



# Merseyside Fire & Rescue Authority Budget 2017/18

Merseyside Fire & Rescue Service – Finance Department, Bridle Road, Bootle, L30 4YD

[www.merseyfire.gov.uk](http://www.merseyfire.gov.uk)

# Merseyside Fire & Rescue Authority 2017/2018 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 <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 السويدية، أو البنغالية، أو العربية، بالغة نسخة أردت إذا: Team, MF&RS Headquarters, Bridle Road, Bootle, Liverpool, L30 4YD  
diversityteam@merseyfire.gov.uk الإلك تروني البريد أو 296 0151 4422  
كبير طباعية بحروف أيضًا م توفر

### Bengali

আপনি আরিব, বাংলা একটি কিপ চান, চীনা, ফরাসি বা সোমালি করুন যোগাযোগ ডাইভারসিটি দল  
আমাদের, MF & আরএস সদর, রশিম রোড, Bootle, িলভারপুল L30 4YD. েটলেফান এবং িমিনকম  
0151 296 4355 বা হেইমইল diversityteam@merseyfire.gov.uk. বৃহত্তর মুদ্রণ এছাড়াও  
উপলব্ধ.

### 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

# Merseyside Fire & Rescue Authority 2017/2018 Budget

## 1. Finances

The Government has confirmed the level of grant it will provide to the Fire and Rescue Authority for 2017/18 and indicative settlement figures up to 2019/20. By 2019/20 the Service is facing a cut in the Revenue Support Grant, RSG, it receives from the Government of over £7.7m or 41% compared to the 2015/16 grant. This is approximately a 50% cut in real terms once inflation is taken into account. RSG contributed over 30% of the Authority's revenue budget funding in 2015/16, so this level of cut cannot be contained without a significant cut in the current level of services. Based on the 2016/17, 2017/18 and indicative settlement figures for 2018/19 - 2019/20 the Authority faced an £11m financial challenge.

The Authority has set a financial plan that delivers the required savings by 2019/20 and has planned prudently to minimise the impact on frontline services, planning significant efficiency savings of £9.1m by reducing management, support services and other technical costs. Despite these efficiencies the Authority must approve an unavoidable reduction of £1.9m from the operational front line.

### Dealing with the Government Cuts and the 2016/17–2019/20 £11.0m saving challenge:

The Authority financial plan assumes savings from:

#### **Technical & Support Services savings totalling £9.1m:-**

- I. Assuming pay restraint for all staff will continue up to 2019/20. (Pay bill increase of no more than 1%), recognises a £1.950m saving.
- II. "Technical" savings of £5.651m from non-pay inflation, revenue costs associated with capital expenditure, and non-employee budgets.
- III. Additional reduction in the Support Services saving £1.499m. This has placed a large number of non-uniform staff at risk of redundancy. Many of the "support service" areas and posts affected provide front line services to the community of Merseyside notably Prevention and Protection.

#### **Operational Savings totalling £1.900m:-**

However, this has left **£1.900m of cuts to be found from front line operational response**. The Authority has already seen the number of fire appliances in Merseyside reduce from 42 down to 28 since 2010, which equates to 33% overall reduction. A further £1.900m operational response is likely to see a further loss of up to 49 firefighter posts which equates to 4 wholetime appliances.

The CFO would not be proposing any reduction in operational response resources if it wasn't for the financial position the Authority finds itself in.

All options will be fully evaluated over the coming months and officers will consult with the public on the response options as part of the IRMP 2017/20.

The Chief Fire Officer will need to continue to manage appliance availability on a dynamic basis under his delegated powers while the operational options are being worked up. Based on the current firefighter retirement profile and taking into account

the required savings in operational response to deliver that scale of saving will take until 2018/19 without compulsory redundancy.

**Summary of Budget Changes Overall**

The Authority has set a budget of £59.490 million for 2017/18, £2.0m lower than that in 2016/17. The main changes between this year’s budget and last year’s are:-

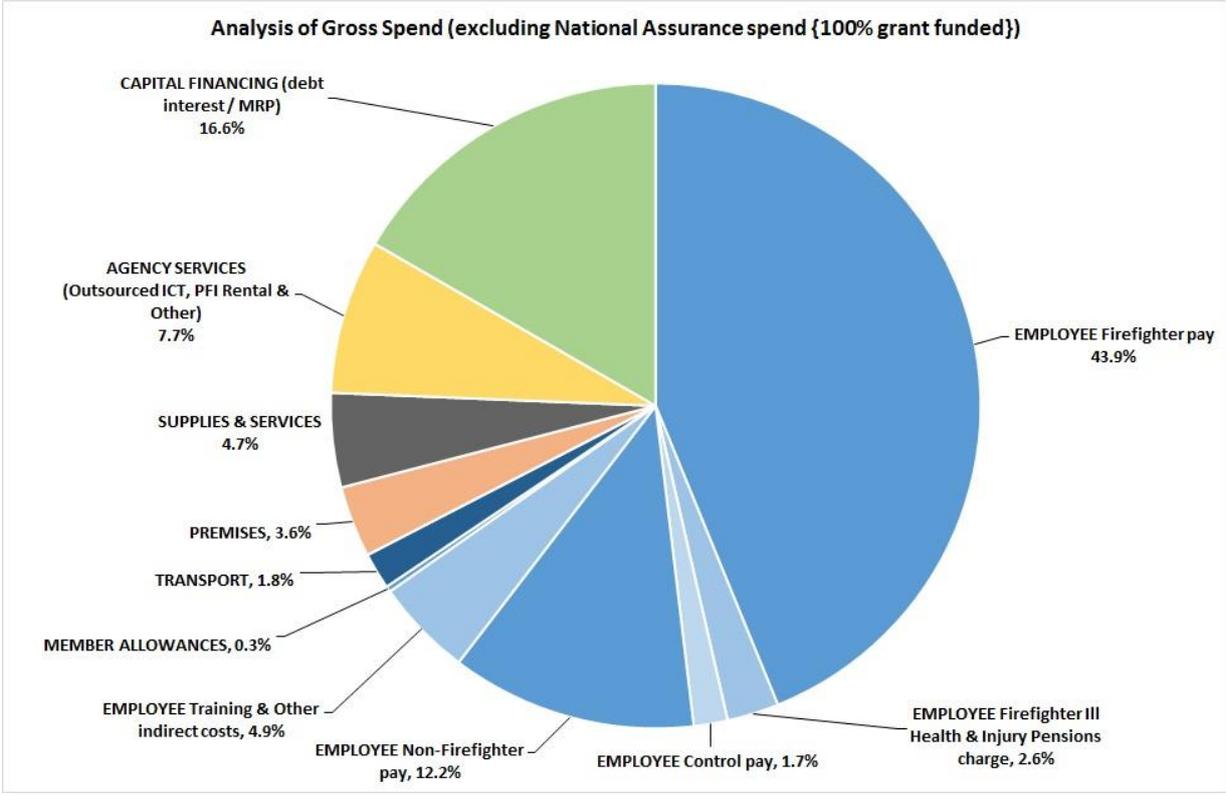
Reductions in support service, management & other costs	(£1.5m)
Unavoidable cuts in front line staffing	(£1.4m)
Forecast inflationary cost increases	£0.7m
New Government Apprenticeship Levy	<u>£0.2m</u>
	(£2.0m)

**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.**

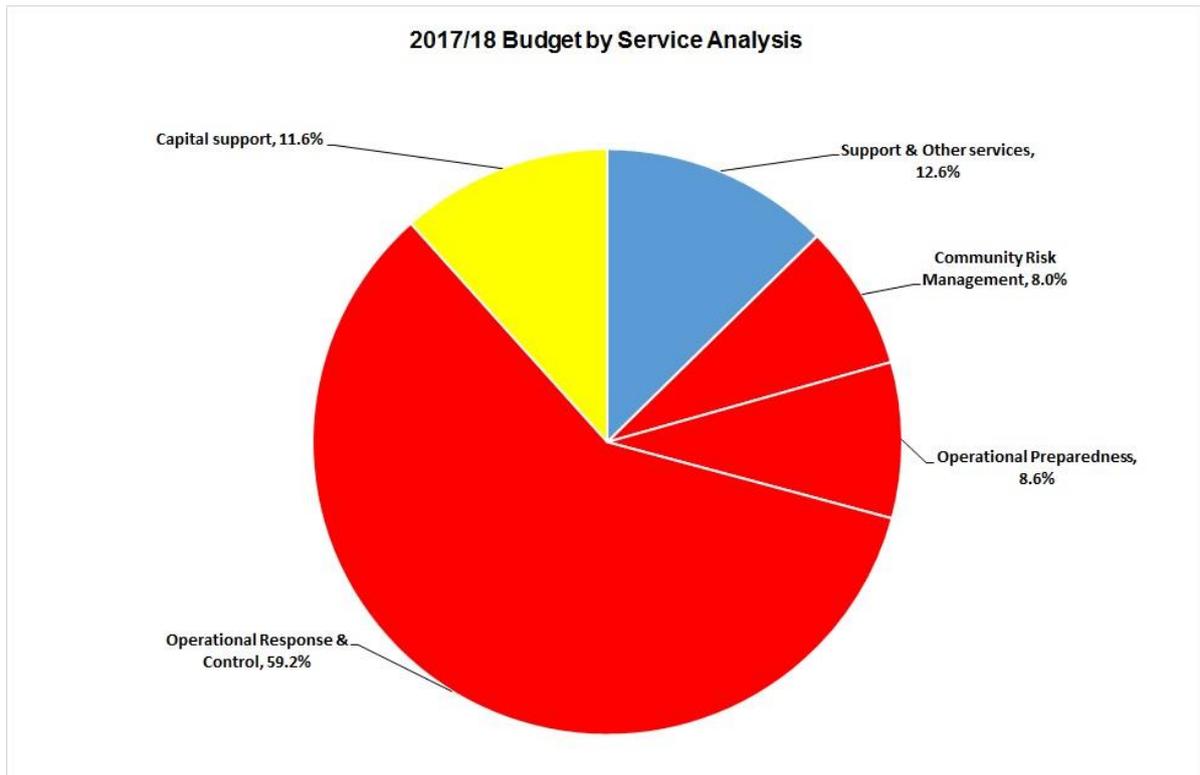
Merseyside Fire and Rescue Service expenditure is predominantly employee related as is shown in the pie chart below. (The blue sections relate to employee costs):-



**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 below that most expenditure 59.2% goes on emergency and specialist response. In addition 8.6% goes on Operational Preparedness and 8.0% on Community Risk Management, and therefore over 75.8% of expenditure is on the “front line” services. In addition the 11.6% on capital costs

relates mostly to previous investment in front line assets, fire stations, vehicles and equipment. The remaining 12.6% is on support services.



### 3. Where the money comes from

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

**Overall Government Grant funding was cut by approximately 35% over the 2011/12 – 2015/16 period, and RSG will be cut in real terms by a further 50% by 2019/20.**

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% or an extra £1.43 for a band D property (3p per week). This is in order to minimise the long term impact of government cuts on the services to the Merseyside Community. In 2017/18 the estimated income from the precept (council tax) is £26.801 million. There has also been an additional one-off £0.167m yield from council tax collection fund surpluses from previous years.

## Income 2017/18 Budget:-

	%	£000
<b>Government Funding</b>		
Revenue Support Grant		-13,664
Baseline Funding (Local Business rates & Top-Up Grant)		-18,804
	54.6%	<u>-32,468</u>
<b>District Council's Local Business Rates Forecast Adjustment</b>	0.1%	-54
<b>Council Tax</b>		
2017/18 Precept	45.0%	-26,801
<b>Collection Fund (Surplus) / Deficit</b>	0.3%	-167
		<u><u>-59,490</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 2017/2018 to 2021/2022 totals £35.156m. 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 2017/18 – 2021/22

<b>Capital Expenditure</b>	<b>Total Cost £</b>	<b>2017/18 £</b>	<b>2018/19 £</b>	<b>2019/20 £</b>	<b>2020/21 £</b>	<b>2021/22 £</b>
Building/Land	18,301,000	15,554,500	805,500	930,500	555,500	455,000
Fire Safety	3,450,000	850,000	650,000	650,000	650,000	650,000
ICT	3,220,000	912,000	597,000	512,000	652,000	547,000
Operational Equipment & Hydrants	1,622,000	481,000	324,000	435,000	178,000	204,000
Vehicles	8,562,500	2,885,100	1,508,000	1,227,000	1,621,000	1,321,400
<b>Total Expenditure</b>	<b>35,155,500</b>	<b>20,682,600</b>	<b>3,884,500</b>	<b>3,754,500</b>	<b>3,656,500</b>	<b>3,177,400</b>

Most of the capital programme is funded by borrowing and is in line with the Authority's approved prudential borrowing limits and treasury management strategy.

## 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 established general fund and specific earmarked reserves. The Authority forecast reserves as at 31.03.17 are £27.4m;

Reserve Heading	£'m	Purpose
<b>Grant Funded &amp; Contractually Committed Projects</b>	<b>3.1</b>	To cover on-going externally funded schemes or current initiatives commenced in 2016/17 or earlier and for which spend will carry over into 2017/18 or beyond.
<b>Insurance / Catastrophe Reserve</b>	<b>0.8</b>	To cover insurance excess and outstanding risks such as MMI claims, and the need for resources to cope with any major or protracted incident.
<b>Cost Smoothing Reserve – Committed</b>	<b>2.0</b>	Required over 2017/18 and future years to offset timing issues around the current approved savings options and in order to facilitate the Service time to deliver future additional savings.
<b>Inflation &amp; Pensions</b>	<b>0.5</b>	In light of risk around 1% pay bill assumption for 2017/18 a short term reserve will allow time to make the required permanent savings if pay increases exceed 1%.
<b>Capital Investment/Other</b>	<b>14.9</b>	To contribute towards the funding of the station merger programme and any unforeseen investment in station; vehicle; ICT and other infrastructure to further modernise the service in light of future financial challenge and associated risk.
<b>Recruitment</b>	<b>3.1</b>	Over the next decade almost two thirds of Merseyside firefighters are expected to retire. In addition it takes almost a year to train a firefighter across the full range of competencies. In order to meet this challenge in a prudent and structured fashion a reserve of £3.1m to support some staff recruitment to manage effectively succession planning is recommended.
<b>Invest to Save / Collaboration</b>	<b>1.0</b>	The Authority has a duty to consider collaboration opportunities with other blue light emergency service. This reserve will assist in the funding of future business re-engineering costs and investments.
	<b>25.4</b>	
<b>General Fund</b>	<b>2.0</b>	It is normally expected that a General Fund reserve of 5% of net operating expenditure should be maintained by an organisation but this may vary based on individual risk and earmarked reserves available. For MFRA this would be £3.0m. However, as the significant risks are known and are being managed or have a specific reserve, officers recommend maintaining a general fund of £2.0m.
	<b>27.4</b>	

**However, 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.**