



# **Merseyside Fire & Rescue Service**

## **2017/18 Summary Statement of Accounts**

## Background to Merseyside Fire and Rescue Service

Merseyside is a metropolitan area in the North West of England covering the District Councils of Knowsley, Liverpool, Sefton, St. Helens and Wirral. It covers an area of 653sq/km and has a resident population of some 1.4 million people.

Merseyside Fire & Rescue Authority (MFRA) is a local authority created by the Local Government Act 1985. It is made up of 18 elected representatives appointed by the constituent District Councils. The number of councillors from each district is determined by statute and in most cases is representative of the political composition of that Council. During 2017/18 this was as follows:

Knowsley	2	(2 Labour)
Liverpool	6	(6 Labour)
Sefton	4	(3 Labour, 1 Liberal Democrat)
St. Helens	2	(2 Labour)
Wirral	4	(3 Labour, 1 Conservative)

The Authority's Mission and Aims are outlined below and the approved 2017/18 financial plan had prioritised the allocation of resources to deliver the Mission and the Integrated Risk Management Plan (IRMP).

### **Our Mission;**

**To Achieve; Safer, Stronger Communities - Safe Effective Firefighters**

### **Our Aims;**

#### **Excellent Operational Preparedness**

*We will provide our firefighters with the training, information, procedures and equipment to ensure they can safely and effectively resolve all emergency incidents.*

#### **Excellent Operational Response**

*To maintain an excellent emergency response to meet risk across Merseyside with safety and effectiveness at its core.*

#### **Excellent Prevention and Protection**

*We will work with our partners and our community to protect the most vulnerable.*

#### **Excellent People**

*We will develop and value all our employees, respecting diversity, promoting opportunity and equality for all.*

The Authority's Fire and Rescue Service is led by a Chief Fire Officer, supported by a Strategic Management Team (SMG) comprising of the Deputy Chief Fire Officer and other senior managers.

The Authority delivered its services through:

- employing approximately 950 staff during the year, most are involved in front line service delivery
- 26 frontline fire appliances, 22 of which were Wholetime or Low Level Activity Risk (LLAR) duty system and these appliances were immediately available, alongside a range of specialist vehicles and equipment, are available to respond quickly to fires and all other emergency incidents
- 25 Community Fire Stations (plus 1 Marine Rescue Station) with a variety of duty systems. These stations act as hubs for providing services to our communities. The Authority has plans to merge some fire stations that will reduce the number of fire stations from 25 to 22, once the programme has been fully implemented, and the 22 stations will incorporate a variety of duty systems.

## The 2017/18 Approved Financial Plan & Financial Performance for the Year.

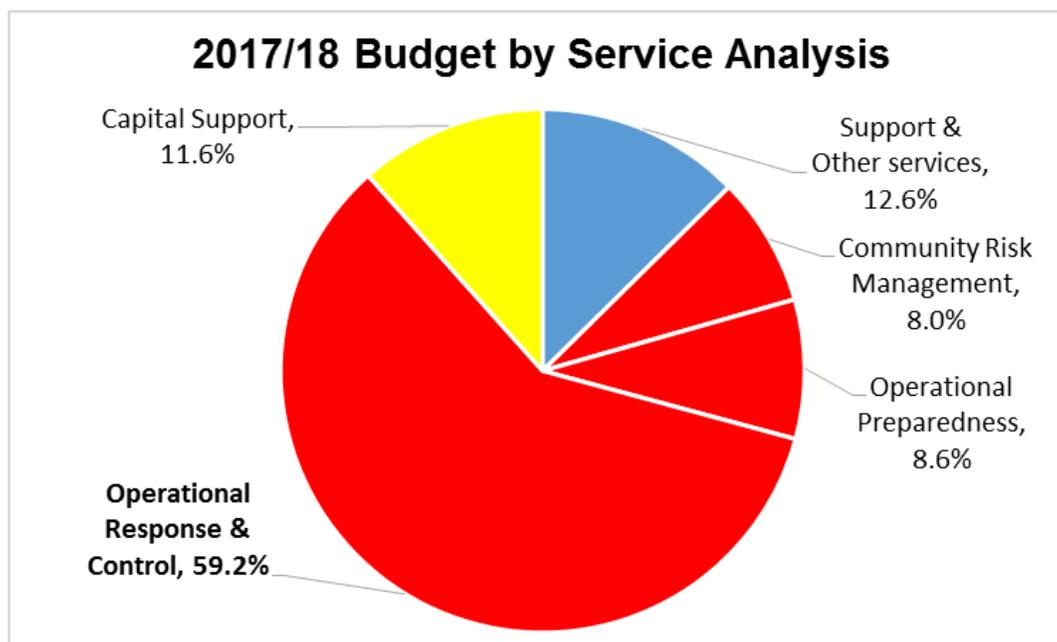
The Authority determines its budget requirement by assessing the service commitments that are financed through its General Fund. The General Fund is a statutory account that records only those expenses that regulations allow to be charged against the amount to be collected from council tax payers. The Authority then monitors and manages expenditure throughout the year against the General Fund budget to ensure all expenditure is affordable and planned. The General Fund position for the year is shown in the Movement in Reserves Statement.

The Authority faced an unprecedented financial challenge over the period 2011/12 – 2015/16 as the Government addressed the imbalances in national public spending. The Authority had planned prudently to deal with all known reductions in Government funding up to 2015/16 and in total had identified £25.6m of savings over the 2011/12 – 2015/16 period.

In February 2016 the Government announced the settlement funding for the Authority for a four year period, 2016/17 to 2019/20. By 2019/20 the Authority is facing a cut in the Revenue Support Grant (RSG) it receives from the Government of over £7.7m or 41% compared to its 2015/16 grant. This is approximately a 50% cut in real terms once inflation is taken into account. In 2015/16 RSG contributed to over 30% of the Authority's revenue budget funding, so this level of cut could not be contained without a significant reduction in the current level of services.

After taking into account the financial plan assumptions, particularly over future pay bill increases, the Authority is facing an £11m financial challenge by 2019/20. The Authority approved a robust financial plan to meet the deficit. The plan included significant efficiency savings, a cut in management costs and a reduction in support services, unfortunately however in order to balance the plan it includes an unavoidable reduction in frontline services. The impact of the savings on staffing, fire appliances & fire stations has already been outlined.

The Authority set its General Fund budget for 2017/18 at £59.490m and the allocation of resources reflected the Authority's approved mission and the fire risks facing Merseyside, and in particular how the Authority would continue to keep the safety of the public and the effectiveness of firefighters as our priority. Approximately 76% of the budget directly funds activities related to fire response or prevention work:



The Authority adopted a reserves strategy that maintained a General Reserve of £2.000m and anticipated (based on the estimate forecast when the 2017/18 budget was approved) Earmarked Reserves as at 01.04.17 of £25.371m to cater for specific risks, projects and one-off initiatives and in particular to help it manage effectively the financial pressures.

## 2017/18 Revenue Outturn Position:

Throughout the year the Authority received regular financial review reports detailing:-

- the service's progress in implementing the approved savings options,
- any additional budget amendments required,
- plus the movements from and to reserves.

The cash savings required to balance the budget were delivered.

The approved General Fund budget remained constant throughout the year at £59.490 million. The table below summarises the **general revenue fund position** at year-end and compares it to that budget. Overall, the Authority was ahead of target in delivering its savings by £1.961m million by year end after taking into account £0.442 million of year-end earmarked reserves required to cover expenditure re-phased from 2017/18 into future years:

Programme	Fire Service Budget	Fire Authority	National Resilience	Total Budget	Actual	Variance	Year-End Earmarked Reserves	Post-ER Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Expenditure</b>								
Employee Costs	48,413	404	1,746	50,563	48,804	(1,759)	55	(1,704)
Premises Costs	2,626	-	-	2,626	2,542	(84)	-	(84)
Transport Costs	1,638	-	1,031	2,669	2,497	(172)	-	(172)
Supplies and Services	3,236	35	1,337	4,608	3,893	(715)	98	(617)
Agency Services	5,905	-	440	6,345	6,148	(197)	42	(155)
Central Support Services	437	92	220	749	711	(38)	-	(38)
Capital Financing	10,997	-	6	11,003	11,001	(2)	-	(2)
<b>Income</b>	(7,774)	-	(4,780)	(12,554)	(11,786)	768	247	1,015
<b>Net Expenditure</b>	<b>65,478</b>	<b>531</b>	<b>-</b>	<b>66,009</b>	<b>63,810</b>	<b>(2,199)</b>	<b>442</b>	<b>(1,757)</b>
<b>Contingency Pay &amp; Prices</b>	198			198	-	(198)	-	(198)
<b>Interest on Balances</b>	(172)			(172)	(177)	(5)	-	(5)
	<b>65,504</b>	<b>531</b>		<b>66,035</b>	<b>63,633</b>	<b>(2,402)</b>	<b>442</b>	<b>(1,960)</b>
Movement on Reserves	(6,545)			(6,545)	(6,546)	(1)		(1)
<b>Overall Financial Position</b>	<b>58,959</b>	<b>531</b>		<b>59,490</b>	<b>57,087</b>	<b>(2,403)</b>	<b>442</b>	<b>(1,961)</b>
<b>Use of Year-End Favourable Variance to:-</b>								
<b>Increase Inflation Res.</b>								<b>200</b>
<b>Increase Firefighter Recruitment Res.</b>								<b>744</b>
<b>Increase Capital/LGPS Deficit Res.</b>								<b>1,017</b>
<b>Year-End Funded Reserves</b>								<b>1,961</b>

In light of the recent years of financial pressures, the Authority adopted a strategy that it would aim as far as possible to maximise its level of reserves in order to provide a temporary resource to enable the service changes that would deliver the required future savings without compulsory redundancy. Therefore throughout the year managers looked at every opportunity to maximise savings against the approved budget to enable an increase in reserves. Details on all the Authority's reserves can be found in Note 8 to the accounts.

The key areas of underspending were;

- Vacancy management within the employee establishment and lower employee insurance costs resulted in a saving of £1.1m
- The Authority manages the UK National Resilience (NR), International Search and Rescue (ISAR) and Department for the Environment and Rural Affairs (DEFRA) projects on behalf of the Government. The 2017/18 budget was £4.8m and was fully funded by the Home Office. Significant variances materialised in the year as planned spend was re-phased to mirror the delivery of projects, exercises and training. Approximately £1m of anticipated 2017/18 spend will now be incurred in 2018/19. This has resulted in variances on the expenditure budget (£0.6m employee training costs, £0.2m supplies and services, other £0.2m) and an offsetting reduction in call-down of grant income of £1m
- Successful management of utility, energy and rates costs saved £0.1m on the Authority premises costs
- The lower than expected diesel prices and other reactive vehicle maintenance costs resulted in transport cost savings of £0.2m
- The management of supplies and services expenditure resulted in a saving of £0.5m
- Savings from efficiencies in the outsourced facilities management contract and PFI payments resulted in a £0.1m saving.
- An inflation provision saving of £0.2m

## 2017/18 Capital Investment Programme:

The Authority manages its capital investment plans through its capital programme. The approved budget and final expenditure together with the various sources of funding are shown below:

Programme	Final Budget £'000	Actual Expenditure £'000	Re-Phased from 2017/18 into 2018/19 £'000	Variance £'000
<b>Expenditure</b>				
Building/Land	10,204.2	6,055.6	4,148.9	0.3
Fire Safety	930.0	624.9	200.0	(105.1)
ICT	1,730.3	903.5	838.0	11.2
Operational Equip & Hydrants	796.5	284.6	480.0	(31.9)
Vehicles	4,196.2	2,290.9	1,905.4	0.1
<b>TOTAL</b>	<b>17,857.2</b>	<b>10,159.5</b>	<b>7,572.3</b>	<b>( 125.4)</b>
<b>Financing</b>				
Capital Receipts	900.0	392.7	650.0	(142.7)
Revenue and Reserves	4,830.0	4,830.0	0.0	0.0
Grants	2,552.1	927.7	1,623.9	0.5
Unsupported Borrowing	9,575.1	4,009.1	5,298.4	267.6
<b>TOTAL</b>	<b>17,857.2</b>	<b>10,159.5</b>	<b>7,572.3</b>	<b>125.4</b>

The most significant items of capital expenditure have been:

- The completion of the build of a new fire station at Prescot
- Installation of smoke alarms
- Upgrades and replacement of ICT software and hardware
- The purchase of new appliances and specialist vehicles.

## Authority's Balance Sheet at 31<sup>st</sup> March 2018

The purpose of the balance sheet is to provide a summary of the assets and liabilities of the Authority at the end of the financial year and provide details of what reserves and balances the Authority has available. Basically the statement shows what the Authority owns, is owed, and what it owes.

31 March 2017 £000		Notes	31 March 2018 £000
63,584	Property, Plant & Equipment	12	66,791
140	Intangible Assets	13	374
-	Assets Held for Sale	18	-
-	Long Term Investments	14	-
-	Long Term Debtors	14	-
<b>63,724</b>	<b>Long Term Assets</b>		<b>67,165</b>
-	Current Intangible Assets		
15,043	Short Term Investments	14	22,058
400	Assets Held for Sale	18	650
456	Inventories	15	527
4,362	Short Term Debtors	16	4,795
21,471	Cash and Cash Equivalents	14 & 17	15,134
<b>41,732</b>	<b>Current Assets</b>		<b>43,164</b>
(1,774)	Short Term Borrowing	14	(1,996)
(10,834)	Short Term Creditors	19	(15,664)
<b>(12,608)</b>	<b>Current Liabilities</b>		<b>(17,660)</b>
(18,510)	Long Term Creditors	14	(18,147)
(1,170)	Provisions	20	(948)
(38,100)	Long Term Borrowing	14	(37,600)
(1,115,409)	Other Long Term Liabilities	14 & 40	(1,111,000)
<b>(1,173,189)</b>	<b>Long Term Liabilities</b>		<b>(1,167,695)</b>
<b>(1,080,341)</b>	<b>Net Liabilities</b>		<b>(1,075,026)</b>
(36,439)	Usable Reserves	21	(32,760)
1,116,780	Unusable Reserves	22	1,107,786
<b>1,080,341</b>	<b>Total Reserves</b>		<b>1,075,026</b>

## Contact Us

The Authority values the opinions of the people it serves. Feedback on how useful you found this summary statement or if you feel anything else should have been included would be welcomed. Please do not hesitate to get in touch with me or my team at the contact point below.

If you wish to comment about the services of the Fire Authority, contact Fire Service Headquarters 0151 296 4000.

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For more information regarding the Authority visit our website [www.merseyfire.gov.uk](http://www.merseyfire.gov.uk)