

# **Merseyside Fire & Rescue Authority 2011/2012 Budget**

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Haddii aad nuqulka dokumentigaan ku rabto Carabi, Bengali, Cantonese, Fransiis ama Soomaali fadlan nagala soo xiriir Diversity Team, MF&RS Headquarters, Bridle Road, Bootle, Liverpool L30 4YD. Teleefoon iyo minicom 0151 296 4355 ama email [diversityteam@merseyfire.gov.uk](mailto:diversityteam@merseyfire.gov.uk) .

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)

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# Merseyside Fire & Rescue Authority 2011/2012 Budget

## Finances

The Fire Authority is facing an unprecedented financial challenge over at least the next two years as Central Government reduces the level of grant support. In 2010/11 the Authority received £46.304m funding from Central Government, for 2011/12 this has been reduced by £4.398m or 9.5% to £41.906m. Further reductions of 3.5% have been announced for 2012/13.

The Authority's original medium term financial plan anticipated future council tax increases of 4% or below. Despite the severe cut in Central Government grant funding the Authority recognises the financial pressures on the communities of Merseyside and has therefore frozen its council tax at the 2010/11 rates. Most council taxpayers in Merseyside pay about 12p per day for the Fire and Rescue Service.

The Authority has set a budget of £69.100 million for 2011/12. This represents a reduction in planned expenditure of £6.422m or 8.5%. This has been achieved by:-

Assuming a 3 Year Pay freeze for all staff	(£2.0m)
Cutting Support Service & Management Costs	(£1.7m)
Being more efficient in Front Line Staffing including changed duty systems at Whiston Fire Station and the Marine Unit	(£1.8m)
Using Reserves to avoid compulsory redundancy	<u>(£0.9m)</u>
Net Budget Reduction	(£6.4m)

Over the next two financial years (2011/12 – 2012/13) the financial plan will deliver £9.0m of savings and see the workforce reduced by 173:-

- Firefighter reductions, (92), will be achieved by natural retirements
- Non-uniform staff reductions, (81), it is hoped that voluntary severance and other means will allow the avoidance of compulsory redundancy

The reduction in management and support staff numbers is much higher at -20% than in front line areas -10%.

As stated above the budget saving options require a large number of staff reductions. It is hoped these can be achieved by voluntary means but voluntary severance and / or early release of pensions comes at an additional cost. The Authority has had a strategy of building up reserves over recent years to ensure resources exist to support any business re-engineering work either in terms of:-

- providing an extended period of time to deliver the necessary long term service changes by utilising a “£3.0m smoothing reserve” over the short term, and
- meeting any one-off severance costs by the establishment of a “£3.0m severance reserve”

In order to try and avoid compulsory redundancies over the next two years the Authority has planned to use £2.3m of the smoothing reserve and potentially all of the severance reserve.

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

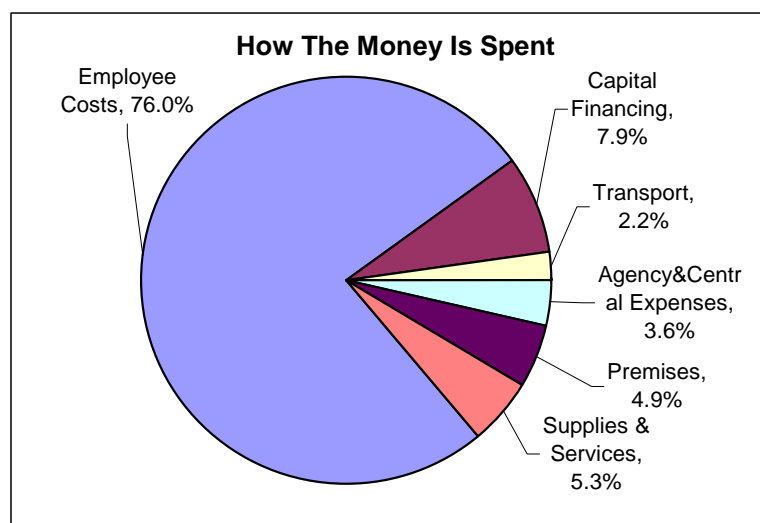
The Authority has managed to set financial plans that allow investment in line with its Integrated Risk Management Plan and will help maintain its high performing status. The Integrated Risk Management Plan sets out the future strategic direction for the Authority and is available on our website at [www.merseyfire.gov.uk](http://www.merseyfire.gov.uk).

## How the money is spent

The Authority has budgeted to spend in the following areas:-

### Budget Expenditure 2011/12

	%	£'000
Employee Costs	76.0%	55,920
Capital Financing	7.9%	5,844
Transport	2.2%	1,626
Agency&Central Expenses	3.6%	2,633
Premises	4.9%	3,605
Supplies & Services	5.3%	3,929
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	100.0%	73,557
Income		-3,000
		<hr/>
		70,557
Planned Use of Reserves		-1,457
		<hr/>
<b>2011/12 Budget Requirement</b>		<b>69,100</b>



The Authority's budget makes significant provision for investing in the Authority's world leading Community Fire Safety work and Reducing Risk which continues to make Merseyside safer reflecting the key strategic aims and priorities of the Authority:

**Our Vision – Making Merseyside a safer, stronger, healthier community**

**Our Aim – To work in partnership with others to provide an excellent, affordable service to all the diverse communities of Merseyside that will:**

**Reduce** risk throughout the community by protective community safety services

**Respond** quickly to emergencies with professional staff who reflect the diverse communities we serve.

**Restore** and maintain quality of life in our communities

**Resource** the organisation in a manner which will provide an efficient, cost effective and sustainable service to the people of Merseyside.

The approved budget will ensure the Authority can continue with and enhance its excellent performance in a variety of formats, to date the Authority:-

- Was the first fire authority in the world to visit 100,000 households in a single year (and approximately 700,000 visits in total have been carried out)
- Has fitted approximately 750,000 free smoke alarms
- Received Beacon Status for Early Intervention (Children at Risk), Working with Older People, and for Reducing Health Inequalities
- Reduced fire deaths from an average of 20 in 1999 to 8 in 2009/10.
- Is targeting risks using specialist skills in dealing with age, disability, deafness, drugs, alcohol, arson and anti-social behaviour, as well as multilingual specialists.
- Between 2003/2004 to 2009/2010, the Authority has been successful in:-
  - Reducing accidental dwelling fires by 19%
  - Reducing injuries in accidental dwelling fires by 32%
  - Reducing anti-Social behaviour fires by 61%

This work has successfully reduced the incidence of death and injury from fire in Merseyside. The table below summarises some key performance over the last 7 years:

Year	Accidental Dwelling Fires	Injuries in Accidental Dwelling Fires	Fatalities in Accidental Dwelling Fires	Anti Social Behaviour Fires
2003-2004	1612	171	9	18984
2004-2005	1470	173	11	12258
2005-2006	1456	155	11	11689
2006-2007	1336	126	8	12721
2007-2008	1286	69	9	10449
2008-2009	1302	107	9	7648
2009-2010	1299	117	8	7384
2010-2011 Q3	933	97	4	5731
Reduction between 2003/04 to 2009/10	-19.4%	-31.6%	-11.11%	-61.1%

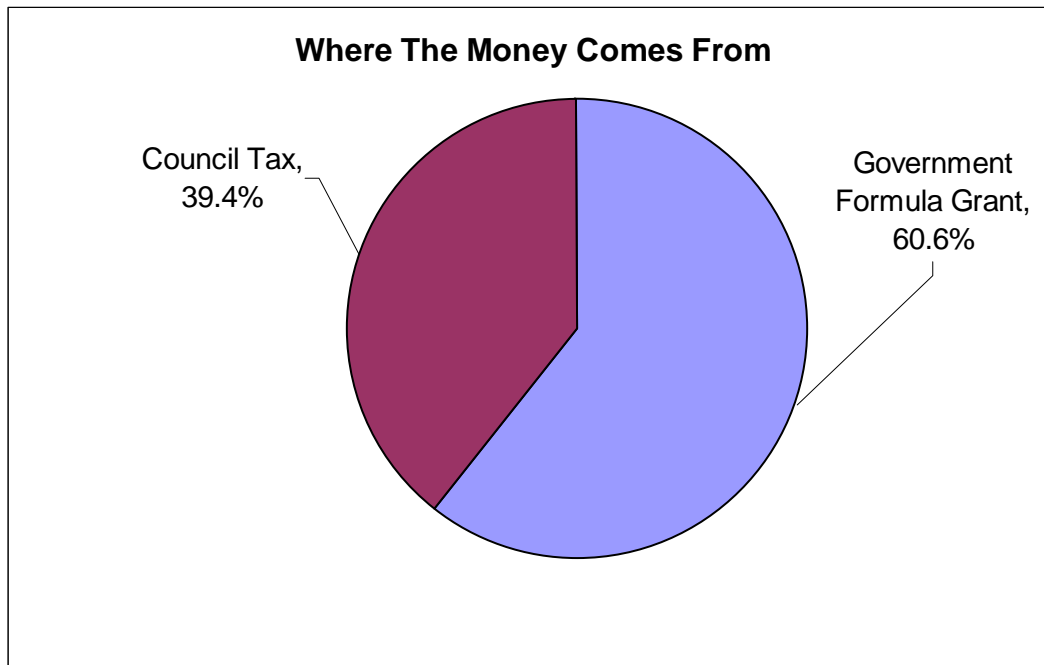
*(Reduced fire deaths from an average of 20 in 1999 to 8 in 2009/10, a 60% reduction)*

## Where the money comes from

The Government Support we received was £41.906million a decrease of £4.398m or - 9.5%, (Approximately 61% of the Authority's income comes from Government grant).

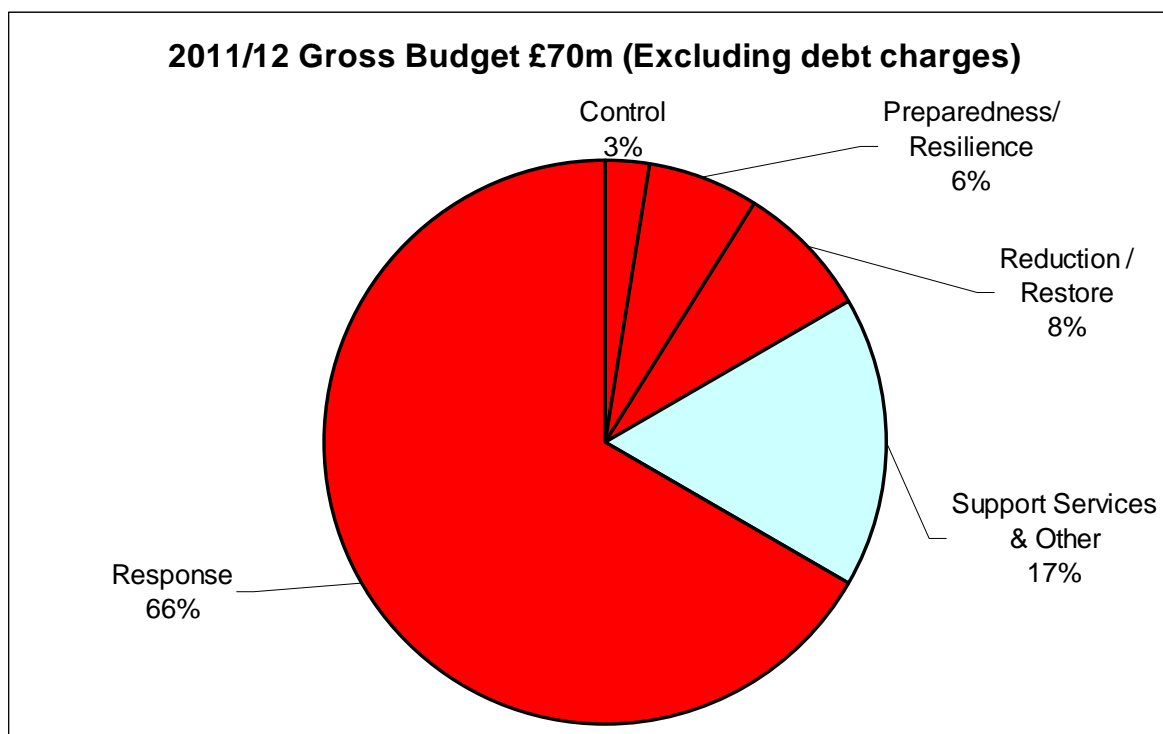
The remaining income comes from council tax. The Authority issues a precept (a total of all the council tax to be collected) on the 5 districts of Merseyside. This year after recognising the financial pressures on the communities of Merseyside the precept has been set at a level, £27.242 million, that allows the council tax to be frozen at the 2010/11 rates. The Council Tax Band D property rate remains at £64.77, equivalent to 18p a day for Band D Tax Payers.

Income 2011/2012 Budget	£'m	%
Government Formula Grant	41.9	60.6
Council Tax	27.2	39.4
Total	69.1	100



## Analysis of Expenditure by Type of Service

The Authority has an excellent track record of investing in line with its corporate priorities and this was reflected in the external assessment reviews under the CAA and UoR scoring process. It can be seen from the pie chart below, (excluding debt charges), that over 66% of gross expenditure, goes on emergency and specialist response, 3% on Control Rooms and 6% on Fire Resilience and 8% on Fire Reduction & Preventative work. Support costs making up the remaining 17%.



Looking in more detail at each area the following investments are included:-

### Responding & Control

Investing over £47m

- Service delivery and emergency response through its 26 fire stations (these staff do increasing amounts of preventative work as well)
- Specialist teams like Search and Rescue Team, Targeted Response Group, Hazmats Team and Emergency Response Dogs
- Invested in staff safety – procured effective fire kit, helmets, boots and appliances
- Invests in two small fires units, targeting antisocial fires
- Invests £0.4m on the Incident Management Team
- Developed the unique Quick Response Motorcycle Unit
- Deliver 100,000 HFSC's p.a.

## Reduce & Restore

Investing over £5m p.a in fire safety including:

- Employment of 46 specialist Advocates (£1m)
- Purchase of £0.7m worth of smoke alarms per annum
- Continuation of the Princes Trust and other Programmes
- Investment in an Arson Task Force (£0.4m)
- Investment in Fireworks Team (FIRST) (£0.1m)
- Investment in District Fire Safety Teams (£1.4m)
- Fire Service Direct (£0.2m)
- Working with young people, including school liaison
- Invested in volunteers with the Fire Support Network (£0.2m)
- Working with the private sector to deliver speedier restoration of property

## Preparedness & Resilience

The investment of £4m delivers a variety of services which helps support and complement the front line response investment and ensure Firefighter safety.

- Operational Planning and Policy
- Contingency Planning
- New Dimensions to cope with major disasters and terrorist threats
- Operational Equipment Team
- Water Section
- Health and Safety Department
- Transport/Fleet Management – to keep vehicles operating effectively
- Workshops
- Marine Rescue Unit to support the airport and safety on the river
- Standard Operating Procedure Review Team

## Support Services & Other

The investment in support services of over £11m (17% of the budget) includes:

- People and Organisation Development – includes investment in the Training and Development Academy and costs of training for all staff
- Estates – includes the running costs of buildings including 26 Community Fire Stations
- ICT – includes the cost of the Mobilising Communications Centre

## Summary

<b>Expenditure 2011 – 2012</b>	<b>£'m</b>	<b>%</b>
Reduce & Restore	5.4	8
Responding & Control	46.7	69
Preparedness & Resilience Response	4.1	6
Support Services & Other	11.5	17
	<b>67.7</b>	<b>100</b>

# 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 2011/2012 to 2015/2016 totals £31.953m it includes:

- Spending on vehicles and operational equipment remains paramount to ensure Merseyside's Firefighters continue to work with high quality well-maintained equipment.
- Investment in Buildings and Infrastructure to ensure Health and Safety Standards and Environmental issues are maintained.
- Investment in Information Technology (IT)

## 2011/12 Authority Capital Programme for 2011/2012 - 2015/2016

Expenditure	Total Cost £	2011/12	2012/13	2013/14	2014/15	2015/16
		£	£	£	£	£
Building/Land	<b>10,145,700</b>	3,668,700	2,741,500	712,000	1,006,000	2,017,500
Non Operational Equip & Hydrants	<b>185,000</b>	37,000	37,000	37,000	37,000	37,000
Fire Safety	<b>8,764,000</b>	1,752,000	1,752,000	1,752,000	1,754,000	1,754,000
ICT	<b>2,788,800</b>	735,800	428,000	383,000	583,000	659,000
RCC associated ICT investment	<b>47,300</b>	47,300	0	0	0	0
Operational Equipment	<b>771,700</b>	496,700	195,000	20,000	40,000	20,000
T.D.A.	<b>130,000</b>	130,000	0	0	0	0
Vehicles	<b>9,120,900</b>	2,867,300	1,073,500	1,764,500	1,445,700	1,969,900
Fire World	<b>0</b>	0	0	0	0	0
<b>TOTAL</b>	<b>31,953,400</b>	<b>9,734,800</b>	<b>6,227,000</b>	<b>4,668,500</b>	<b>4,865,700</b>	<b>6,457,400</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.

## Reserves and Balances

The Authority is forecasting having the following reserves and balances in 2011/2012:

	31.03.11	Movement in the year	31.03.12
			£'000
<b>SPATE / Other Emergencies</b>			
Bellwin Reserve	147	0	147
Insurance Reserve	220	0	220
Emergency planning	75	0	75
<b>Smoothing Reserve</b>	3,003	1,457	1,546
<b>Capital Investment</b>	2,000	0	2,000
<b>Inflation</b>	2,000	0	2,000
<b>Severance Reserve</b>	3,000	0	3,000
<b>Total Earmarked Reserves</b>	<b>10,445</b>	<b>1,457</b>	<b>8,988</b>
<b>General revenue Reserve</b>	<b>2,543</b>	<b>0</b>	<b>2,543</b>
<b>Total reserves</b>	<b>12,988</b>	<b>1,457</b>	<b>11,531</b>

**Note: The above takes no account of any required movement on reserves except the known smoothing reserve adjustment.**

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.

**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 District Auditor's 'Golden Rule' - that "one off" revenue reserves should not be used to support 'ongoing' revenue expenditure.**