



Merseyside Fire & Rescue Service

2016/17 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 2014/15 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 2016/17 financial plan had prioritised the allocation of resources to deliver the Mission.

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 comprising of the Deputy Chief Fire Officer and other senior managers.

The Authority delivered its services through:

- employing approximately 1,000 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 2016/17 Approved Financial Plan & Financial Performance for the Year.

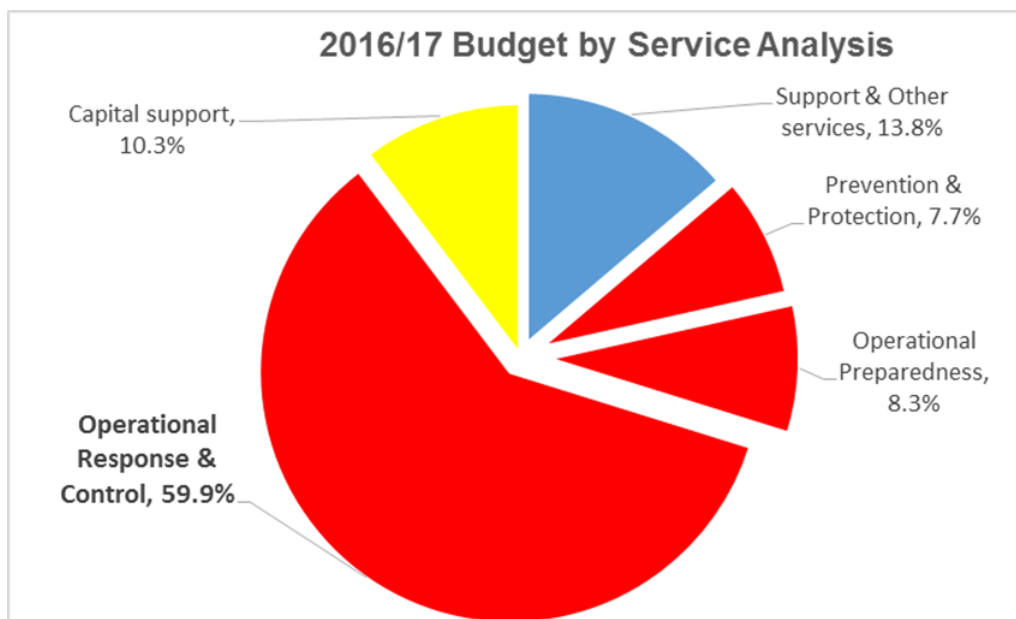
The Authority determines its budget requirement by assessing the service commitments that are financed through its General Fund. The General Fund is a statutory account that records only those expenses that regulations allow to be charged against the amount to be collected from council tax payers. The 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.

The Government announced the final settlement funding for 2016/17 and the indicative figures for 2017/18 – 2019/20, and 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 the 2015/16 grant. This is approximately a 50% cut in real terms once inflation is taken into account. RSG currently provides 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 2016/17 Government grant settlement and the original financial plan assumptions the Authority is facing an £11.0m financial challenge by 2019/20. The Authority Budget meeting on 25th February 2016 approved a robust financial plan to meet the deficit, recognising in order to deliver the required level of savings that, as staff costs make up nearly 80% of its budget, then it would have to reduce the number of its staff. The Authority has made significant efficiency savings, cut management costs and reduced support services to minimise the impact on frontline services, however there has been an unavoidable reduction in frontline services.

The Authority set its General Fund budget for 2016/17 at £61.507m 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 Earmarked Reserves as at 01.04.16 of £26.248m to cater for specific risks, projects and one-off initiatives and in particular to help it manage effectively the financial pressures.

2016/17 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 £61.507 million. The table below summarises the general revenue fund position at the year-end and compares it to that budget. Overall the Authority was ahead of target in delivering its savings by £1.869m million by the year end after taking into account £0.480 million of year-end earmarked reserves required to cover expenditure re-phased from 2016/17 into future years:

Programme	Fire Service Budget £'000	Fire Authority £'000	National Resilience £'000	Total Budget £'000	Actual £'000	Variance £'000	Year-End Earmarked Reserves £'000	Post-ER Variance £'000
Expenditure								
Employee Costs	45.883	0.402	0.546	46.831	45.879	(0.952)	0.240	(0.712)
Premises Costs	2.509	0.000	0.000	2.509	2.346	(0.163)	0.000	(0.163)
Transport Costs	1.390	0.000	0.043	1.433	1.215	(0.218)	0.000	(0.218)
Supplies and Services	3.341	0.044	0.982	4.367	3.770	(0.597)	0.088	(0.509)
Agency Services	5.976	0.000	0.022	5.998	5.889	(0.109)	0.030	(0.079)
Central Support Services	0.435	0.092	0.075	0.602	0.561	(0.041)	0.000	(0.041)
Capital Financing	6.890	0.000	0.011	6.901	6.844	(0.057)	0.000	(0.057)
Income	(6.734)	0.000	(1.679)	(8.413)	(8.420)	(0.007)	0.122	0.115
Net Expenditure	59.690	0.538	0.000	60.228	58.084	(2.144)	0.480	(1.664)
Contingency Pay & Prices	0.190			0.190	0.000	(0.190)	0.000	(0.190)
Interest on Balances	(0.172)			(0.172)	(0.187)	(0.015)	0.000	(0.015)
	59.708	0.538		60.246	57.897	(2.349)	0.480	(1.869)
Movement on Reserves	1.261			1.261	1.261	0.000		
Overall Financial Position	60.969	0.538		61.507	59.158	(2.349)		
Year-End Earmarked Reserves							0.480	
Increase in Capital Investment Reserve								1.869
Year-End Funded Reserves								2.349

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 Statement of Accounts.

Before any year-end reserves, savings of £2.349m were identified, the key areas of under spending were;

- Vacancy management within the employee establishment and lower employee insurance costs resulted in a saving of £0.8m
- Successful management of utility, energy and rates costs saved £0.2m 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
- Utilising internal cash and effective treasury management resulted in a £0.1m saving on debt servicing and interest payments
- Increased fees, charges, interest and secondment income of £0.3m
- An inflation provision saving of £0.2m

2016/17 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	Actual Expenditure	Re-Phased from 2016/17 into 2017/18	Variance
	£'000	£'000	£'000	£'000
Expenditure				
Building/Land	6,620.1	2,000.5	4,620.0	(0.4)
Fire Safety	877.1	829.9	0.0	47.2
ICT	1,116.2	360.5	776.3	(20.6)
Operational Equip & Hydrants	1,320.0	362.2	938.0	19.8
Vehicles	1,661.3	98.7	1,562.6	0.0
TOTAL	11,594.7	3,651.8	7,896.9	46.0
Financing				
Capital Receipts	400.0	0.0	400.0	0.0
Revenue and Reserves	2,782.9	669.0	2,113.9	0.0
Grants	2,938.0	1,827.9	1,110.1	0.0
Unsupported Borrowing	5,473.8	1,154.9	4,272.9	46.0
TOTAL	11,594.7	3,651.8	7,896.9	46.0

The most significant items of capital expenditure have been:

- The commencement 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 National Assurance assets on behalf of all English fire authorities
- The purchase of new appliances and specialist vehicles.

Authority's Balance Sheet at 31st March 2017

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 2016 £000		Notes	31 March 2017 £000
71,400	Property, Plant & Equipment	12	63,584
169	Intangible Assets	13	140
-	Assets Held for Sale	18	-
-	Long Term Investments	14	-
-	Long Term Debtors	14	-
71,569	Long Term Assets		63,724
-	Current Intangible Assets		-
14,058	Short Term Investments	14	15,043
400	Assets Held for Sale	18	400
461	Inventories	15	456
5,247	Short Term Debtors	16	4,362
15,526	Cash and Cash Equivalents	14 & 17	21,471
35,692	Current Assets		41,732
(2,760)	Short Term Borrowing	14	(1,774)
(7,202)	Short Term Creditors	19	(10,834)
(9,962)	Current Liabilities		(12,608)
(18,845)	Long Term Creditors	14	(18,510)
(1,559)	Provisions	20	(1,170)
(39,100)	Long Term Borrowing	14	(38,100)
(935,260)	Other Long Term Liabilities	14 & 40	(1,115,409)
(994,764)	Long Term Liabilities		(1,173,189)
(897,465)	Net Liabilities		(1,080,341)
(34,057)	Usable Reserves	21	(36,439)
931,522	Unusable Reserves	22	1,116,780
897,465	Total Reserves		1,080,341

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