

EFFICIENCY AND PRODUCTIVITY PLAN APRIL 2024 - MARCH 2025



EFFICIENCY

1 - BACKGROUND:

Merseyside Fire and Rescue Authority (MFRA) has again been judged as 'Outstanding' in its use of resources by His Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) in 2023. MFRA has an excellent record of delivering outstanding fire and rescue services within the budget we have available to spend on our employees (including our firefighters), equipment and services. Our money comes from grants from Central Government and Council Tax payments, and we make decisions on what we spend based on the Risk, Demand and Vulnerability of our communities. As we do that, we ensure that we provide value for money for the people of Merseyside.

Like other public services, we have faced financial challenges over the years. From 2010 to 2020, the Government implemented an austerity plan to reduce the national debt. A significant element of the plan was to reduce Government funding for local government (this includes fire and rescue authorities). As the Authority had a relatively low council tax base, it relied more on Government grant funding to support its revenue budget and, therefore, suffered a more proportionate financial loss than almost every other fire and rescue authority in the country. The cumulative percentage reduction in Government revenue support for the Authority between 2010/11 (£46.3m) and 2019/20 (£30.8m) equated to a 33% cash reduction or approximately 50% in real terms. That resulted in unavoidable decreases in the front-line operational services over this period.

In 2010, the Authority:

- employed approximately 1,000 Full-Time Equivalent (FTE) firefighters,
- employed 42 FTE fire control staff,
- employed 425 FTE support and technical staff,
- had 42 wholtime fire appliances immediately available and 1 retained - 43 appliances in total,
- had 26 full-time fire stations.

The 2023/2024 budget provided for:

- 642 FTE firefighters (36% lower).
- 35 FTE staff in fire control (17% lower).
- 290 FTE support and technical staff (32% lower).
- Appliances;
 - Days: 27 immediately available plus 4 on a 30-minute recall
 - Night: 21 immediately available plus 10 on a 30-minute recall
- 22 fire stations maintained by various demand-led duty cover systems.

The Medium Term Financial Plan (MTFP) for 2024/2025 to 2028/2029 looks to:

- Increase fire engine/appliance availability from 32 to 34.
- Enhanced Mobilization, making crews quicker to respond to emergencies through a pre-alert system that will deliver additional functions within Fire Control and provide early notification of a potential incident.
- Introduce a Learning Management System for the administration, automation, and delivery of educational courses, training programs, and e-learning courses, including a new Learning and Development Advisor role and a new E-learning Developer role.
- Increase investment in specialist clothing, training, and equipment.

The ongoing investment the Authority has made in the Service, and the benefits this brings to Merseyside communities were reflected in the last HMICFRS inspection report. The Authority was congratulated for keeping people safe and secure from fire and other risks. HMICFRS graded the Authority as 'outstanding' in three areas, 'good' in five areas and 'adequate' in three areas. This means Merseyside Fire and Rescue Authority is currently England's highest performing fire and rescue authority.

2 - BUDGET:

The Authority's revenue budget requirement (gross day-to-day revenue spending less fees, specific grants, and other income) is funded approximately 50% from the Government and 50% from Council Tax (precept income). A summary of the 2024/2025 Financial Plan is set out below:

Expenditure 2024/2025	Net Budget £'000
Employee Salary Costs	58,008
Additional Pension Costs	2,020
Other Employee Expenses	725
Premises Cost	4,230
Transport Costs	1,450
Supplies and Services Costs	3,359
Agency Services	7,260
Central Expenses	548
Capital Financing/Int on Balances	7,803
Income (Including Compensation for under-indexing the business rates multiplier/Services Grant/Funding Guarantee/Pension Grants)	-13,863
Corporate Management	538
Contingency for Pay/Price Changes	2,013
Movement In Reserves	432
Efficiency Savings Target	-332
Grand Total	74,191
Funding 2024/2025	
£'000	
Government Funding Assessment	
Local Business Rate Share	-4,638
Top-Up Grant	-17,203
Revenue Support Grant	-16,629
	-38,470
Adjustment for Local Business Rates Income	144
Collection Fund Surplus	-358
	-214
Council Tax	
Council Tax Precept Income	-35,571
Council Tax Collection Fund Deficit	64
	-35,507
Grand Total	-74,191

2024/2025 – 2028/2029 Medium Term Financial Plan

If any organisation wants to be successful, its budget setting and MTFP must allocate resources to support its key strategic aims and priorities. This is a vital consideration when organisations face periods of severe financial challenges. The Authority has maintained a comprehensive rolling five-year MTFP and capital programme for many years.

The 2024/2025 – 2028/2029 MTFP can be found on the Authority's website: <https://www.merseyfire.gov.uk/about/fire-and-rescue-authority>

The MTFP is a rolling 5-year plan that includes not just the **annual revenue budget** and the **details of how any required revenue savings/efficiencies** are to be delivered, but it also includes all the necessary financial information in a single report to enable a comprehensive financial strategy to be considered and approved by the Authority. The MTFP:

- Includes a 5-year Capital Investment Programme and funding requirements that ensure the investment decisions are embedded within the 5-year Revenue Budget forecast,
- Ensures the MTFP takes into account the asks around the borrowing freedoms available under the Prudential Code and associated Prudential Indicators and the required Minimum Revenue Provision Policy (MRP),
- Outlines the proposed management of the Authority's investments and cash flows, its banking, money market and capital market transactions (Treasury Management Strategy),
- Includes a Reserves Strategy that defines the level and purposes for which the Authority holds reserves and the planned use of these reserves.
- Considers any financial challenge over the MTFP period, the allocation of resources in line with the Authority's priorities, and options for balancing the financial plan.
- The robustness of the estimates made to determine its Budget Requirement for the forthcoming year, and:
- The legal requirement for the Authority to set a balanced budget and decide its level of precept before 1st March 2024, based on the budget requirement and council tax base.

It is essential to understand the key elements of the MTFP / financial strategy before reviewing the approved efficiency savings within the MTFP.

The MTFP forecasts the revenue position for the new budget year to allow the Authority to approve a legal balanced budget, but it also produces a revenue forecast for a further four years. The five-year revenue forecast enables effective Service planning by producing a comprehensive financial strategy.

The current MTFP has been updated for the 2024/2025 government funding settlement (another one-year settlement) and the Merseyside local authorities' 2024/2025 Council Tax Base, Collection Fund, and Business Rate forecasts. All known pay and price inflation increases have been built into the MTFP, and a review of the key assumptions around future funding and cost pressures has been reviewed.

Significant uncertainty exists over the 5-year forecast, as several key assumptions must be made for unknown future costs and funding.

Pay

The 2023/2024 MTFP assumed pay awards of 5%, in light of inflation rates, and assumed future pay awards assumptions would remain at 2.5%. In 2023/2024, firefighters' received a 5% increase, and the non-firefighter staff received £1,925 or 3.88% (whichever was the greater). The non-firefighter pay award was £0.140m above the 5% budgeted increase. The proposed MTFP has included a permanent provision to cover the 2023/2024 non-firefighter pay award.

Inflation remains above the Bank of England target of 2%, but there are forecasts that this will be met by the summer of 2024. Members on strategy day agreed to increase the 2024/2025 pay award assumption from 2.5% to 3% in light of the current inflation forecast but keep future pay award assumptions at 2.5%. A 3% assumption for 2024/2025 pay awards requires an increase in the pay provision within the current MTFP of £0.285m in a full year.

Pensions

Firefighter Pension Scheme(s): - Reduction in Government discount rate & Firefighter Pension Scheme Actuarial reviews from 2016 and 2020:- In March 2016, the then Chancellor announced in the Government's 2016 Budget statement a reduction in the discount rate to be used in valuations of unfunded public service pension schemes with effect from 2019/2020. A reduction in the discount rate increases the cost of future benefits and, therefore, increases the total contribution required from employers. This was implemented simultaneously with the 2016 firefighter pension scheme valuation.

The impact on the Firefighter Pension Scheme to MFRA was an overall increase in the employer cost of over £3.210m. To contribute to the increase, the Home Office announced a fixed grant of £3.025m from 2019/2020. The grant distribution has remained the same since 2019/2020, and the Home Office rolled the £3.025m grant into the Revenue Support Grant in 2024/2025.

Following the 2020 Firefighter Pension Scheme actuarial review, the Home Office has announced that there will be a further 2024/2025 Fire Pension Grant to cover the increase in employer contribution rates from 28.8% to 37.6%. The impact on the Firefighter Pension Scheme to MFRA was an overall increase in the employer cost of over £2.300m. The Home Office announced a fixed grant of £2.183m (calculation is based on a four-year average) for 2024/2025 to cover the increase. The Authority understands that the additional pension grant (as well as other specific grants for fire and rescue services) will be allocated on a one-year basis with future years subject to the Spending Review in the usual way. The current MTFP plan assumed a £1.020m increase in the employer rate in 2025/26 and future years; this has been increased to £1.109m in the proposed MTFP.

The Home Office also confirmed that HM Treasury has agreed to provide a one-off grant for 2024/2025 to contribute towards the administration costs of implementing the pension remedy. The Authority will receive £0.153m

Future LGPS Employer Rate – The 2020 actuarial review increased the current employer rate from 17.5% to 17.9% from April 2023. However, the review also identified that the fund has a surplus of past service costs that will be repaid to the Authority. The net impact has resulted in an annual saving of £0.200m from 2023/2024 onwards. The current MTFP had assumed this saving, so no changes are required to be made to the MTFP for 2024/2025 to 2028/2029.

Prices

The current MTFP included a provision for general price and energy increases of 5% based on inflation forecasts in January 2023. The government expected the Consumer Price Index (CPI) inflation to fall slowly in the early part of 2023/2024 but then, towards the end of the financial year, drop to 4% - 5% and be closer to 2% in 2024/2025.

Twelve-month CPI inflation fell to 4.0% in December 2023, reflecting lower fuel, core goods and services price inflation. Although still elevated, wage growth has eased across a number of measures and is projected to decline further in the coming year. CPI inflation is projected to fall towards the 2% target in 2024, the Bank of England Monetary Policy Committee's latest most likely, or modal, projection conditioned on the lower market-implied path for Bank Rate, CPI inflation is going to around 2¾% by the end of this year.

Resources Available: The Authority has two primary sources **Government Funding** and **Council Tax**.

Government Funding;

Settlement Funding Assessment (SFA);

In 2013/2014, the Government reformed the Fire and Local Government funding system and introduced the 50% Business Rates Retention scheme. The new system determines the Authority's funding allocation based on a Settlement Funding Assessment (SFA), and this support can be broken down into two parts;

- **Baseline** – the estimated value of retained local business rates plus a Top-Up grant and
- **Revenue Support Grant.**

The Government announced another one-year local government finance settlement, and the small business rates will be frozen again in 2024/2025. However, as business rates can be increased by a factor equal to the previous year's September CPI (6.7%), the Government announced it would continue to compensate authorities for the loss of income through a specific grant.

The Authority's SFA for 2024/2025;

- Increase in Baseline Funding of +4.6% or £0.951m, and
- Increase in revenue support grant by 30% or £3.870m. (this includes the rolled-in firefighter pension grant of £3.025m)

The settlement resulted in an overall increase of 14.3% or £4.821m.

Business Rates Multiplier Compensation Grant

To compensate the Authority for the business rates freeze, a £0.619m increase in the business rates multiplier grant was announced as part of the financial settlement. The MTFP assumes this increase will be permanent.

Taking together the business rates multiplier compensation grant increase and the SFA settlement, the overall increase compared to 2024/2025 is £5.440m. Within the SFA is a forecast of the local retained business rates assumed for the Authority of £4.637m. However, the business rate freeze and other discounts may impact the local business rate yield. Based on the billing authorities forecast for local business rates yield in 2024/2025, the Authority's local share is estimated at £4.493m, a shortfall of £0.144m against the SFA estimate. The proposed MTFP includes the £0.144m reduction in local business rates for 2024/2025.

The proposed MTFP attempts to forecast future government support beyond 2024/2025; however, it is very challenging to predict the likely levels of support in coming years with any certainty. It is tough to forecast as the Government plans to complete and implement the outcome of the Fair Funding Review. This review will consider how the current funding system assesses local authority needs and resources. This future review may impact the Authority's share of Government funding. The next Government Comprehensive Spending Review, CSR, is also likely to be after the next General Election, and any change in Government will likely impact the total funding available for Local Government. To produce a 5-year MTFP, the assumption is that the SFA will increase by 2.0% p.a. in 2025/2026 and 1.0% p.a. from 2026/27. Assuming a 2% p.a. increase in 2025/26 and 1% p.a. from 2026/27 (the Authority may be on the low side of future inflation forecasts), it creates some robustness within the forecast to absorb any adverse impact of the fair funding review.

Hopefully, future Government spending reviews will announce multi-year SFA settlements, providing more certainty and aiding effective financial planning.

Services Grant

The Government announced a new un-ringfenced "one-off" Services Grant for 2022/2023. The Government stated that this latest grant was a one-off, but the intention was to work closely with local government on how to best distribute this funding from 2023/2024 onwards. The Authority received a Services Grant of £0.814m in 2023/2024 and assumed this would continue in future years in the MTFP. In 2024/2025, the Authority received a Service Grant of £0.141m, a reduction of £0.673m. The proposed MTFP assumes a Services Grant of £0.141m in future years.

Council Tax income;

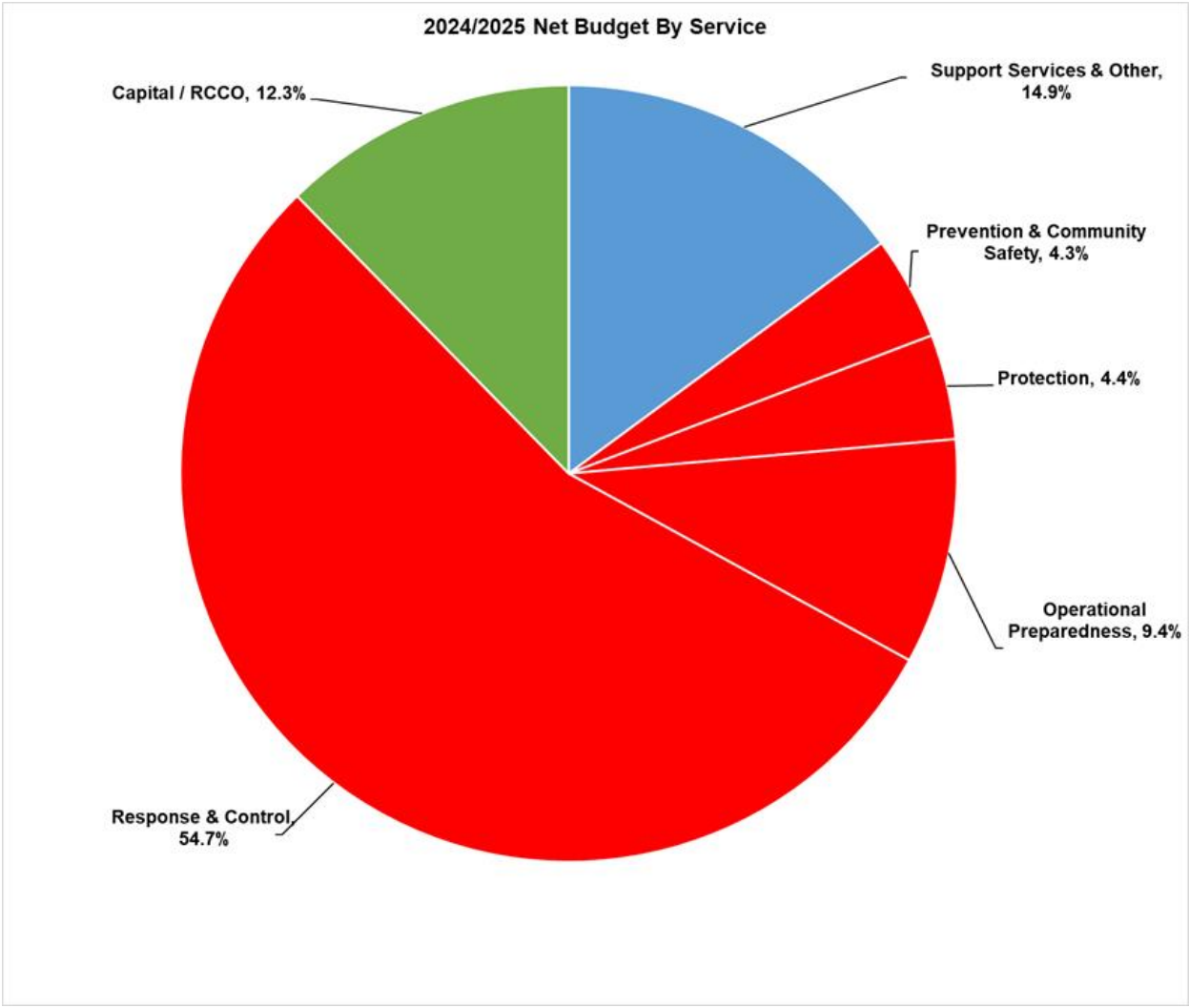
The assumed Council Tax Base increase of 0.5% for 2025/2026 and future years; the actual increase in 2024/2025 was +0.5%.

The Government has announced that for 2024/2025, the maximum increase in Council Tax before holding a referendum will be just under 3%. The MTFP includes the 2024/25 Precept increase of 2.98% and 2% each year after that. A 2.98% increase for 2024/2025 will see the Band D precept increase from £88.61 to £91.25. The precept increase will raise an additional £1.029m in 2024/2025.

The revenue forecast is prepared on an incremental budget basis plus all known changes (specific grants or unavoidable growth pressures). Resources are allocated in line with the Authority's corporate priorities, particularly to fund the proposals within the Community Risk Management Plan (CRMP) (*which considers the assessed Risks, Demands and Vulnerabilities within the Merseyside communities*) and Authority Leadership message (*particularly the delivery of the Vision and Purpose*).

The pie chart overleaf outlines that most resources, 72.8% go on frontline services, (54.7%, go on emergency and specialist response, 9.4% go on Operational

Preparedness; and 8.7% on Protection, Prevention & Community Safety). Note that the 12.3% on capital costs relates mainly to previous investment in front line assets, fire stations, vehicles and equipment. The remaining 14.9% is on support and operational enabling services that without these enabling services the Authority and Service could not continue.



2024/2025 – 2028/2029 MTFP Revenue Plan

Considering all the information, the MTFP table below summarises the 2024/2025 – 2028/2029 revenue forecast.

2024/25 - 2028/29 MTFP					
	2024/25	2025/26	2026/27	2027/28	2028/29
	£'000	£'000	£'000	£'000	£'000
FORECAST NET SPEND IN 2023/24 MTFP	70,645	72,140	73,270	74,870	74,870
2024/25 MTFP Issues to build in future MTFP:-					
Impact of 2023/24 Green Book Pay Award (£1,925 or 3.88%)	140	140	140	140	140
Assume 3% Pay Awards in 2024/25 (Increase of 0.5%)	240	285	285	285	285
Annual Pension Grant (Following 2016 Actuarial Review) consolidated into Revenue Support Grant	3,025	3,025	3,025	3,025	3,025
Firefighter Pension Scheme Increase (Following 2020 Actuarial Review) 28.8% to 37.6%	1,280	1,280	1,280	1,280	1,280
Impact of Higher Prices - Inflation	464	464	464	464	464
2028/29 Inflation Provision					1,558
2028/29 MRP/Interest - Additional year and Inflationary Impact on cost of Capital Goods					400
Utilities PFI Stations	220	220	220	220	220
Services Contract - Increase in Living Wage	110	110	110	110	110
Unavoidable Growth	474	448	528	528	528
Learning Management System	42	42	42	42	42
Enhanced Mobilisation	22	22	22	22	22
External Audit Increase	55	55	55	55	55
Contribution to Capital Reserve to fund Capital Programme and additional Inflationary Pressures	974				
Additional Income from Investments	-128	-128	-128	-128	-128
Efficiency Target (Procurement, Interest Payments, Inflation, other)	-332	-332	-332	-332	-332
Reduction in Services Grant (2024/25 £814k - £141k)	673	673	673	673	673
Increase in Bus Rates Multiplier s31 compensation grant	-619	-619	-619	-619	-619
Funding Guarantee Minimum 4% core spending power increase - 2024/25 only	-758				
Annual Pension Grant (Following 2020 Actuarial Review) 28.8% to 37.6% (Confirmed for 2024/25, assume £1.191m from 2025-26)	-2,183	-1,191	-1,191	-1,191	-1,191
Pension Admin Grant (Share of £6m) 2024/25 only	-153	0	0	0	0
TOTAL	3,546	4,495	4,575	4,575	6,533
FORECAST NET SPEND IN PROPOSED MTFP	74,191	76,635	77,845	79,445	81,403
FORECAST FUNDING IN CURRENT MTFP					
<u>Government Funding-Settlement Funding Assessment:</u>					
Top Up Grant	-17,203				
Estimate of Local Business Rate Share	-4,638				
Baseline Funding Level	-21,841				
Baseline Funding assume 2% p.a. increase for 2025/26 then 1% from 2026/27		-22,278	-22,501	-22,726	-22,953
Revenue Support Grant	-16,629				
Revenue Support Grant assume 2% p.a. increase for 2025/26 then 1% p.a. from 2026/27		-16,962	-17,132	-17,303	-17,476
Settlement Funding Assessment	-38,470	-39,240	-39,633	-40,029	-40,429
Assumed Government Funding - Settlement Funding Assessment	-38,470	-39,240	-39,633	-40,029	-40,429
<u>Adjustment forecast Business Rates yield based on NNDR1 returns</u>					
Adjust for Local Business Rate income forecast from Districts	144	0	0	0	0
Collection Fund (surplus)/deficit	-358				
Adjustment to Local Business Rates income forecast	-214	0	0	0	0
<u>Council Tax -</u>					
Base Precept Income	-34,371	-35,571	-36,464	-37,379	-38,317
Council Tax Base increase of 0.5% in 2024/25 then 0.5% p.a.	-171	-178	-182	-187	-192
Precept Increase of 2.98% in 2024/25, then 2% p.a.	-1,029	-715	-733	-751	-770
Council Tax Collection Fund (surplus)/deficit	64				
Forecast Council Tax Income	-35,507	-36,464	-37,379	-38,317	-39,279
TOTAL FUNDING	-74,191	-75,704	-77,012	-78,346	-79,708
Forecast (Surplus) / Deficit	0	931	832	1,099	1,695

Capital Programme

Asset Management Plans are presented to the Budget Authority meeting before the Authority considers the 5-year capital programme contained within the MTFP (section C). The Asset Management Plans can be found on the Authority website at <https://www.merseyfire.gov.uk/about/fire-and-rescue-authority>

The MTFP's 5-year capital programme includes the planned infrastructure and asset investment for Buildings, Fire Safety, ICT; Operational Equipment and Vehicles, and is summarised in the table below along with the proposed funding sources:

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

Over the 5-year programme, the Authority will invest £35.871m in assets needed to keep the Merseyside community safe and provide firefighters with the best equipment to keep them safe. To keep the level of borrowing down, the programme relies on £6.240m of specific funding (capital reserves and receipts, and a contribution from the revenue budget). The programme still requires £29.631m of new borrowing over the 5 years and the MTFP considers the affordability, sustainability, and prudence of this level of borrowing.

3 - RESERVES:

The MTFP also outlines the Authority's Reserve Strategy. Reserves are established to fund specific projects or capital spending, mitigate against potential risks to the financial plan (inflation / uninsured risk), assist with future financial planning (smoothing reserve/recruitment reserve), and a general reserve to cover unforeseen events.

The table below outlines the MTFP-approved reserves and their planned use.

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														
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	-599	-2,345	-1,736	-505	-515	-420	-430	-140	-150	-160	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	2,401	655	1,264	2,495	2,485	2,580	2,570	2,860	2,850	2,840	6,611

The MTFP provides more details on what the reserves are held for. Effective reserve use can contribute to cashable efficiencies by avoiding capital borrowing, reducing the base budget if specific risks are covered by reserves (uninsured risks, investments, collection fund deficits), buying time to re-engineer the organisation in light of financial challenges (avoiding compulsory redundancies), and funding unforeseen events.

4 - EFFICIENCY SAVINGS:

As part of the Spending Review 2021, the National Fire Chiefs Council (NFCC) and the Local Government Association (LGA) agreed that between 2022/2023 and 2024/2025, fire and rescue services would increase wholetime firefighter productivity by 3% and create 2% of non-pay efficiency savings. Despite the increase in the SFA and Council Tax Precept, in 2023/2024, the Authority still faced a 2024/2025 budget deficit of £0.683m at the beginning of the 2024/2025 budget setting process.

The Authority aims to achieve £0.332m Efficiency Savings in 2024/2025.

Historically, the Authority has delivered savings on the non-pay inflation provision by having an effective procurement strategy and professional procurement team that delivers competitive prices for services and goods. Throughout the budget year, Finance staff work pro-actively with budget managers to deliver savings within cost centres that can then be used to cover inflationary pressures. Based on the success of Procurement, Finance and Budget Managers in curtailing the impact of inflation on non-pay budgets, a saving of £0.332m has been estimated for the 2024/2025 financial year. Details are listed in the attached 2024/2025 Fire Efficiency Template, but as a summary, it is anticipated the savings will be achieved from:

- Procurement savings through the national framework, primarily via the insurance contract and procurement of a new Financial Management Information Application, HR and Payroll application.
- Local procurement activities, with contract savings relating to delivery costs, operational equipment, training, ICT software and multi-functional devices.
- ICT and Finance staff restructure savings expected in the 2024/2025 financial year.
- In the early part of the 2024/2025 financial year, a new multi-pump Aintree community station, a new Training and Development Academy, and a new National Resilience Centre of Excellence will open. Once this site is fully operational, the current Training and Development Academy and fire stations at Croxteth and Aintree will close.

Although not assumed in the budget, the Director of Finance & Procurement will work with Treasury Management officers to deliver savings on the £7m revenue budget that services costs associated with capital borrowing. It is hoped that through effective treasury management (delaying/reducing external borrowing via the use of internal cash, making additional Minimum Revenue Payments), a permanent cashable saving can be found.

Collaboration

North West Private Finance Initiative

Merseyside Fire and Rescue Authority leads on a North West Private Finance Initiative (PFI) scheme totalling £48m in collaboration with both Lancashire and Cumbria Fire and Rescue authorities. This scheme provided for 16 new fire stations across the three Fire Authorities.

Joint Command and Control Centre

The Joint Command and Control Centre (JCC) is built at the existing Fire & Rescue HQ, and brings police and fire control rooms together under one roof, enabling the emergency services to share facilities and technology in order to improve efficiency and effectiveness. In addition, the JCC premises also provides accommodation, which for the first time allows the co-location of MFRA, Merseyside Police, North West Ambulance Service operational planning teams, and Merseyside Resilience Forum, along with facilities that house purpose built strategic and tactical command suite facilities that service the communities of Merseyside. The colocation increases contact between the all personnel and enables already productive relationships to grow. It is jointly funded through capital investment from both MFRA and Merseyside Police and all running costs are apportioned. The JCC also houses National Resilience Fire Control (NRFC). This provides the means for specialist and front line fire and rescue service resources to be centrally coordinated and mobilised in support of significant, serious or catastrophic incidents. As well as supporting requirements within the National Coordination and Advisory Framework (NCAF), the NRFC forms part of a tri-partite memorandum of understanding between the National Police Coordination Centre (NPoCC) and the National Ambulance Coordination Centre (NACC).

Community Fire Stations

MFRA operational personnel work alongside North West Ambulance Service (NWS) operational personnel. MFRA currently share 45% of Community Fire Stations with NWS. The shared estates and assets facilitate closer dialogue between the services and improves efficiency and effectiveness. Savings are generated through the removal of duplication of property costs, sharing utilities, enabling NWS the possibility of sale or re-sale of existing sites and properties, and providing MFRA with an income stream. The joint location affords both teams opportunities to enhance joint operational response in accordance with Joint Emergency Service Interoperability Programme (JESIP) principles; the colocation affording greater opportunity for contact between all personnel and enhancing professional relationships at the multi-agency level

Prescot Fire & Police Station

The Prescot Fire & Police Station is a jointly funded fire and police station which enabled the closure of two fire stations and a very old, out-dated, police station. This site sees MFRA operational personnel working alongside Merseyside Police (MP) operational personnel. The shared estates and assets facilitate closer dialogue between the services and improves efficiency and effectiveness. It provides both a capital receipt and reduction in running costs.

It will also facilitate new and more efficient staffing models for both organisations. Savings are generated through the removal of duplication of property costs and sharing utilities. The joint location affords both teams opportunities to enhance joint operational response in accordance with JESIP principles; the colocation affording greater opportunity for contact between all personnel and enhancing professional relationships at the multi-agency level. The Budget Requirement assumes an income budget of £14m of which a significant proportion, £1.4m, comes from collaboration arrangements for allowing blue light partners to be based in the Service's property portfolio. The Authority also works with its neighbouring local authorities to enhance community outcomes and deliver value for money services by outsourcing functions to partners.

Procurement Strategy

The Authority has invested significant resources in its Procurement Service and developed a comprehensive Procurement Strategy to ensure it obtains quality services and products at the best price. MFRA will utilise National and Regional Procurement Frameworks to ensure MFRA receives value for money from all procurement contracts. Over the years this has allowed the non-employee budget to contain some inflationary pressures within the approved base budget, and not require any drawdown from the inflationary provision. This has resulted in significant permanent cashable savings from the inflation provision over the years.

North West Regional Procurement Team

This well-established group meets regularly to identify and progress collaborative opportunities in procurement across the region. The agreed strategy of this team is to share resources through collaboration, improving purchasing power to obtain better products, services and cost savings; avoid duplication of effort within the region; and let regional contracts where it is appropriate in order to leverage spending power and influence in the marketplace. All participating authorities are able to utilise a number of framework agreements over recent years, notably those for personal protective equipment and operational equipment. The work plan continues to identify this type of opportunity and a lead procurement professional is allocated along with a lead technical officer to progress each project.

Collaboration Partners include Lancashire Fire & Rescue Service, Cheshire Combined Authority, Greater Manchester Combined Authority, Northern Ireland, Cumbria, Isle of Mann and other FRS's also utilise the resulting North West contracts where it is appropriate. MFRA leads on the groups PPE requirements.

Charging Policy

Fire Authorities are entitled to recover income from a range of discretionary fees and charges. This is in accordance with the schedule of authorised charges issued under the Fire & Rescue Services (England) Order 2004. MFRA may only charge for services as permitted by this Order. The Localism Act 2011 amended the Fire and Rescue Services Act 2004 by allowing MFRA to charge a person or organisation for any action taken by MFRA on a cost recovery basis only.

The Authority raises approximately 1,000 sales invoices per year for fees, charges, contributions and rent. This equates to income of approximately £2.5m and helps balance the annual budget. Any loss or reduction in the amount of budgeted income would require compensatory savings to be made elsewhere in order to balance the budget. Consistent with its strategy for prudent financial management, MFRA will continue to recover income from the permitted range of discretionary fees and charges. MFRA's charging policy formalises those arrangements, provides details about the fees and charges and how they are calculated, and sets out the treatment of Chargeable Special Services at operational incidents. There is an obligation to ensure that discretionary fees and charges are recovered to prevent MFRA becoming the 'supplier of choice' due to providing some services 'free of charge,' in direct competition with businesses providing similar services. This results both in the loss of business for such organisations and for the Authority a loss of revenue to HMRC due to the lack of VAT collected.

Medium Term Financial Plan

Due to uncertainty over future funding and expenditure beyond 2024/2025, the Authority agreed to note any future financial challenge until the future Government funding had been confirmed. The 2025/2026 year has a £931k financial challenge, rising to £1,695K in 2028/2029. The Authority will deal with the 2025/2026 budget process once the position has been confirmed. Still, we have a range of mitigating strategies that could be deployed to close the funding gap without the need for frontline service reductions.

Performance Management

The MTFP prioritises the allocation of resources for the delivery of the CRMP, Leadership Vision and Purpose, and the achievement of the Service and Function Plan objectives. The Authority receives quarterly reports on the performance against these key targets during the year. The Service Plan and progress reports are available on the Authority's website <https://www.merseyfire.gov.uk/about/fire-and-rescue-authority/>

The Authority also receives quarterly financial review reports to update it on the progress of the MTFP and any variations to the approved plan or deviation from the key assumptions. If needed, the financial review report recommends options for corrective action to keep the Budget and MTFP balanced. The report would also include updates on delivering approved efficiency savings.

Home Office Efficiency Template

The Home Office has issued an efficiency template that they have asked all FRAs to complete. A copy of the completed MFRA return is attached to this Plan in Appendix A.

PRODUCTIVITY

Merseyside Fire & Rescue Authority (MFRA) are recognised as sector leaders in this area, as evidenced in the 2023/2025 HMICFRS report that rated the service as ‘outstanding’ in ‘making best use of resources’. The report also highlighted ‘promising practice’, stating that:

“The service makes excellent use of the people and resources available.”

The service’s innovative use of its people and resources, across a diverse range of productive shift systems with well defined and performance managed worked routines, has yielded exemplar outcomes for the communities of Merseyside.

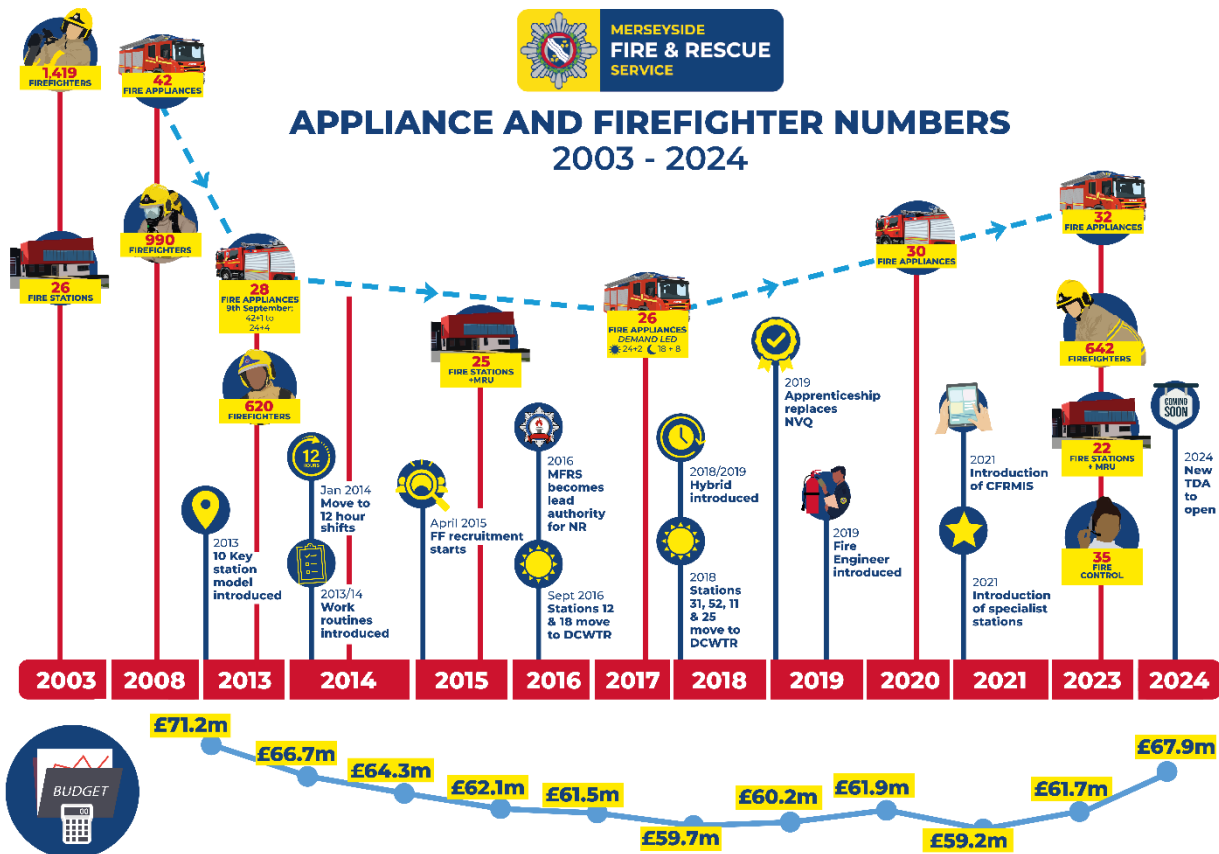
The 2023/2024 productivity increases have led to reductions in Accidental Dwelling Fires (ADF’s) and a significant increase in operational training and exercising as detailed below in the 2023/2024 productivity update. MFRA is also rated ‘outstanding’ in preventing fires and other risks and responding to major incidents:

- HMICFRS 2023/2025 Report: <https://hmicfrs.justiceinspectorates.gov.uk/frs-assessment/frs-2023-25/merseyside-2023-2025/>

MFRA’s Community Fire Stations

MFRA’s 23 fire stations (21 Fire Stations, Fire Control and the Marine Rescue Unit) are strategically placed across Merseyside and the stations are staffed using a variety of shift patterns (working arrangements) to make sure we can provide an efficient and effective response to any incident.

MFRA’s Investment in Front Line Services



MFRA's Duty Systems

The shift patterns range from Wholtime, LLAR (Low Level Activity and Risk), Day Crewing Whole Time Retained (DCWTR) and Hybrid (more details can be provided on request).

WHOLETIME - crewed 24 hours a day, 7 days a week.

LLAR – firefighters are available 1000- 2200hrs on station, then available from accommodation on or near the station during the night.

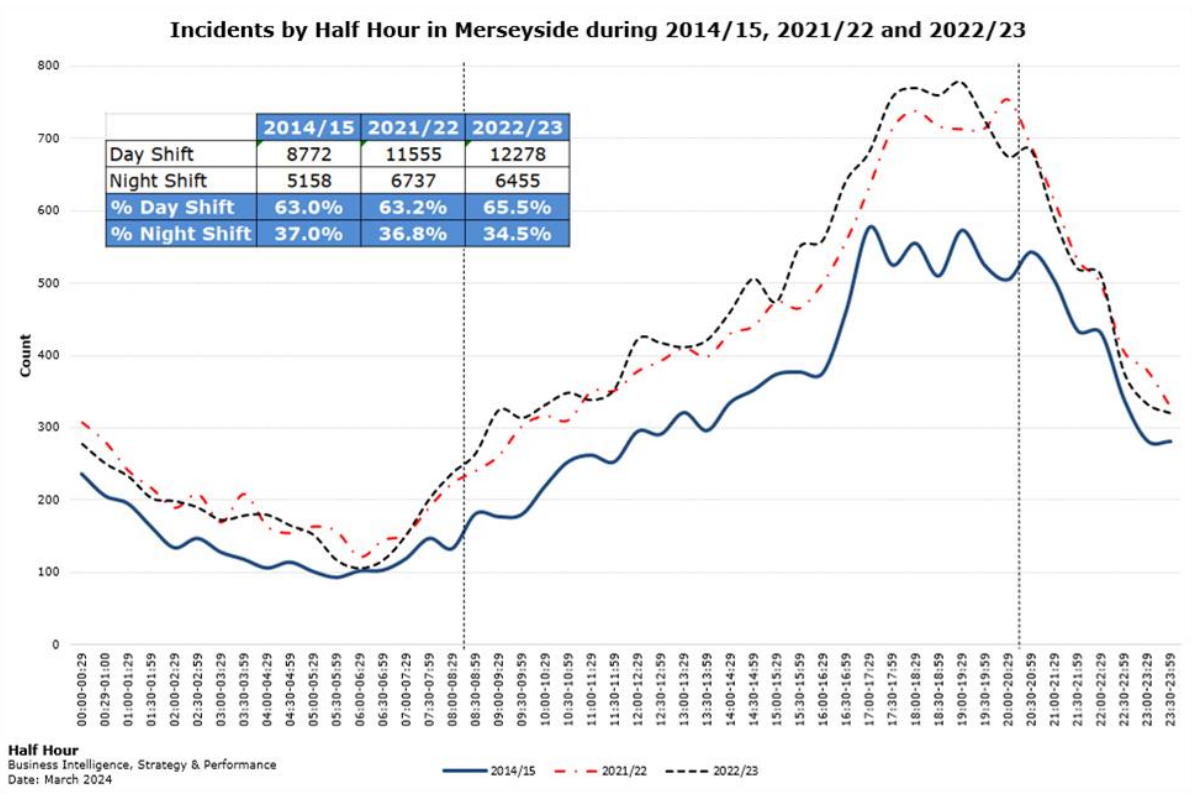
DCWTR – firefighters are available 12 hrs a day on station then on a 30-minute recall to duty to provide resilience on stations during busy periods.

HYBRID - during the day 2 fire engines are available on station with a 3rd available on a 30-minute recall to duty (retained element) and at night 1 fire engine will be available on station with 2 available on a 30-minute recall (retained element) for resilience.

This innovative system allows a flexible working approach for the staff that work within the system and allows the Fire and Rescue Authority to have more resources to call upon when needed, at busy times, or when we are dealing with a major incident.

MFRA's Demand

The range of duty systems ensure that the Service is at its most productive, as operational crews are very much more productive during the day than they are at night, given the availability of the public and businesses.



As a result of this analysis MFRA moved from the traditional 9 hour day and 15 hour night shift model to a 12 hour day and night model in 2014. This has increased daytime productive hours making MFRA duty systems demand led to drive productivity and efficiency.

Our firefighters carry out a range of activities every day (Prevention, Protection, Response and Preparedness) including, responding to emergencies, home and business safety visits, training and exercising against a wide range of risks, all of which help to keep our communities safe.

With further productivity gains secured through innovative duty systems and technological advancements (see below), we are planning for significant increases in productivity in the following areas during the year, which will exceed the 3% improvement, asked for by the Government.

Investment in technology to improve our services to the public

We will be embedding the new features to our information technology systems during 2024/25; one will help us respond more quickly to incidents (known as Enhanced Mobilisation) and the other will let us to use live data to help us make even better decisions about where we position our fire appliances (known as Dynamic Cover). Both changes will mean more time available for firefighters to engage with their communities.

The Service has invested an electronic management information system, which has improved our efficiency and productivity. The HFSC (Home Fire Safety Check), and its associated forms, have moved from a paper process to digital.

UPDATE ON 2023/24 PRODUCTIVITY GAINS

Working in with our most vulnerable people and communities – to prevent fires and reduce death and injury.

The investment in technology and the streamlining of processes allows firefighters to spend more time directly engaging with the public, increasing the number of visits to homes of the most vulnerable people in our communities by 5554 this year.

MFRA exceeded the proposed productivity gains, achieving over 52,000 HFSC's, delivered by operational personnel, which has led to between 13% and 15% reduction in Accidental Dwelling Fires in what is recognised as one of the most deprived areas of England ¹.

Collecting information to improve firefighter safety

Understanding the risks in a firefighter's local area is key to firefighter and public safety. We will increase productivity in this area significantly during 2023/24. Through the new information management system to streamline how we record data, we expect that the number of business premises visited by firefighters will increase by 1679 this year.

Again, MFRA exceeded the proposed productivity gains, achieving over 1023 SSRi and over 2736 Provision of Risk Information System (PORIS) assessments.

Training and exercising our plans – to improve our response to emergencies

As well as visiting premises to gather risk information, it is important that firefighters train and exercise at those locations to make sure that if an emergency does happen, they can respond safely and effectively. The Service intends to increase the number of off-fire station training exercises and events by carrying out an additional 88 training events.

¹ <https://www.gov.uk/government/collections/english-indices-of-deprivation>

Once again, MFRA exceeded the proposed productivity gains, achieving a 19.5% increase in training and exercising. The uplift has focussed on both the amount and quality of the training and exercising conducted. Stations train and exercise against specialisms, station risk in line with PORIS scoring methodology and historical incident data. MFRA lead the North West Operations Group, which has significantly increased 'cross border' training, exercising and familiarisation.

The combination of the increased productivity in training, exercising and gathering of risk information (SSRI & PORIS assessments) makes MFRA firefighters the most efficient and effective in England as evidenced through National benchmarking figure:

- Lowest firefighter injuries of metropolitan services at operational incidents based on metropolitan benchmarking².
- HMICFRS 2023/25 'Outstanding' at responding to major incidents.
- MFRA also has the lowest grey book sickness levels of metropolitan services (Up to end of Q3. Source National Fire & Rescue, Sickness Absence Report - compiled by Cleveland FRS).

Managing our performance

Activity is recorded and data is analysed to help us manage performance and ensure that targets are met. Performance against our targets is reviewed daily by station management teams, every month by Service managers and four times a year by the Fire and Rescue Authority, to make sure we are doing what we have said we will do.

Firefighters in MFRA work a number of different shift patterns that match the types of risk and demand in different areas. If you want to know more about these, or find out about our plans and performance, MFRS's Integrated Risk Management Plan 2021/24 and Service Delivery Plan 2024/25 contain more details³.

Our planning principles

We have a set of Planning Principles (below), agreed with the public during our Community Risk Management Planning engagement meetings. While developing this Efficiency and Productivity Plan, we have considered these principles again to ensure our proposals accord with the public, given the increase in council tax.

We are confident that our proposals reflect the ambition of the public and, as such, we are confident that the public would support these proposals.

The public and Fire Authority would:

- Like MFRS to maintain a standard 10-minute response to all life-risk incidents across Merseyside, rather than have some areas fall outside of that standard

² <https://www.gov.uk/government/statistical-data-sets/fire-statistics-data-tables#workforce-and-workforce-diversity> - table: 0508

³ <https://www.merseyfire.gov.uk/about/our-plans-and-performance/service-delivery-plan/>
<https://www.merseyfire.gov.uk/about/our-plans-and-performance/community-risk-management-plan-crpm/>

- Prefer MFRS to use wholetime (full-time) firefighters to protect its communities rather than retained firefighters
- Would like MFRS to secure long-term solutions that protect staff moving forward
- To consider the health, wellbeing and diversity of staff, including avoiding compulsory redundancy where possible
- Prefer to use different duty systems to improve and maintain response times
- Want performance against the response standard to be a determining factor when implementing change
- Expect MFRS to resource to meet the demands placed on the service
- Increased focus on Protection as a result of the Grenfell Tower inquiry and recommendations
- Expect MFRS to maximise its productivity to protect the public
- Would like MFRS to keep prevention at the forefront of its work
- Support MFRS assisting the ambulance service when it is facing a surge in demand, like that experienced through the pandemic (whilst maintaining response to fires/other emergencies)
- Would like to see blue light collaboration not integration
- Understand the need to MFRS to deliver a balanced budget in line with its medium term financial plan

2024/25 PRODUCTIVITY GAINS

This year MFRA are increasing Simple Operational Fire Safety Assessment (SOFSA) targets across all stations in 2024/25, to achieve a circa 4.2% productivity increase.

There are approximately 80,000 commercial premises in Merseyside. The higher risk premises are subject to MFRA interventions through Protection auditing identified by the Risk Based Inspection Programme (RBIP). These audits deal with compliance with the Regulatory Reform (Fire Safety) Order 2005 [RR(FS)O]. Operational Crews conduct Site Specific Risk Information (SSRi) visits on high-risk premises, producing information on the hazards contained on each site and the risks relevant to firefighter safety.

The SOFSA process was introduced in 2016, following the identification of simple, non-complex industrial premises that did not fall under the RBIP or SSRi processes, yet still presented a risk to firefighters and public.

Operational crews were given training in Fire Safety at a level commensurate with identifying risk in these low risk premises and forwarding any concerns found onto the Protection department for audit by a competent Fire Safety Inspector. The associated training has assisted in the development of operational crews' knowledge and understanding of the RR(FS)O, increased their understanding of the built environment and made the premises assessed safer.

When SOFSAs were initially introduced, Fire Service Emergency Codes (FSEC) data analysis identified 'Factories and Warehouses' as the combined highest incidents of fire in non-domestic premises. Operational crews were therefore utilised to conduct SOFSAs in simple, non-complex buildings falling within this category.

SOFSAs provide an integral part of the overall Fire Safety Audit Programme, providing a means of identifying potentially high-risk premises that may otherwise remain classified as an unknown or lower risk. A SOFSA visit results in the capture of sufficient data to determine if the premises are "Safe Enough" or requires intervention by a qualified Fire Safety Regulator.

As a direct result of these visits, the level of fire safety awareness within the business community has improved. In addition, relationships with local business owners have been developed, along with an increase in operational crews' knowledge of commercial and industrial risk within their station grounds.

In 2023/24, operational crews are predicted to deliver on the annual target of 2,112 SOFSAs. This target is inclusive of intelligence led business safety campaigns across Merseyside that have resulted in enhanced engagement with our diverse business communities.

Out of the total number of SOFSAs completed in 2023/24, 80 have resulted in a referral to Protection. This has led to 80 audits of premises being completed and added to our RBIP. This referral into Protection has been utilised to develop the SOFSA methodology, in terms of revisits and broadening the scope of audits carried out by operational crews.

The new methodology introduced in 2024/25 will see crews assessing the following the premises types:

- Licensed premises
- Public buildings
- Further education establishments
- Other buildings open to the public

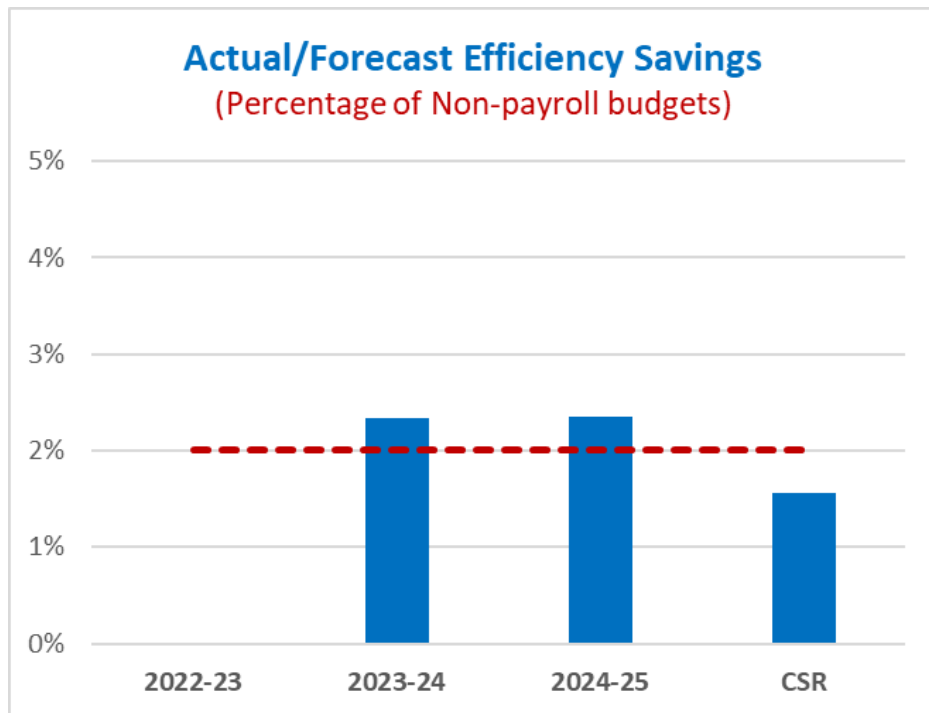
In addition to the original 'Factories and Warehouses' introduced in 2016, the new SOFSA methodology, combined with the RBIP allows us to assess and audit a greater scope of premises making MFRS more efficient and effective.

Operational crews' target for 2024/25 will be increased to 2200 SOFSA's across a wider range of premises types based current FSEC code data. This will provide a circa 4.2% increase in productivity, which will result in both safer premises and safer and more effective firefighters. The increased productivity will be realised / achieved through the embedded use of new technologies and enhanced fire safety training to operational crews.

The new SOFSA methodology and training has been approved at Community Risk Management Board. Subsequent effectiveness and productivity gains will undergo robust scrutiny and governance through Performance Management Group, Community Risk Management Board, Senior Leadership Team and Authority.

Appendix A - Home Office Efficiency Template

	Actual 2022-23	Forecast 2023-24	Forecast 2024-25
Opening Revenue Expenditure Budget (Net)	61,792	67,921	74,191
Less Total Direct Employee Costs	50,484	56,542	61,475
Non Pay Budget	11,308	11,379	12,716
Efficiency Target (2% of non-pay budget)	226	228	254
Efficiency Savings			
<u>Direct Employee</u>			
Reduction in Prevention/Protection/Response Staff			
Reduction in Support Staff			-45
<u>Indirect Employee (e.g. training, travel etc.)</u>			
All Indirect Employee Costs			
<u>Premises</u>			
Utilities			
Rent/Rates			
Other Premises Costs			
Shared Premises			
<u>Transport</u>			
Fleet			
Fuel			
Other Transport Costs			
<u>Supplies and Services</u>			
National Procurement Savings			-152
Local Procurement Savings			-135
Other Technology Improvements		-180	
Decreased Usage			
<u>Capital Financing</u>			
Revenue Expenditure Charged to Capital			
Net Borrowing Costs		-200	
<u>Other</u>			
Other Savings 1 (Please Specify)			
Other Savings 2 (Please Specify)			
Other Savings 3 (Please Specify)			
Please specify the other savings and any other comments:			
Total Efficiency Savings	0	-380	-332
Efficiency Savings as a Percentage of Non-Payroll Budgets	0.00%	3.34%	2.61%
Efficiency Savings Target	2.00%	2.00%	2.00%
Over/(Under)	-2.00%	1.34%	0.61%



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