

Medium Term Financial Plan 2026/27 - 2030/31

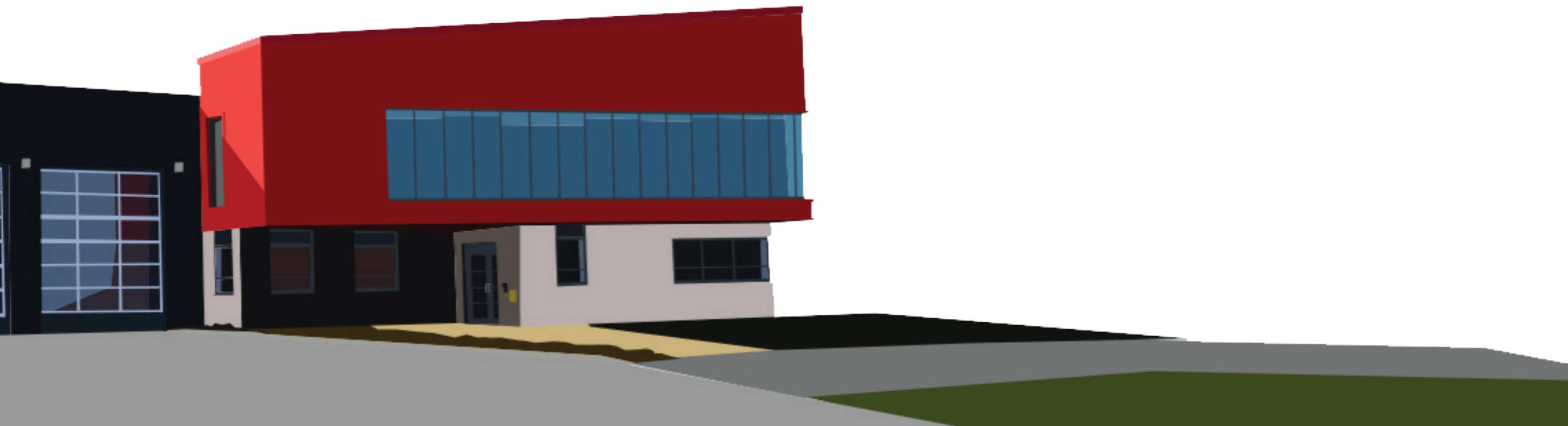


Merseyside Fire
& Rescue Authority



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Introduction/Background

The Authority had to set a balanced (fully funded) budget for 2026/2027 by 1st March 2026, which it did, when it approved the 2026/2027 – 2030/2031 Medium Term Financial Plan (MTFP) and Budget at the Authority meeting on 26th February 2026. The full report can be found on the Authority's website, however this document outlines some of the key elements of the Budget. The gross budget for 2026/2027 is £94.584 and after taking into account specific grants, fees and charges, the **budget funding requirement** was £86.039m.

The updated MTFP results in a balanced financial position for 2026/2027, 2027/28 and 2029/30. This is subject to the key assumptions, particularly around the annual pay increases remaining robust.

The MTFP indicates a potential financial challenge in future years, currently forecast to be £1.056m in 2029/30 rising to £1.205m by 2030/31. Whilst the MTFP is forecasting a deficit from 2029/2030 onwards, uncertainty over government funding, potential changes to the funding mechanism, and future pay awards means substantial uncertainty exists over these forecasts.

The Financial Plan:

The Authority has set a financial plan that allows investment in line with the Authority's Vision and Purpose:

Our Vision:

To be the best Fire and Rescue Service in the UK.

One team, putting its communities first.

Purpose:

Here to serve. Here to protect. Here to keep you safe.

The Authority remains dedicated to delivering high-quality services and rapid emergency response to ensure the safety of our communities. In common with the wider public sector, the Authority has navigated a challenging economic climate for over a decade. Despite experiencing real-terms budget reductions of approximately 50% since 2003, we have successfully managed evolving risks and demand through decisive action. Maintaining this resilience has, however, necessitated significant structural changes, including the reduction of our frontline workforce from over 1,000 to 620 firefighters and a decrease in our fleet from 43 to 26 fire engines in 2019.

In recent years, we have taken decisive steps to strengthen our capacity and resilience. This includes increasing our workforce to 642 firefighters and expanding our fire engine fleet to 34, improving our ability to respond to foreseeable and specialist risks.

The current budget provides for:

- 642 FTE firefighters
- 35 FTE staff in fire control
- 297 FTE support and technical staff
- Appliances:
 - i. Days: 27 immediately available plus 7 on a 30-minute recall
 - ii. Night: 21 immediately available plus 13 on a 30-minute recall
- 21 fire stations maintained by various demand-led duty cover systems.



The 2026/27 to 2030/31 MTFP looks to:

- Investment in Personal Protective Equipment (PPE): We are investing in new Breathing Apparatus and essential ancillary components. This includes a full upgrade of our Technical Rescue Ensembles, encompassing specialised helmets, tunics, trousers, and footwear.
- Investment in Fleet and Rescue Equipment: The Authority is scheduled to take delivery of six new fire appliances during the 2026/2027 financial year. Simultaneously, all heavy-duty cutting equipment will be replaced to ensure peak operational performance and enhanced anti-theft security.
- Training and Competence Assurance: We are expanding our investment in specialist training and professional assurance. This includes funding for bespoke equipment, consumables, and modernised protective clothing.
- Support Services and HR: Strengthening our internal support by adding HR and Occupational Health resources and launching apprenticeships in Procurement and Communications to build future talent.
- Strategic Establishment Review: The budget provides the necessary provisions to review the Establishment, ensuring alignment with job evaluation standards and mitigate challenges of recruitment, retention, and organisational expansion.
- Digital Infrastructure: Improving digital systems and information technology facilities across the Authority.
- Estate Modernisation: We are committing further funding to improve our facilities, including a total makeover of Kirkby Fire Station in 2026/2027. These refurbishments will ensure our stations are welcoming for everyone while introducing modern systems to manage contaminants and keep our firefighters safe.
- Strategic Energy Investment: The Authority is dedicating £2 million reserve to a solar panel rollout and decarbonisation project. This strategic "invest-to-save" initiative provides a hedge against energy market volatility, delivering an initial £150,000 in annual savings, rising to a sustained £250,000 reduction in revenue expenditure from 2028/2029.

Where the money comes from:

The Authority's revenue budget requirement (gross day-to-day revenue spending less fees, specific grants, and other income) is funded approximately 52% from the Government and 48% from Council Tax (precept income).

In November 2025 the Government published its Local Government Finance Policy Statement for 2026/2027 to 2028/2029, marking the first multi-year financial settlement for English councils in over a decade. The settlement provides fixed funding envelopes for the next three financial years, allowing the Authority to transition from year-to-year planning to long-term financial planning.

The settlement also introduced funding protection for standalone Fire and Rescue Authorities, a new "**real-terms funding floor**" has been introduced. This floor ensures their 2025/2026 income is protected in real terms throughout the multi-year period, **provided standalone Fire and Rescue Authorities take up the £5.00 per annum precept flexibility.**

The funding floor protection is 3.8% for 2026/27 (based on post-council tax Core Spending Power), with the GDP deflator to be used for the following years. As a result, our funding for 2026/27 will increase by £408k compared to the Provisional Settlement figures.

For 2026/2027 the estimated income from Government via the Fair Funding Assessment (FFA) is £44.722m.

Council Tax

The Authority issues a precept (based on the required total council tax to be collected) on the five districts of Merseyside.

The Council Tax Base increase of 0.5% was assumed for 2026/2027 and future years; the actual increase in 2026/2027 was +2.05%, as detailed below:

District	2025/26 Council Tax Taxbase	2026/27 Council Tax Taxbase	Variance	
Knowsley	39,638.00	40,313.00	675.00	1.70%
Liverpool	120,257.54	122,885.21	2,627.67	2.19%
Sefton	87,367.70	89,044.00	1,676.30	1.92%
St. Helens	53,700.00	54,022.00	322.00	0.60%
Wirral	97,908.96	100,786.00	2,877.04	2.94%
Sub total	398,872.20	407,050.21	8,178.01	2.05%
2025/26 Band D Tax Level	96.25	96.25		
Total Income £	38,391,449	39,178,583	787,133	2.05%

This means that for each £1 of Council Tax, the income level will be higher than that generated in 2025/2026 by £8,178. **The result is that the income from the current level of Council Tax is anticipated to be higher by £0.787m.**

The updated MTFP assumes the Authority will increase the precept by £5.00 per Band D property in 2026/2027, a level that avoids the requirement for a referendum. This £5.00 increase is also assumed for 2027/2028 and 2028/2029, followed by an assumed 2% annual increase for the final two years of the plan. A £5.00 increase for 2026/2027 will see the Band D precept increase from £96.25 to £101.25. **The precept increase will raise an additional £2.035m in 2026/2027.**

How the money is spent

Council Tax Increase			
District	Change in Band D Tax		
	0%	£5.00	Change
	£96.25	£101.25	£5.00
	£	£	£
Knowsley	3,880,126	4,081,691	201,565
Liverpool	11,827,701	12,442,128	614,427
Sefton	8,570,485	9,015,705	445,220
St. Helens	5,199,618	5,469,727	270,109
Wirral	9,700,653	10,204,582	503,929
	39,178,583	41,213,833	2,035,251

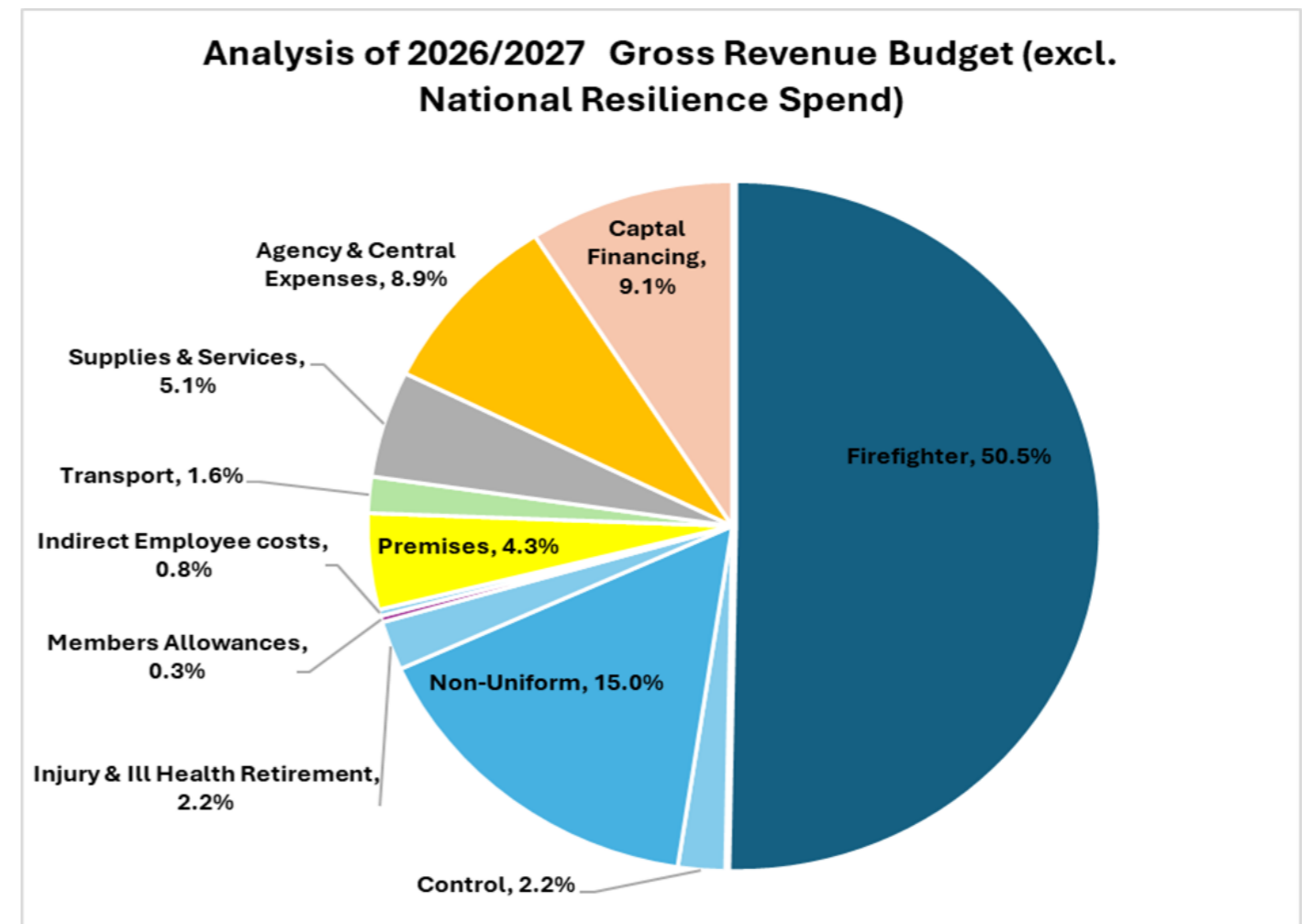
For 2026/2027 the **Band D Council Tax is £101.25, which equates to an increase of £5 or just under 10p per week on the 2025/2026 figure.** As most people in Merseyside will pay **Band A Council Tax of £67.50, the increase is £3.33 or just over 6p per week on the 2025/2026 figure.**

For 2026/2027 the estimated income from the precept (council tax) is £41.213m. There has also been an additional £0.137m from the collection fund surplus.

Summary of **Budget Requirement, £86.039m**, funding;

	£000
Government Funding - Fair Funding Assessment	-44,722
Business Rate Income forecasts from Districts	33
Collection Fund surplus	<u>-137</u>
Council Tax Precept 2026/27	<u>-41,213</u>
Total	<u>-86,039</u>

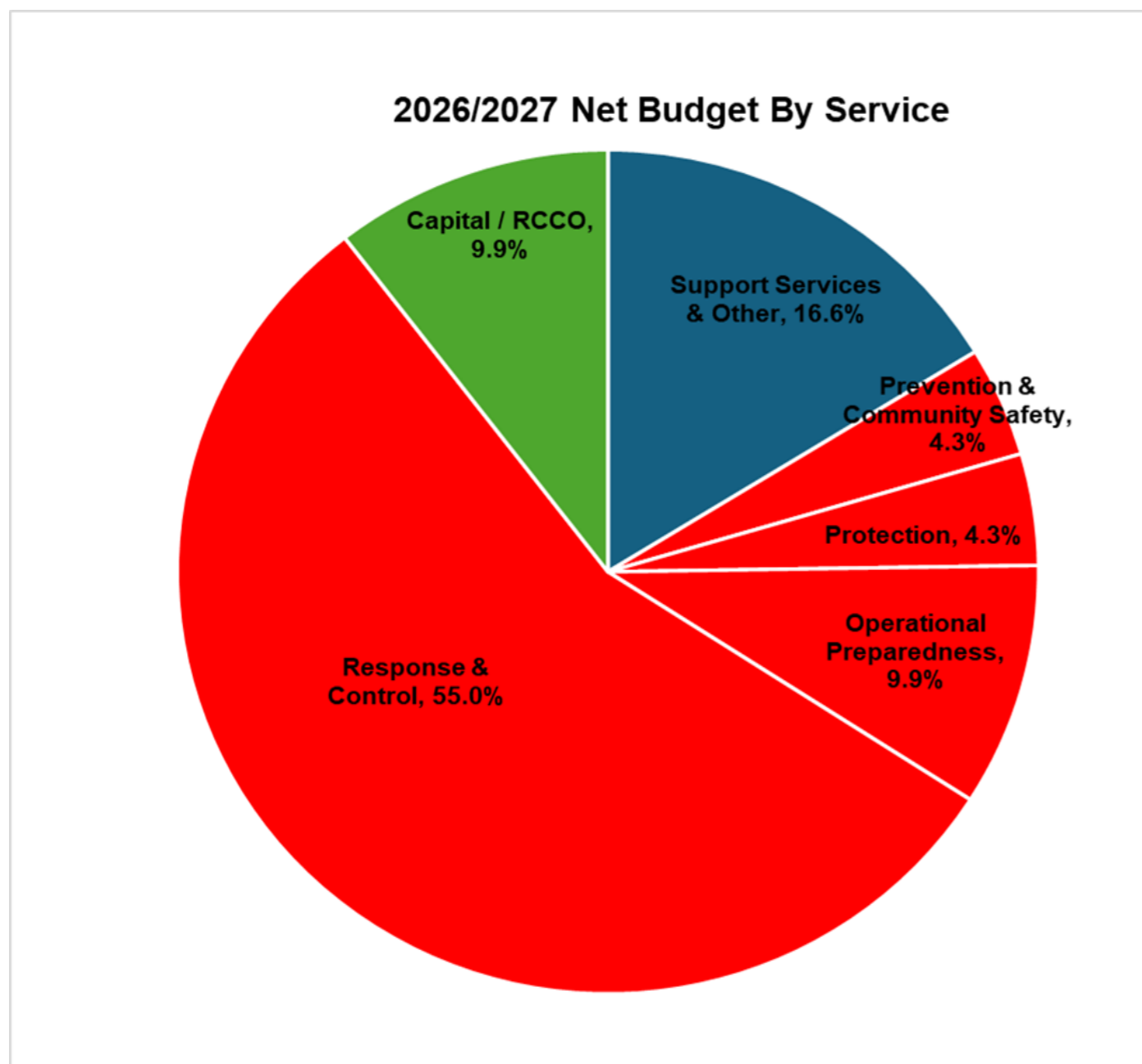
The Authority has set a financial plan that allows investment in line with its Community Risk Management Plan. Merseyside Fire and Rescue Service expenditure is predominantly employee related as is shown in the pie chart below. (The blue sections relate to employee costs):



The pie chart above outlines that the majority of expenditure (the items shown in blue), 71%, goes on staffing related costs. In addition, 4.3% relates to Premises expenditure, 1.6% on Transport costs, 5.1% across Supplies and Services and 8.9% for Agency and Central expenses. The remaining 9.1% is on capital financing.

Analysis of 2026/27 Net Revenue Budget

The Authority has an excellent track record of investing in line with its corporate priorities. The pie chart below outlines that most expenditure, 55%, goes on emergency and specialist response. In addition, 9.9% goes on Operational Preparedness and 8.6% on Protection, Prevention & Community Safety. Therefore 73.5% of expenditure is on the “front line” services. The 9.9% on capital costs relates mostly to previous investment in front line assets, fire stations, vehicles and equipment. The remaining 16.6% is on support and operational enabling services.



Medium Term Financial Plan (MTFP) 2026/27 to 2030/31

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 2026/2027 – 2030/2031 full 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 2026, 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 2026/2027 government funding settlement and the Merseyside local authorities' 2026/2027 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 previous MTFP assumed a 2.5% annual pay award for 2025/2026 and beyond. However, the 2026/2027 MTFP has been updated to reflect the actual 2025/2026 national settlements, both of which exceeded budgeted provisions. The Grey Book (firefighter) pay award was agreed at 3.2% (effective 1 July 2025), creating a budget pressure of 0.7% (£330k). Similarly, the Green Book (non-operational) award was settled at 3.2% (effective 1 April 2025), representing a 0.7% (£100k) pressure.

Following the Strategy Day in January 2026, the 2026/2027 pay award assumption has been increased from 2.5% to 3.0% for all staff groups. This revised forecast accounts for current inflationary trends and recent public sector pay precedents, with a projected impact of £254k (part-year) and £314k (full-year). Assumptions for 2027/2028 onwards remain at 2.5% p.a. at this stage.

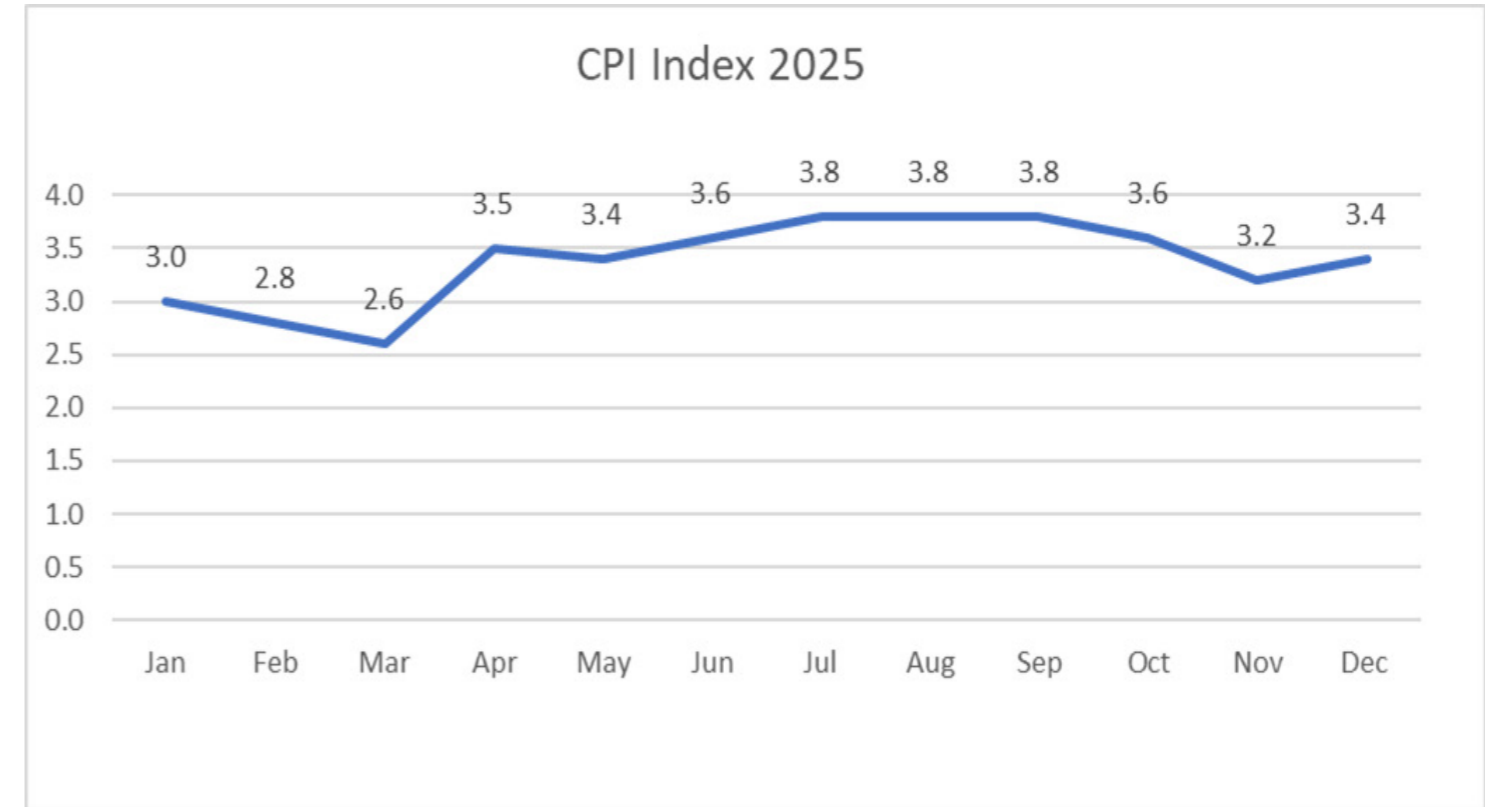
Pensions

Firefighter Pension Scheme(s): - Firefighter Pension Scheme Actuarial review 2020:-

Following the 2020 actuarial review, the Home Office introduced a Fire Pension Grant for 2024/2025 to offset the rise in employer contribution rates from 28.8% to 37.6%. For the MFRA, the increase in employer contributions resulted in a total cost increase of over £2.300m. To bridge this gap, a fixed grant of £2.183m (calculated on a four-year average) was awarded for 2024/25. While initially issued on a one-year basis pending future Spending Reviews, the Authority's 2025/2026 MTFP assumed this £2.183m contribution will continue in future years. Confirmation for 2026/2027 is currently awaited, though funding is expected to remain at the £2.183m.

Future LGPS Employer Rate – Merseyside Pension Fund aims to maintain long-term solvency and cost efficiency while maximising investment returns within acceptable risk levels. Following the January 2026 consultation on the 2025 actuarial results, the fund is estimated to be 117% funded. Based on this surplus, the Actuary recommends establishing a 1% Sustainability Reserve and reducing MFRA employer contributions from 17.9% to 5.9% for the three-year period. The new employer contribution rates will typically come into effect on 1st April 2026 and will be formally certified in the Actuary's formal report on the 2025 actuarial valuation, this report will be signed off by the actuary by 31 March 2026. This change will deliver approximately £1.150m in annual savings, which have been integrated into the MTFP through 2028/29, followed by a planned 50% tapering of these savings in 2029/30 and 2030/31.

Prices – The current MTFP included a provision for general price and energy increases of 2% based on inflation forecasts in January 2025. The government expected CPI inflation to fall towards the target of 2% in 2025/26. The Twelve-month CPI inflation can be seen in the following chart.



The Office of Budget Responsibility forecasts CPI inflation of 2.5% in 2026. Over the medium term, once pressures ease, inflation is expected to stabilise around the 2% target.

The proposed MTFP has built an increase of £0.622m to uplift the contingency for pay and inflation towards the impact of the inflationary pressures in 2025/2026 and the expected 2026/2027 inflationary impact.

An inflation provision of £1.796m is included in the proposed MTFP to cover the new-year, 2030/2031, based on general inflation of 2% and pay uplifts of 2.5%.

Considering all the information, the MTFP table below summarises the 2026/2027 – 2030/2031 revenue forecast.

The updated MTFP results in a balanced financial position for 2026/2027, 2027/28 and 2029/30. This is subject to the key assumptions, particularly around the annual pay increases remaining robust.

2026/2027 – 2030/2031 MTFP Revenue Plan Table

Considering all the information, the MTFP table below summarises the 2026/2027 – 2030/2031 revenue forecast.

	2026/27	2027/28	2028/29	2029/30	2030/31
	£'000	£'000	£'000	£'000	£'000
NET SPEND IN 2025/26 MTFP	79,402	81,093	82,684	84,426	84,426
2026/27 MTFP Issues to build in future MTFP:					
Impact of 2025/26 Green Book Pay Award (increase of 0.70%)	330	330	330	330	330
Impact of 2025/26 Green Book Pay Award (increase of 0.70%)	100	100	100	100	100
Historic Employers National Insurance Grant now consolidated within the Fair Funding Assessment	425	425	425	425	425
Impact 2026/2027 Pay Award moving from 2.5% p.a. to 3% p.a.	254	314	314	314	314
Impact 2025 LGPS Actuarial Valuation reduction in employers pension contribution 17.9% - 5.9% 2026/27 to 2028/29 then assume only 50% of the saving for 2029/30 & 2030/31	-1,150	-1,150	-1,150	-575	-575
2030/31 Inflation Provision					1,796
Impact of Higher Prices (Inflation/Contingency)	622	784	953	957	957
2030/31 MRP/Interest - Additional year and Inflationary Impact on cost of Capital Goods					90
Contribution to Capital Reserve to fund Capital Programme and additional Inflationary Pressures	493				
Unavoidable Growth net of Savings	476	425	282	600	480
Provision for the review of Establishment to meet Job Evaluation / Recruitment / Retention / Growth Changes	400	300	300	300	300
Historic Bybusiness Rates Grant for compensation for under-indexation of tax rates now consolidated with the Fair Funding Assessment	5,095	5,095	5,095	5,095	5,095
Transitional Protection for 2026/27 - Fire and Rescue real terms floor 3.8%	-408				
TOTAL	6,637	6,623	6,649	7,546	9,312
FORECAST NET SPEND IN 2026/27 MTFP	86,039	87,716	89,332	91,971	93,737
FORECAST FUNDING IN CURRENT MTFP					
Government Funding - Settlement Funding Assessment					
Fair Funding Assessment Baseline Funding actual for 2026/27, then 2.29% p.a. increase in 2027/28, then 2.02% p.a. increase in 2028/29, then 1% p.a. increase from 20/29/30 onwards	-19,926	-20,383	-20,794	-21,002	-21,212
Fair Funding Assessment Revenue Support Grant actual for 2026/27, then 3.74% p.a. increase in 2027/28, then 2.05% p.a. increase in 2028/29, then 1% p.a. increase from 2029/30 onwards	-24,796	-23,868	-22,800	-23,028	-23,258
Fair Funding Allocation	-44,722	-44,251	-43,595	-44,030	-44,470
Assumed Government Funding - Settlement Funding Assessment	-44,722	-44,251	-43,595	-44,030	-44,470
Adjustment forecast Business Rates yield based on NNDRI returns					
Adjust for Local Business Rate income forecast from Districts	34	0	0	0	0
Business Rates Collection Fund (surplus)/deficit	-28				
Adjustment to Local Business Rates income forecast	6	0	0	0	0
Council Tax					
Base Precept Income	-38,391	-41,213	-43,465	-45,738	-46,885
Council Tax Base increase of 2.05% in 2026/27 then 0.5% p.a.	-787	-206	-217	-229	-234
Precept Increase of £5.00 in 2026/27, £5.00 2027/28 and £5.00 in 2028/29, then increase of 2% p.a. from 2029/30 onwards	-2,035	-2,045	-2,056	-919	-942
Council Tax Collection Fund (surplus)/deficit	-109				
Forecast Council Tax Income	-41,322	-43,465	-45,738	-46,885	-48,062
TOTAL FUNDING	-86,039	-87,7156	-89,332	-90,915	-92,532
Forecast (Surplus) / Deficit	0	0	0	1,056	1,205

The MTFP indicates a potential financial challenge in future years, currently forecast to be £1.056m in 2029/30 rising to £1.205m by 2030/31. Whilst the MTFP is forecasting a deficit from 2029/2030 onwards, uncertainty over government funding, potential changes to the funding mechanism, and future pay awards means substantial uncertainty exists over these forecasts.

The Authority noted the forecast financial challenge at this time, and also noted that the Authority has access to a range of mitigating strategies that could be deployed to close the funding gap without the need for service reductions.

Reserves

The Authority maintains a level of reserves set aside to manage unmitigated financial risks. Please see the table below for balances:

Reserve	2026/27	2027/28	2028/29	2029/30	2030/31
	£m	£m	£m	£m	£m
General reserve	3.900	3.900	3.900	3.900	3.900
Smoothing reserve	1.400	1.400	1.400	1.400	1.400
Inflation reserve	1.890	1.890	1.890	1.890	1.890
Total reserves available to manage general financial risk	7.190	7.190	7.190	7.190	7.190

Available balances are sufficient to cover the projected MTFP deficit should the Authority not succeed in closing the gap by other means, in future years.

Capital Programme

Re-phase/delay the capital programme and look at ways to reduce the revenue cost of borrowing. Extending the life of property, vehicles, and equipment, would allow for the annual revenue contribution to capital to be reduced by £0.250m.

Non-pay budget inflation

The Authority could cash limit the non pay budget (excluding unavoidable increases), saving £0.255m from the inflation provision.

Non-pay budget

The Authority could assess the Authority's non pay budgets and look at reducing these between 5 – 10%. This could generate a saving of between of £0.750m and £1.500m.



Capital Investment Programme

Each financial year the Authority produces a capital programme to manage major schemes. Owing to the nature of capital expenditure, a large number of schemes span more than one financial year, so the programme is a rolling programme covering five financial years. The Authority's five-year capital investment programme 2026/2027 to 2030/2031 totals £44.195m. The programme includes:

- Spending on fire appliances and operational equipment
- Investment in refurbishment and maintenance of Fire Stations and other buildings
- Investment in Information Technology (IT)

Capital Programme 2026/27 to 2030/31						
Capital Expenditure	Total Cost £	2026/27 £	2027/28 £	2028/29 £	2029/30 £	2030/31 £
Buildings & Land	9,648,800	4,357,000	2,573,300	993,500	1,102,500	622,500
Fire Safety	3,175,000	635,000	635,000	635,000	635,000	635,000
ICT	11,139,900	2,256,000	978,200	2,961,400	3,707,900	1,236,400
NRAT Resilience Assets	0	0	0	0	0	0
Operational Equipment & Hydrants	6,881,500	3,518,000	693,000	902,000	761,000	1,007,500
Vehicles	13,349,900	4,981,000	1,663,900	690,000	3,465,000	2,550,000
Expenditure	44,195,100	15,747,000	6,543,400	6,181,900	9,671,400	6,051,400
Financing Available	Total £	2026/27 £	2027/28 £	2028/29 £	2029/30 £	2030/31 £
Capital Receipts	0	0	0	0	0	0
RCCO	1,875,000	375,000	375,000	375,000	375,000	375,000
Capital Reserves	0	0	0	0	0	0
Grants	0	0	0	0	0	0
Total Non Borrowing	1,875,000	375,000	375,000	375,000	375,000	375,000
Unsupported Borrowing	42,320,100	15,372,000	6,168,400	5,806,900	9,296,400	5,676,400
Total Funding	44,195,100	15,747,000	6,543,400	6,181,900	9,671,400	6,051,400

Most of the capital programme is funded by borrowing, £42.320m, and is in line with the Authority's approved prudential borrowing limits and treasury management strategy. The balance is funded by revenue contributions of £1.875m.

Buildings & Land- Building investment strategy (£9.648m)

The estate comprises 21 fire stations, a Training and Development Academy (TDA), a Service Headquarters including Fire and Rescue Control, a Marine Rescue Unit, Engineering Centre and three houses used by firefighters who work our Low Level of Activity and Risk (LLAR) duty system.

The capital programme reflects the funding required to replace, maintain and enhance the current estate portfolio and, when possible, seeks to attract external funding or specific contributions (capital grants, capital receipts, capital reserves) to reduce the level of borrowing required. The Estates Team maintain and revise a 5-year property asset management plan supported by a 10-year property strategy. The proposed capital programme is consistent with the priority areas contained within the plan.

Major refurbishment works of £4.727m at fire stations and other property works are planned over the programme period, including major refurbishments of Kirkby and Wallasey fire stations and other refurbishments including City Centre, Kensington and Toxteth fire stations and service headquarters.

General station upgrade work, £2.016m, is planned over the programme period, including investment in station roofs and canopy replacements, appliance room door repairs, tower improvements, appliance room floor repairs and sanitary accommodation refurbishments.

The balance, £2.905m, relates to other property work on schemes such as energy conservation, boiler replacements, access compliance and furniture replacement.

Fire Safety (Community Risk Management) - (£3.175m)

Smoke alarms and sprinkler systems are being classed as capital expenditure per Government guidance. This follows the awarding of historic capital grants by the (then) Office of the Deputy Prime Minister towards the purchase cost of such items in financial years 2004/05 through to 2007/08. The current policy is to capitalise the installation costs of smoke alarms, estimated at £1.875m over the period. However, this expenditure is not funded through borrowing but financed in the year by a revenue contribution to capital. The Capital Programme includes £1.300m for smoke alarms and deaf alarms.

ICT Investing in line with ICT Strategy (£11.139m)

In line with the increasing use of technology to improve the service, there is a significant investment in ICT within the programme. The most significant investments are:

- ICT Software £2.576m including licenses, security Information and event management software and Microsoft agreements.
- Planned replacement of ICT Hardware including PC's, monitors, AV equipment and peripherals £1.926m.
- ICT Servers including Mitel Server upgrade and Virtualisation refresh £1.190m.
- ICT Network replacement and growth including 5 year Core Network Switch/Router upgrade £1.345m.
- Operational ICT Equipment, including refresh of Mobile Data Terminals on front line vehicles and tough pad asset refresh £0.895m.
- ICT Security including the replacement of PfSense Firewalls £0.170m.
- Other applications and ICT schemes including Command & Control Suite and Computer Aided Dispatch replacement £3.037m.



Operational equipment and hydrants (£6.881m)

Provision is also made to ensure that a modern fire and rescue service can be delivered, and firefighters kept safe; in particular, provision is made for investment in specialist rescue equipment and new breathing apparatus such as:

- Hydraulic rescue equipment replacement programme £0.140m
- Pod Equipment including demountable unit refurbishment £0.355m
- Improvements to Fleet £0.500m
- Breathing Apparatus replacement programme £3.045m
- Radiation/Gas Detection Equipment £0.132m
- Bulk Foam Equipment £0.110m
- Search and Rescue equipment £0.278m
- Gas detection Equipment £0.148m
- Water Rescue Equipment £0.136m
- CCTV Equipment £0.133m
- Operational Ladders £0.115m
- Water Delivery Hoses £0.122m
- Electrical Equipment £0.148m
- Operational Drones £0.107m
- Emerging Technologies £0.250m
- Communications £0.280m
- Other Specialist Equipment £0.697m
- Installation of new or replacement hydrants per our water strategy, £0.185m.

Vehicle replacement strategy (£13.349m)

The vehicle asset management plan has identified the vehicle needs of the Authority and the required replacement and procurement strategy. The proposed capital programme reflects the ask within the asset management plan:

- Fire Appliances - £6.479m

The Authority has developed an appliance replacement strategy based on the economic life of an appliance. Papa 1 and Papa 2 Pumping Appliances will be replaced at 10 years. This then creates a roll down process of the refreshed appliances to move to Papa 3, reserve and support appliances positions. This will enable MFRS to achieve a life period for Papa 3 and reserve appliances of no more than 16 years and support appliances of no more than 19 years. The plan provides for 14 new appliances.

- Specialist Vehicles - £3.014m

There is a need to make provision for the purchase of specialist vehicles to support the wider range of roles for the fire and rescue service, including:

- Ancillary Vehicles – £3.165m

Provision is included for the phased renewal of the ancillary vehicle fleet.

- Incident Command Unit (ICU) (1)
- Prime Movers (4)
- POD Long Term capability management (1)
- Forklift Truck (1)
- Water Rescue Unit (1)
- BA Support Pod (1)
- Crane Lorry (1)
- Wildfire Appliance (2)
- Curtain Sided Truck (1)
- Welfare Vehicle (1)
- Tele Handler Truck (1)
- Youth Engagement vehicle (1)
- Water Bowser Appliance (1)

Provision is included for the phased renewal of the ancillary vehicle fleet.

- Marine Rescue Boats - £0.458m
- Workshop Equipment - £0.233m

Funding

A mixture of specific funding sources and borrowing will fund the proposed capital spend.

Capital receipts

Capital receipts are usually the proceeds from the sale of assets. Any such receipts can be applied to reduce an Authority's outstanding debt or reinvest in the capital infrastructure. The Authority has (when available) used capital receipts as a source of funding for new capital investment with little, if any, being used for debt repayment – unless regulations require a proportion of the receipts to be explicitly used to repay debt.

Revenue Contribution to Capital Outlay (RCCO)

Capital spending can be funded by a contribution from the approved revenue budget. The proposed capital programme includes an annual RCCO of £1.875m, which comes from the “freed-up” employee budget following the capitalisation of smoke alarm installation costs (salary costs).

Borrowing

Under the Prudential capital system, local authorities can now determine their borrowing level. However, the Government has retained reserve powers to limit an Authority's borrowing if the Government believes an Authority's proposals to be “unaffordable” or in times of national public spending constraint. After considering any specific funding, the proposed capital programme requires prudential “unsupported” borrowing of £42.320m. The revenue budget and MTFP include adequate provision for this debt's future revenue servicing cost.

When the Authority borrows money, it has to factor the debt repayment and interest costs into its financial plans. The minimum revenue provision (MRP) methodology calculates how much debt repayment is required each year. Following the new Capital Regulations announced in 2008, the Authority must approve an MRP Statement each year that sets out the policy on MRP.



Reserves and Balances

The Authority has prudently planned to meet its financial challenges over the medium term. The plan the Authority proposes is based upon the key assumptions around changes to grant, pay, council tax and pension costs. To protect and safeguard the Authority from unforeseen changes in circumstances, demands or assumptions made in setting the budget the Authority has an established general fund and specific earmarked reserves. The Authority's forecasted reserves as at 31st March 2026 are £16.854m.

General Revenue Reserve £3.9m (approximately 5% of the current net Revenue Budget)

As a general rule external audit view an appropriate level for a general reserve as 5% of the forecast Net Operating Expenditure. The Authority's general revenue reserve equates to 5% of the current forecast Net Operating Expenditure.

Committed (Earmarked) Reserves

The Authority has created these reserves for specific purposes and involves funds being set aside to meet known or predicted future liabilities or risks. The Director of Finance and Procurement has carried out a review of current reserves based on the latest financial review and known planned future use of the Authority's forecast reserves. The proposed reserves for 2026/2027 and future years are outlined in the table.

Reserves and balances can only be used to finance one-off expenditure. They are not able to fund ongoing revenue expenditure. This is underlined by the Auditor's 'Golden Rule' – that "one-off" revenue reserves should not be used to support 'ongoing' revenue expenditure.

Committed Reserves																
	Balance C/fwd From 2025/26	Proposed Change	Proposed Increase	Revised Balance C/fwd from 2026/27	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	Estimated 2034/35 Use	Estimated 2035/36 Use	Estimated 2036/37 Use	Held to Cover Risk
	£'000	£'000	£'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
Pensions Reserve	300			300		-200	-100									0
Recruitment Reserve	1,814	-690		1,124		-624	-250	-250								0
Collection Fund Reserve	100			100		-100										0
Carbon Net Zero Reserve	2,000			2,000		-2,000										0
Capital Investment Reserve																
Capital Investment Reserve	2,039		493	2,529		-1,529	-500	-500								0
PFI Annuity Reserve	1,166			1,166	-69	-69	-69	-69	-69	-69	-69	-69	-69	-69	-69	407
Specific Projects																
Health and Safety Reserve	57			57		-57										0
Equipment Reserve	466			466		-466										0
Clothing Reserve	940			940		-940										0
Health and Wellbeing Reserve	7			7		-7										0
Training Reserve	270			270		-170	-100									0
Inflation Reserve	1,200	690		1,890												1,890
Ringfenced Reserves																
Community Risk	236			236		-126	-110									0
Energy Reserve	111			111		-111										0
New Dimensions Reserve	95			95		-95										0
Forecast Use of Reserves in the year	12,954	0	493	13,447	-69	-6,494	-1,129	-819	-69	-69	-69	-69	-69	-69	-69	4,453
Total Earmarked Reserves Bal C/fwd	12,954	0	493	13,447	13,378	6,884	5,755	4,936	4,867	4,798	4,729	4,660	4,591	4,522	4,453	4,453
General Revenue Reserve	3,900	0	0	3,900	3,900	3,900	3,900	3,900	3,900	3,900	3,900	3,900	3,900	3,900	3,900	3,900
Total Reserves	16,854	0	0	17,347	17,278	10,784	9,655	8,836	8,767	8,698	8,629	8,560	8,491	8,422	8,353	8,353

Summary

The MTFP prioritises the allocation of resources for the delivery of the Leadership Vision and Purpose, and the achievement of the Service and Functional 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.

Alternative formats

We are committed to ensuring that all our information is fully accessible for all communities across Merseyside. We have included this document on our website, which can be accessed, from our Webpage:

<https://www.merseyfire.gov.uk/about/equality-diversity-and-inclusion/>

On our website we also provide a free speech, reading and translation service using ReciteMe to help people who require online reading support access our documents. This can be located on the front page, top right of our website by clicking the button called "Accessibility". Braille and large print versions are also available on request by emailing our Equality and Diversity team at:

LeadershipandCulture@merseyfire.gov.uk

Contact information

If you have any comments on any aspect of the financial information contained on the website or would like further information, please contact Mike Rea by E-mail: mikerea@merseyfire.gov.uk Tel: 0151 296 4000





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