



Merseyside Fire & Rescue Authority Budget 2024/25

Merseyside Fire & Rescue Authority 2024/2025 Budget

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/>

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.

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 Michael Rea by

e-mail: michaelrea@merseyfire.gov.uk

Tel: 0151 296 4225

1. Finances

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 summary outlines some of the key elements of the Budget. The gross 2024/2025 budget was £84.825m and after taking into account specific grants, fees, and charges, the **budget funding requirement** was £74.191m. Section 3 of this document 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 2024/2025 as the financial information becomes more certain.

The Financial Plan:

The Authority has set a financial plan that allows investment in line with its Community Risk Management Plan (CRMP) and will help maintain its high performing status. The CRMP sets out the future strategic direction for the Authority and is available on our website at www.merseyfire.gov.uk.

The Authority has a financial plan that as far as possible maintains the front line response and service to the people of Merseyside.

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. The Authority:-

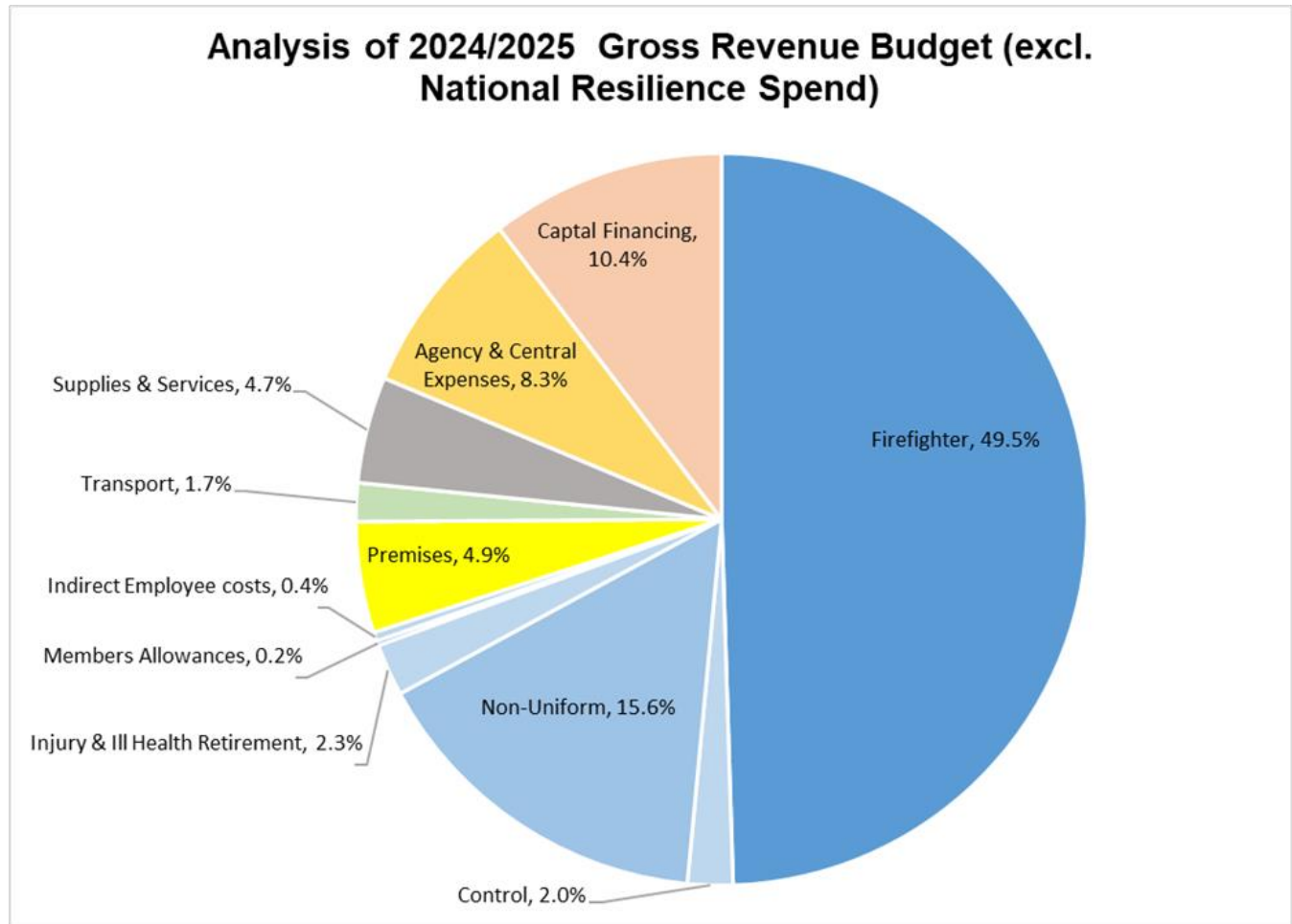
- Increased the firefighter numbers on Merseyside by an additional 22 posts, to 642,
- Increased the fire control operators from 32 to 35 including, new senior management and training officer posts,
- Increased the number of retained (on call) contract holders,
- Introduced new duty systems which avoided the proposed closure of City Centre 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 £39m 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 which will deliver additional functions within the 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.

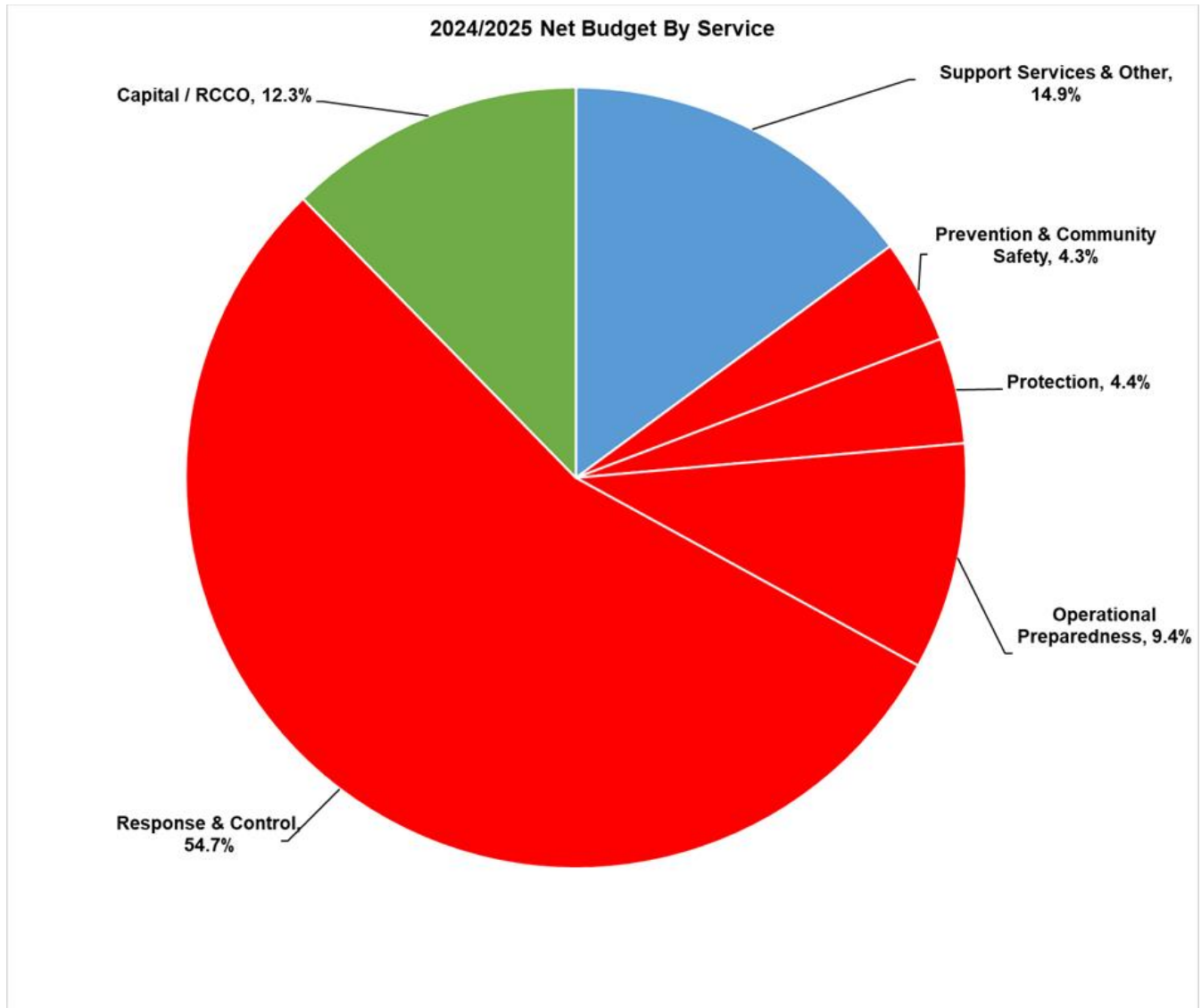
2. How the money is spent

The Authority has set a financial plan that allows investment in line with its Integrated Risk Merseyside Fire and Rescue Service expenditure is predominantly employee related as is shown in the pie chart below. (The blue sections relate to employee costs):-



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 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.



3. Where the money comes from

The budget requirement for 2024/2025 is funded by Government Grant and Council Tax. 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.

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 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 £0.301m 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	-294
	<u><u>-74,191</u></u>

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 2024/25 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	1,137,660	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.

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 31st March 2024 are £12.550m.

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 2024/2025 and future years are outlined below;

Committed Reserves														
	Balance C/fwd From 2023/24	Proposed Increase	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	10,012	7,667	5,931	5,426	4,911	4,491	4,061	3,921	3,771	3,611	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	13,012	10,667	8,931	8,426	7,911	7,491	7,061	6,921	6,771	6,611	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.