



# Merseyside Fire & Rescue Authority Budget 2020/21

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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).

### Arabic

Diversity: على بنا الاتصال يرجى، الصومالية أو، الفرنسية أو، الصينية أو، البنغالية أو، العربية باللغة نسخة أردت إذا  
Team, MF&RS Headquarters, Bridle Road, Bootle, Liverpool, L30 4YD والمينيكوم الهاتف  
diversityteam@merseyfire.gov.uk الإلكتروني البريد أو 296 0151 4422  
كبيرة طباعية بحروف أيضًا متوفر.

### Bengali

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0151 296 4355 □□ □□□□□ diversityteam@merseyfire.gov.uk.□□□□□□□ □□□□□□ □□□□□□□□  
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### Chinese

如果你想复制的阿拉伯语，孟加拉语，中国，法国或索马里，请联系我们多元化的团队，MF & RS总部，马勒路，布特尔，利物浦L30 4YD。电话和小型机0151 296 4422 或电邮 diversityteam@merseyfire.gov.uk。在较大的打印也可以。

### French

Si vous souhaitez obtenir une copie en arabe, bengali, chinois, contactez s'il vous plaît français ou en Somalie nous à la diversité équipe, siège de MF & RS, Bridle Road, Bootle, Liverpool L30 4YD. Téléphone et minicom 0151 296 4422 ou par courriel diversityteam@merseyfire.gov.uk.Egalement disponible en gros caractères.

**Somali**

Haddii aad rabtid nuqul Carabi, Bangaali, Shinees, Faransiis ama Soomaali fadlan  
la xiriir kooxda Diversity, Merseyside Fire & Rescue Service, Headquarters Service  
Bridle Road, Bootle, Liverpool L30 4YD.

Telefoonka: 0151 296 4422 ama Email: [diversityteam@merseyfire.gov.uk](mailto:diversityteam@merseyfire.gov.uk)

Sidoo Kale waxaa heli kartaa iyadoo far waaweyn ah.

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

e-mail: [iancummins@merseyfire.gov.uk](mailto:iancummins@merseyfire.gov.uk)

Tel: 0151 296 4244

# 1. Finances

Due to the uncertainty over the impact of Brexit the new Government, elected in December 2020, announced only a one year financial settlement for 2020/21. The Government are carrying out a comprehensive settlement review in 2020 with the aim of announcing a multi-year settlement from 2021/2022 in December 2020.

The 2020/2021 MFRA Settlement Funding Assessment (SFA) (Government Funding) increased by 1.6% over the 2019/2020 figure and this was consistent with the assumption in the current medium term financial plan (MTFP).

## **The 2020/2021 Medium Term Financial Plan (MTFP):**

To assist with the Authority's long term financial planning a five year plan has been prepared that extends the current approved plan up to and including 2024/2025. As the level of uncertainty over future costs and funding is significant beyond 2020/2021, particularly regarding the level of future Government support, any financial challenge beyond 2020/2021 has simply been noted by the Authority at this point. Future Budget Authority meetings will consider the challenge in and beyond 2021/2022 as the financial information becomes more certain.

The MTFP deals with the financial challenge arising from the known Government funding support up to 2020/2021, but relies on future actual costs and funding remaining consistent with a number of key assumptions for 2020/2021. The most crucial is around 2020/2021 pay increases for staff remaining within the 2.5% limit set in the plan.

## **Summary of Budget Changes Overall**

The Authority has set a budget of £61.961 million for 2020/2021, £1.7m higher than that in 2019/20. The main changes between this year's budget and last year's budget are:-

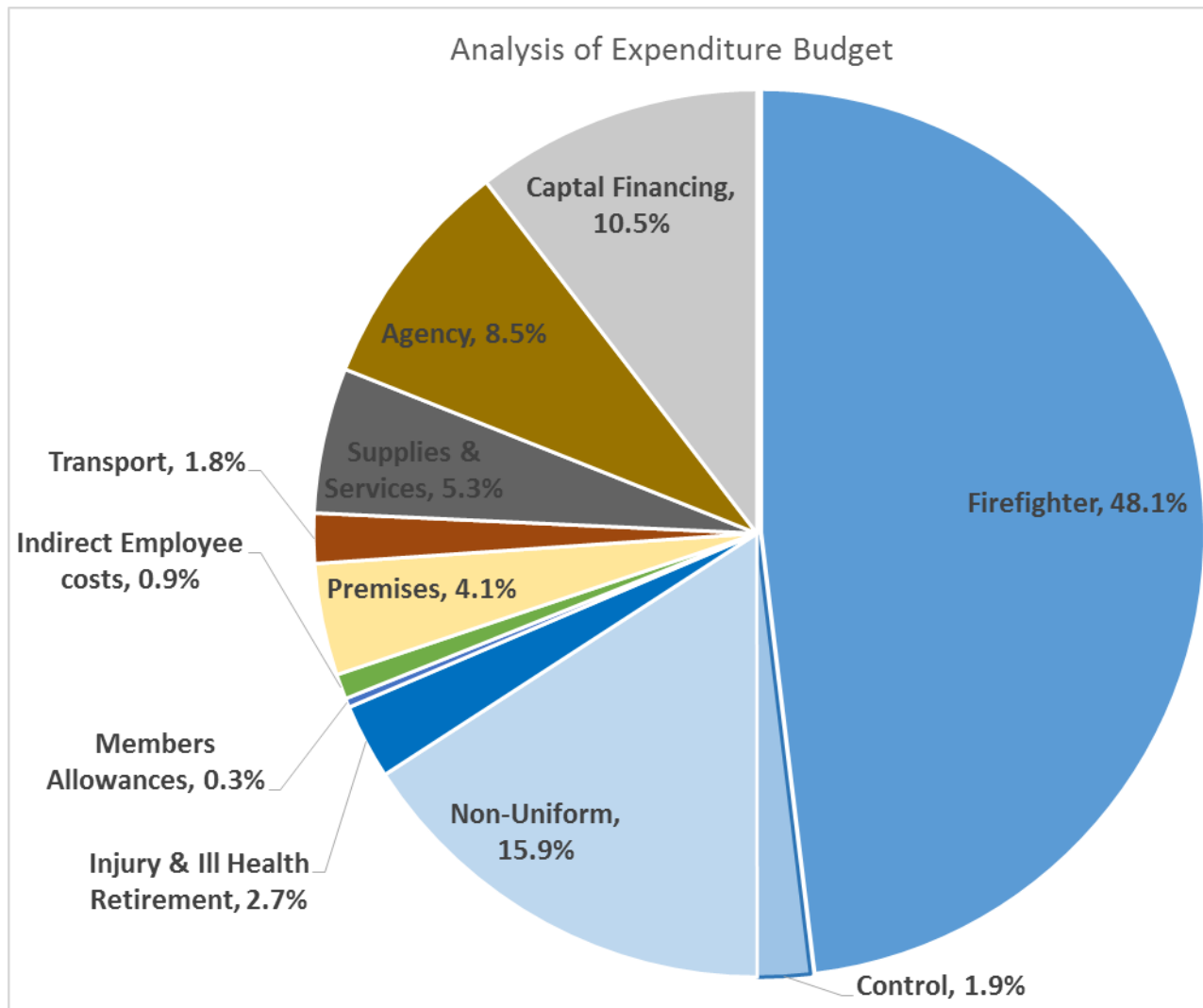
	£'m
• Increase in firefighter establishment to 642	£1.0m
• LGPS pension deficit payment – no longer required	(£0.9m)
• 2020/21 forecast pay and price inflation impact	£1.5m
• Unavoidable growth to cover historic lower income and higher spending levels	£0.7m
• Expected saving on capital debt servicing costs	(£0.6m)
	£1.7m

## 2. How the money is spent

The Authority has managed to set a financial plan that allows investment in line with its Integrated Risk Management Plan (IRMP) and will help 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 a financial plan that as far as possible maintains the front line response and service to the people of Merseyside.**

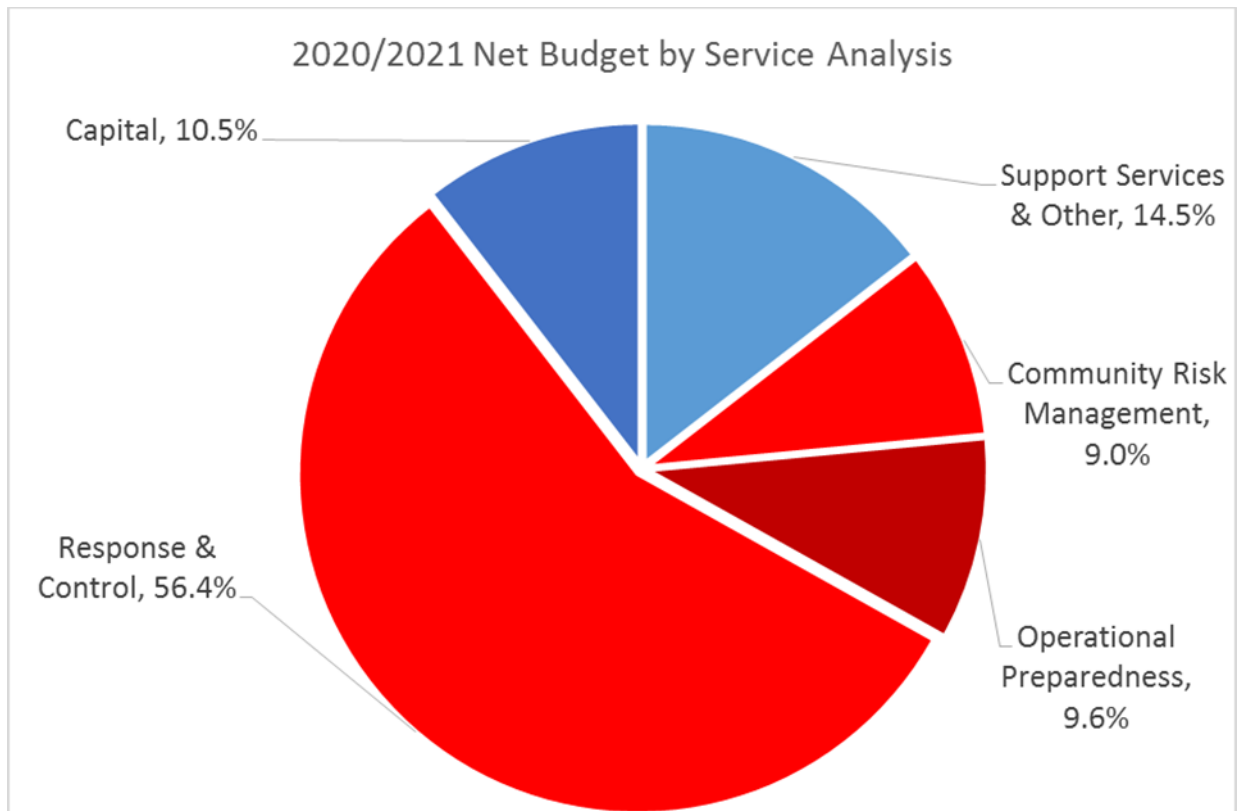
Merseyside Fire and Rescue Service expenditure is predominantly employee related as is shown in the pie chart below. (The blue sections relate to employee costs):-



### Analysis of Expenditure by Type of Service

The Authority has an excellent track record of investing in line with its corporate priorities. It can be seen from the pie chart overleaf that most expenditure 56.4% goes on emergency and specialist response. In addition 9.6% goes on Operational Preparedness and 9.0% on Community Risk Management. Therefore 75.0% of expenditure is on the “front line” services. In addition the

10.5% on capital costs relates mostly to previous investment in front line assets, fire stations, vehicles and equipment. The remaining 14.5% is on support services.



### 3. Where the money comes from

The Authority receives 51% of its funding from Central Government in the form of a Revenue Support Grant and Baseline Funding (business rates).

The Authority's remaining income comes from council tax. The Authority issues a precept (a total of all the council tax to be collected) on the 5 districts of Merseyside. The Authority has kept to its financial plan and increased council tax by the maximum allowable of just under 2%, which equates to an extra £1.56 for a band D property (an increase of 3p per week on the 2019/2020 figure.). This is in order to minimise the long term impact of government cuts on the services to the Merseyside Community. In 2020/2021 the estimated income from the precept (council tax) is £30.303 million. There has also been an additional one-off £0.225m yield from council tax collection fund surpluses from previous years.

#### **Income 2020/2021 Budget:-**

	<b>%</b>	<b>£000</b>
<b>Government Funding</b>		
Revenue Support Grant		-11,179
Baseline Funding (Local Business rates & Top-Up Grant)		-20,136
	50.5%	<u>-31,315</u>
<b>District Council's Local Business Rates Forecast Adjustment</b>	0.2%	-118
<b>Council Tax</b>		
2020/2021 Precept	48.9%	-30,303
<b>Collection Fund (Surplus) / Deficit</b>	0.4%	-225
		<u><b>-61,961</b></u>

## 4. Capital 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 2020/2021 to 2024/2025 totals £33.390m. The programme includes:

- Spending on fire engines and operational equipment in order to ensure Merseyside's Firefighters remain safe
- Investment in maintaining Fire Stations and other buildings
- Investment in Information Technology (IT)

### Approved Authority Capital Programme for 2020/2021 – 2024/2025

Capital Expenditure	Total Cost £	2020/21 £	2021/22 £	2022/23 £	2023/24 £	2024/25 £
Building/Land	12,853,800	10,588,900	939,900	705,000	305,000	315,000
Fire Safety	3,271,500	731,500	635,000	635,000	635,000	635,000
ICT	4,971,000	1,467,600	667,100	927,100	797,100	1,112,100
Operational Equipment & Hydrants	3,253,500	1,908,500	256,000	240,000	462,000	387,000
Vehicles	9,040,600	3,549,100	1,808,600	1,913,300	478,100	1,291,500
<b>Expenditure</b>	<b>33,390,400</b>	<b>18,245,600</b>	<b>4,306,600</b>	<b>4,420,400</b>	<b>2,677,200</b>	<b>3,740,600</b>
Financing Available	Total £	2020/21 £	2021/22 £	2022/23 £	2023/24 £	2023/24 £
Capital Receipts	1,325,000	1,325,000	0	0	0	0
RCCO	1,875,000	375,000	375,000	375,000	375,000	375,000
Capital Reserves	5,300,000	5,300,000	0	0	0	0
Grants	1,250,000	1,250,000	0	0	0	0
<b>Total Non Borrowing</b>	<b>9,750,000</b>	<b>8,250,000</b>	<b>375,000</b>	<b>375,000</b>	<b>375,000</b>	<b>375,000</b>
<b>Unsupported Borrowing</b>	<b>23,640,400</b>	<b>9,995,600</b>	<b>3,931,600</b>	<b>4,045,400</b>	<b>2,302,200</b>	<b>3,365,600</b>
<b>Total Funding</b>	<b>33,390,400</b>	<b>18,245,600</b>	<b>4,306,600</b>	<b>4,420,400</b>	<b>2,677,200</b>	<b>3,740,600</b>

Most of the capital programme is funded by borrowing, £23.640m, 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 £1.325m; specific reserves £5.300m; grants £1.250m; 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 forecast reserves as at 31.03.20 are £20.955m;

### General Revenue Reserve £3m (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 involve funds being set aside to meet known or predicted future liabilities or risks. The anticipated planned use over the MTFP is outlined in the table below:-

	Estimated 2020/21 Opening Balance	Estimated 2020/21		Estimated 2021/22 Expected Use	Estimated 2022/23 Expected Use	Estimated 2023/24 Expected Use	Estimated 2024/25 Expected Use	Estimated Future Years Expected
		Base Budget	During 2020/2021					
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Committed Reserves</b>								
<b>Emergency &amp; Insurance Related Reserves</b>								
Bellwin & Emergency Planning Reserve	222	0	0	0	0	0	0	-222
Insurance Reserve	383	0	0	0	0	0	0	-383
<b>Modernisation Challenge</b>								
Smoothing Reserve	2,000	0	-1,300	-700	0	0	0	0
Recruitment Reserve	3,000	0	-400	-400	-400	-400	-400	-1,000
Invest to Save Reserve	432	-223	0	-209	0	0	0	0
<b>Capital, Debt Repayment Res</b>	8,058	-5,329	0	-2,100	-629	0	0	0
<b>Specific Projects</b>								
PFI Annuity Reserve	1,895	-91	0	-95	-100	-110	-120	-1,379
Inflation Reserve	700	0	0	0	0	0	0	-700
Clothing Reserve	592	0	-392	-200	0	0	0	0
Training Reserve	150	0	-50	-50	-50	0	0	0
Equipment Reserve	77	0	-77	0	0	0	0	0
Healthy Community Reserve	30	0	-30					
Health & Wellbeing	25	0	-25	0	0	0	0	0
Community Engagement	7	0	-7	0	0	0	0	0
<b>Ringfenced Reserves</b>								
Community Risk Management Reserve	325	0	-125	-100	-100	0	0	0
Energy Reserve	18	72	0	25	-75	-40	0	0
New Dimensions Reserve	41		-41	0	0	0	0	0
<b>Total Committed Reserves</b>	<b>17,955</b>	<b>-5,571</b>	<b>-2,447</b>	<b>-3,829</b>	<b>-1,354</b>	<b>-550</b>	<b>-520</b>	<b>-3,684</b>

**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.**