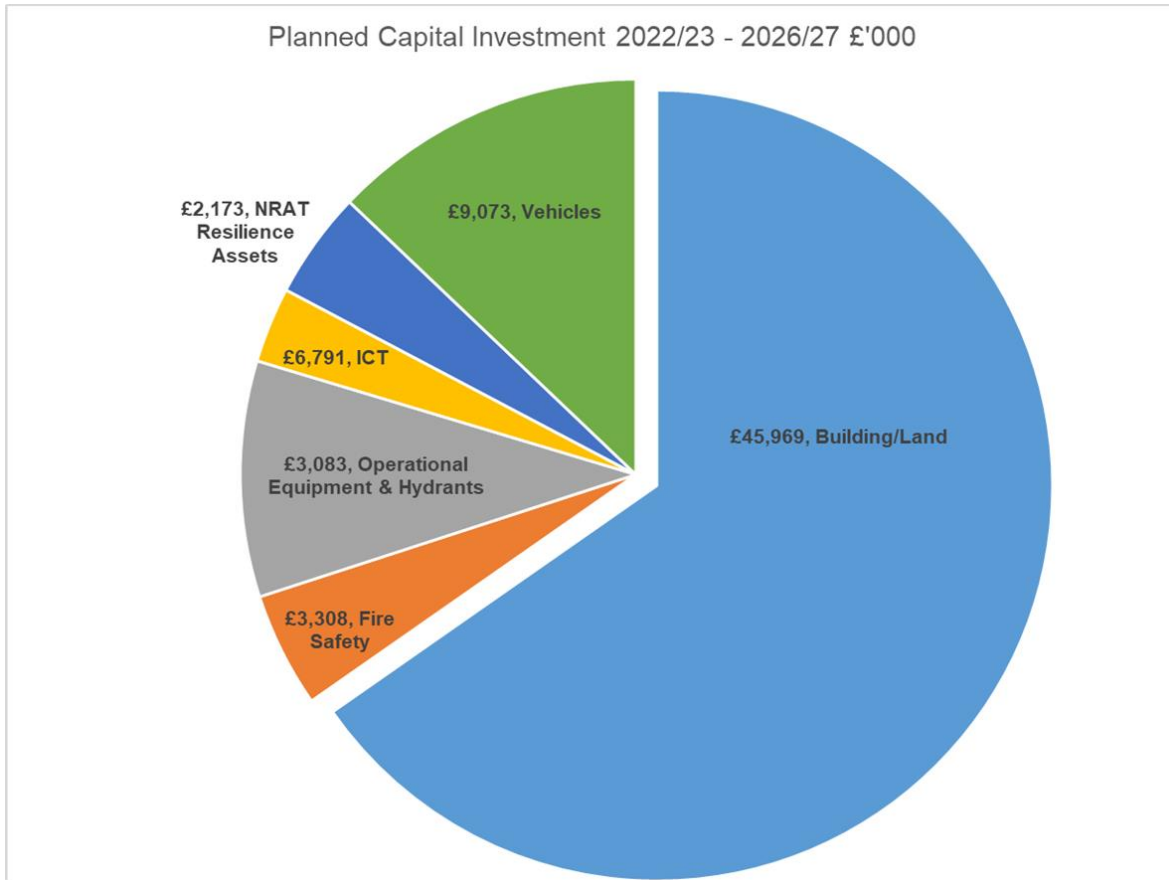
After taking account of the year-end reserves, and the need to cover a £2k shortfall in council tax yield, the net position on the revenue account was that actual overall spend was consistent with the budget.

Capital Strategy and Capital Programme 2022/23 to 2026/27

Each financial year the Authority produces a five-year capital programme to manage major capital schemes. Owing to the nature of capital expenditure, a large number of schemes span more than one financial year, therefore the programme is a rolling programme covering a five-year period.

The starting point for the programme is an assessment of the capital investment requirements for the Authority for future years based upon needs identified by the various expert professionals in areas such as buildings, vehicles, ICT, and operational equipment. The Authority manages its capital investment plans through its asset management plans and capital programme.

The chart below summarises the areas of planned investment over 2022/2023 – 2026/2027 based on the final approved capital budget of £70.397m:



This capital programme has a borrowing requirement of £42.327m across the whole life of the plan, with the balance of funding being met from reserves, capital receipts, revenue contributions and grants. The proposed borrowing is unsupported borrowing or prudential which means the Government no longer provides any revenue grant funding to meet the revenue costs associated with the borrowing, and the Authority must determine if it can afford and sustain the servicing of the associated debt and revenue costs. Current and future debt servicing costs as a consequence of the proposed capital programme have been built into the Authority's financial plan and revenue budget and are therefore deemed as affordable and sustainable:

The most significant items of capital expenditure have been:

- The pre-construction works at the new Training and Development / Superstation site
- Fire station refurbishment at Bromborough
- Installation of smoke alarms
- Upgrades and replacement of ICT software and hardware
- Purchase of Home Office National Resilience assets
- The purchase of new appliances and specialist vehicles

2022/2023 Capital Outturn Position

The 2022/2023 original capital budget was £41.846m and during the year this was adjusted for schemes being rephased from 2021/2022 and also schemes slipping into future years. As capital schemes by their very nature take more than one year to complete they are often subject to delays in obtaining planning permission; delays in finalising project specifications; and are subject to supply chain pressures, it is not unusual to have constant re-phasing of the planned spend. The final budget for 2022/2023 was £25.427m but based on the actual spend a further £6.334m planned spend has been re-phased into 2023/2024.

Authority's Balance Sheet at 31st March 2023

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 of the Authority has available. Basically, the statement shows what the Authority owns, is owed and what it owes.

31 March 2022 £000		Notes	31 March 2023 £000
92,925	Property, plant and equipment	12	114,036
72	Intangible assets	13	101
0	Pension Asset	40	2,038
92,997	Long-term Assets		116,175
33,014	Short-term investments	14	27,259
1,145	Inventories	15	1,074
19,743	Short-term debtors	16	19,466
6,688	Cash and cash equivalents	14 & 17	8,387
60,590	Current assets		56,186
(1,051)	Short-term borrowing	14	(921)
(18,792)	Short-term creditors	19	(17,767)
-	Bank overdraft	14 & 17	-
(19,843)	Current liabilities		(18,688)
(16,352)	Long-term creditors	14	(15,804)
(1,052)	Provisions	20	(787)
(33,720)	Long-term borrowing	14	(33,720)
(1,156,357)	Other long-term liabilities	14 & 40	(859,949)
(1,207,481)	Long-term liabilities		(910,260)
(1,073,737)	Net liabilities		(756,587)
(43,791)	Usable reserves	21	(38,481)
1,117,528	Unusable reserves	22	795,068
1,073,737	Total reserves		756,587

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.

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For more information regarding the Authority, visit our website www.merseyfire.gov.uk