



# **Merseyside Fire & Rescue Service**

## **2018/19 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 645sq/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 2018/19 this was as follows:

Knowsley	2	(2 Labour)
Liverpool	6	(5 Labour, 1 Liberal Democrat)
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 2018/19 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 (SMT) comprising of the Deputy Chief Fire Officer, Assistant Chief Fire Officer and other senior managers.

The Authority delivered its services through:

- employing circa 995 employees at the end of March 2019, (approximately 973 full time equivalents) most of the staff are involved in front line service delivery
- 26 fire appliances, 18 of which were Wholetime or Low Level Activity & Risk (LLAR) duty system, and these appliances were immediately available. There were also 6 Day Crewing Wholetime Retained appliances (immediately available during the day and available on 30 minute recall overnight), and a further 2 Day Crewing Wholetime Retained appliances used for developing staff which are also immediately available during the day and available on 30 minute recall overnight.
- 23 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 23 to 22, once the programme has been fully implemented, the 22 stations will incorporate a variety of duty systems. In addition to the community fire stations, the Authority has a Water Rescue Unit, a Training and Development Academy, a Headquarters and an Operational Workshop/Stores.

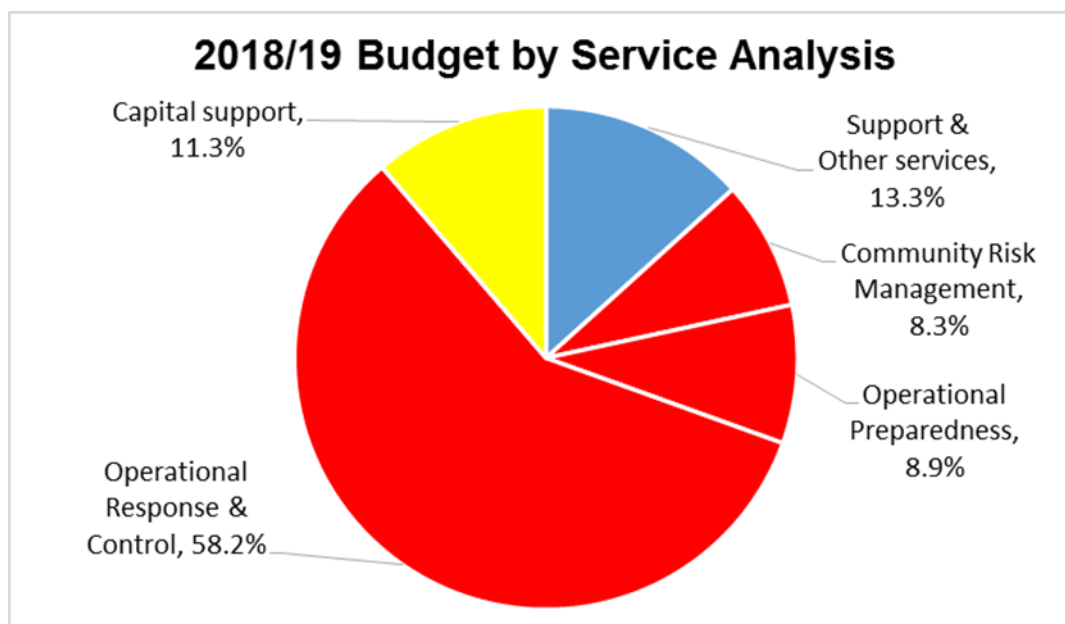
## The 2018/19 Approved Financial Plan & Financial Performance for the Year.

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 – 2019/20 as the Government implemented an austerity plan in an attempt to reduce national debt. A significant element of the plan was to reduce the level of Government funding for local government (this includes fire and rescue authorities). As the Authority had a relatively low council tax base it was more reliant upon 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 2011/12 and 2019/20 equated to a 33% cash reduction or approximately 50% in real terms. The impact on the MFRA revenue budget was significant, in 2010/11 the budget was £73.3m, if this was uplifted to 2019/20 prices it would equate to approximately £85m, in reality the 2019/20 budget at £60.3m is 30% lower in real terms. This scale of cuts meant unavoidable reductions in the front line operational services over this period.

The Authority has historically maintained a rolling five-year comprehensive medium term financial plan (MTFP) and has continued to plan prudently to deal with all known or anticipated reductions in Government funding. The impact on the Authority of this level of cut in funding has resulted in significant reductions in the level of resources and the Authority has approved savings to ensure the MTFP remained in a balanced position over the period. The plan included significant efficiency savings, a cut in management costs, a reduction in support services, and, unfortunately, in order to balance the plan it includes an unavoidable reduction in frontline services. The impact of the required savings over the 2011/12 – 2019/20 period on staffing, fire appliances & fire stations has already been outlined.

The Authority set its General Fund budget for 2018/19 at £59.701m 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 75% 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 estimated forecast when the 2018/19 budget was approved) Earmarked Reserves as at 01.04.18 of £23.279m to cater for specific risks, projects and one-off initiatives and in particular to help it manage effectively the financial pressures.

## 2018/19 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 £59.701 million. The table below summarises the **general revenue fund position** at year-end and compares it to that budget. Overall, the Authority spend matched the budget after taking into account -£0.167 million of earmarked reserves drawdown at the year-end to cover planned expenditure incurred in 2018/19:

Programme	Fire Service Budget £'000	Fire Authority £'000	National Resilience £'000	Total Budget £'000	Actual £'000	Variance £'000
<b>Expenditure</b>						
Employee Costs	43,676	395	1,944	46,015	45,716	(299)
Premises Costs	2,746	-	-	2,746	2,862	116
Transport Costs	1,384	-	5,881	7,265	7,100	(165)
Supplies and Services	3,453	23	1,982	5,458	4,574	(884)
Agency Services	5,954	-	780	6,734	6,706	(28)
Central Support Services	436	71	256	763	714	(49)
Capital Financing	12,448	-	7	12,455	13,281	826
<b>Income</b>	(8,229)	-	(10,850)	(19,079)	(18,335)	744
<b>Net Expenditure</b>	<b>61,868</b>	<b>489</b>	<b>-</b>	<b>62,357</b>	<b>62,618</b>	<b>261</b>
<b>Contingency Pay &amp; Prices</b>	-	-	-	-	-	-
<b>Interest on Balances</b>	(172)	-	-	(172)	(266)	(94)
	<b>61,696</b>	<b>489</b>	<b>-</b>	<b>62,185</b>	<b>62,352</b>	<b>167</b>
Movement on Reserves	(2,484)	-	-	(2,484)	(2,651)	(167)
<b>Overall Financial Position</b>	<b>59,212</b>	<b>489</b>	<b>-</b>	<b>59,701</b>	<b>59,701</b>	<b>-</b>

In light of the recent years of financial pressures, the Authority had adopted a strategy that 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 savings without compulsory redundancy. During the 2019/20 budget making process the Authority agreed support to increase the frontline firefighter response and protection establishment from 620 Full Time Equivalent (FTE) to 642 FTE, plus a new fire engineer post in protection, and an increase in the available fire appliances from 26 to 30, at a cost of £1m p.a. The additional £1m required to implement the proposals would be found from savings from current debt servicing costs (associated with historic borrowing required to fund capital expenditure), and an anticipated reduction in the Local Government Pension Scheme (LGPS) deficit. Also, any budget freed-up by using revenue savings identified in 2018/19 would be used to fund additional minimum revenue provision, MRP, (debt repayment). Therefore, throughout the year managers looked at every opportunity to maximise savings against the approved budget to enable an increase in the repayment of debt servicing costs. The 2018/19 year-end "underspend" of £0.826m, after taking into account the

net year-end earmarked reserves drawdown, was used to increase the MRP actual and therefore the net position on the revenue account was that actual overall spend was consistent with the budget.

## 2018/19 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 2018/19 into 2019/20 £'000	Variance £'000
<b>Expenditure</b>				
Building/Land	7,325.3	5,895.9	1,424.0	(5.4)
Fire Safety	901.0	741.4	101.0	(58.6)
ICT	1,681.1	1,141.5	540.0	0.4
Operational Equip & Hydrants	1,093.9	502.9	564.6	(26.4)
Vehicles	2,623.6	1,415.3	1,208.0	(0.3)
<b>TOTAL</b>	<b>13,624.9</b>	<b>9,697.0</b>	<b>3,837.6</b>	<b>(90.3)</b>
<b>Financing</b>				
Capital Receipts	1,050.0	1,664.6	-	614.6
Revenue and Reserves	3,438.7	3,438.7	-	-
Grants	2,875.9	2,299.3	576.6	-
Unsupported Borrowing	6,260.3	2,294.4	3,261.0	(704.9)
<b>TOTAL</b>	<b>13,624.9</b>	<b>9,697.0</b>	<b>3,837.6</b>	<b>(90.3)</b>

The most significant items of capital expenditure have been:

- The completion of the build of a new fire station in Wirral (Saughall Massie)
- New firefighter accommodation unit at Formby Fire Station
- 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 2019

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.

1 April 2017 Restated £000	31 March 2018 Restated £000		31 March 2019 £000
63,584	66,791	Property, Plant and Equipment	80,995
140	374	Intangible Assets	149
-	-	Assets Held for Sale	-
-	-	Long-term Investments	-
-	-	Long-term Debtors	-
<b>63,724</b>	<b>67,165</b>	<b>Long-term Assets</b>	<b>81,144</b>
-	-	Current Intangible Assets	-
15,043	22,058	Short-term Investments	17,088
400	650	Assets Held for Sale	550
456	527	Inventories	608
13,474	11,671	Short-term Debtors	16,309
12,849	8,560	Cash and Cash Equivalents	4,669
<b>42,222</b>	<b>43,466</b>	<b>Current Assets</b>	<b>39,224</b>
(1,774)	(1,996)	Short-term Borrowing	(1,084)
(11,324)	(15,966)	Short-term Creditors	(10,271)
<b>(13,098)</b>	<b>(17,962)</b>	<b>Current Liabilities</b>	<b>(11,355)</b>
(18,510)	(18,147)	Long-term Creditors	(17,753)
(1,170)	(948)	Provisions	(1,155)
(38,100)	(37,600)	Long-term Borrowing	(37,335)
(1,115,409)	(1,109,088)	Other Long-term Liabilities	(1,188,005)
<b>(1,173,189)</b>	<b>(1,165,783)</b>	<b>Long-term Liabilities</b>	<b>(1,244,248)</b>
<b>(1,080,341)</b>	<b>(1,073,114)</b>	<b>Net Liabilities</b>	<b>(1,135,235)</b>
(36,439)	(32,760)	Usable Reserves	(29,920)
1,116,780	1,105,874	Unusable Reserves	1,165,155
<b>1,080,341</b>	<b>1,073,114</b>	<b>Total Reserves</b>	<b>1,135,235</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.

Ian Cummins, CPFA,  
Treasurer  
Merseyside Fire and Rescue Authority  
Service Headquarters,  
Bridle Road,  
Bootle,  
Merseyside  
L30 4YD

Fire Authority Enquiries to: Ian Cummins

Tel. 0151 296 4244  
E-mail: [iancummins@merseyfire.gov.uk](mailto:iancummins@merseyfire.gov.uk)

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