

Medium Term Financial Plan **2025/26 - 2029/30**



**Merseyside Fire
& Rescue Authority**



**MERSEYSIDE
FIRE & RESCUE
SERVICE**



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Introduction/Background

The Authority had to set a balanced (fully funded) budget for 2025/2026 by 1st March 2025, which it did, when it approved the 2025/2026 – 2029/2030 Medium Term Financial Plan (MTFP) and Budget at the Authority meeting on 27th February 2025. 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 2025/2026 budget was £91.494m and after taking into account specific grants, fees, and charges, the **budget funding requirement** was £77.934m. Page 8 onwards of this document outlines how the budget requirement is funded.

The MTFP indicated a financial challenge of £0.650m rising to £1.442m from 2026/2027 to 2029/2030, however as the level of uncertainty over costs and funding in these years was significant, particularly regarding the level of future Government support, the challenge was noted by the Authority at this point. Future Budget Authority meetings will consider any challenge beyond the current 2025/2026 financial year as the information becomes more certain.

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 has secured significant re-investment back into the organisation in recent years, particularly in frontline response and protection services. Between 2019/2020 to 2024/2025 the Authority reversed some of the cuts in Operational Response and Protection services. Introducing demand led duty systems and prudent financial management, the Authority has subsequently:

- Increased the firefighter numbers on Merseyside by an additional 22 posts, to 642,
- Increased the fire control operators from 32 to 35 including, new senior management and training officer posts,
- Increased the number of retained (on call) contract holders,
- Introduced new duty systems which avoided the proposed closure of Liverpool City and Wallasey fire stations overnight,
- Increased fire engine/appliance availability from 26 to 32,
- Introduced a new fire engineer post to work with partners ensuring the safety of residents in high-rise buildings,
- Introduced specialist teams to deal with all foreseeable risks,
- Increased investment in specialist appliances and other operational equipment,
- Approved a new Training and Development Academy and Hybrid Station with rescue capability,
- Increased the supervisory management provision through the creation of a further 20 new Crew Managers roles,
- Established several retained contracts to underpin the Hybrid/DCWTR Duty system (reflecting the IRMP 2021/2024 goal of having 32 fire engines available),
- Set aside a specific allocation of budget to deal with the risks posed by alternative fuels (Lithium Batteries) and the risks posed by contaminants to firefighters,
- Enhanced Mobilisation, making crews quicker to respond to emergencies through a pre-alert system, which will deliver additional functions within Fire Control that provide early notification of a potential incident,
- Learning Management System for the administration, automation and delivery of educational courses, training programs and the development of e-learning courses. Including a new Learning and Development Advisor role and a new E-learning Developer role,

- Increased investment in specialist clothing, training, and equipment,
- A designated Station Manager to focus on contaminants and the associated risk to firefighters,
- Investment in areas directly related to the achievement of the serious violence duty,
- A diverse and culturally competent workforce.

The 2025/2026 Budget continues to build on that foundation with further investment in the frontline being proposed, leading to;

- Increase in fire engine/appliance availability from 32 to 34, enhancing the Authority's resilience and response to foreseeable risk (specialist response),
- Increase in investment in training and assurance (competency) given the Grenfell Tower Phase 2 report, Personal Protective clothing, bespoke equipment and consumables,
- Improved ICT facilities,
- Increased investment in properties, including further station refurbishments to ensure they are welcoming and well managed (contaminants risk).

The investment the Authority has made in the service since 2019/20 has ensured Merseyside Fire and Rescue Service continues to deliver its vision to be the best fire and rescue service in the UK.



Where the money comes from:

The budget requirement for 2025/2026 is funded by Government Grant and Council Tax. The Authority receives its funding from Central Government as part of the Local Government Financial Settlement, the “**Settlement Funding Assessment**”, (SFA). The SFA can be broken down into two parts;

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

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).

On the 28th November 2024, Minister of State (Minister for Local Government and English Devolution) Jim McMahon announced the publication of the government’s 2025-26 Local Government Finance Policy Statement. The Statement announced that Local Authorities will see an increase in baseline funding levels to reflect the increase in the standard multiplier and that local authorities will be compensated in the usual way for the freeze in the small business rates multiplier via an increase in the under-indexation compensation. The Statement also announced the Revenue Support Grant will also continue to increase in line with September CPI (1.7%) and fire and rescue authorities will have the flexibility to raise council tax by up to £5.00.

For 2025/2026 the estimated income from Government Revenue Support funding is £39.007m.

Council Tax

The Authority's remaining income comes from council tax. The Authority issues a precept (based on the required total council tax to be collected) on the five districts of Merseyside.

The assumed Council Tax Base increase of 0.5% for 2025/2026 and future years; the actual increase in 2025/2026 was +2.32%, as detailed below:

District	2024/25 Council Tax Taxbase	2025/26 Council Tax Taxbase	Variance	
Knowsley	38,957.00	39,638.00	681.00	1.75%
Liverpool	114,955.25	120,257.54	5,302.29	4.61%
Sefton	86,458.90	87,367.70	908.80	1.05%
St. Helens	53,461.00	53,700.00	239.00	0.45%
Wirral	95,993.93	97,908.96	1,915.03	1.99%
Sub total	389,826.08	398,872.20	9,046.12	2.32%
2024/25 Band D Tax Level	91.25	91.25		
Total Income £	35,571,630	36,397,088	825,458	2.32%

This means that for each £1 of Council Tax, the income level will be higher than that generated in 2024/2025 by £9,046. **The result is that the income from the current level of Council Tax is anticipated to be higher by £0.825m.**

The Government has announced that for 2025/2026, the maximum increase in Council Tax before holding a referendum will be £5.00 per Band D property. The proposed MTFP assumes that Members will uplift the Precept by £5.00 in 2025/26 and 2% each year after that. A £5.00 increase for 2025/2026 will see the Band D precept increase from £91.25 to £96.25. **The precept increase will raise an additional £1.994m in 2025/2026.**

Council Tax Increase			
District	Change in Band D Tax		
	0%	£5.00	Change
	£91.25	£96.25	£5.00
	£	£	£
Knowsley	3,616,968	3,815,158	198,190
Liverpool	10,973,501	11,574,788	601,287
Sefton	7,972,303	8,409,141	436,838
St. Helens	4,900,125	5,168,625	268,500
Wirral	8,934,193	9,423,737	489,544
Total	36,397,090	38,391,449	1,994,359

For 2025/2026 the **Band D Council Tax is £96.25, which equates to an increase of £5 or just under 10p per week on the 2024/2025 figure.** As most people in Merseyside will pay **Band A Council Tax of £64.17, the increase is £3.34 or just over 6p per week on the 2024/2025 figure.**

For 2025/2026 the estimated income from the precept (council tax) is £38.391m. There has also been an additional £0.414m from the collection fund surplus.

Summary of **Budget Requirement, £77.934m, funding; £000**

Government Funding

Revenue Support Grant	-16,914
Baseline Funding (less local business rates adjustment)	-22,093
Total Government Funding	<u>-39,007</u>

Council Tax

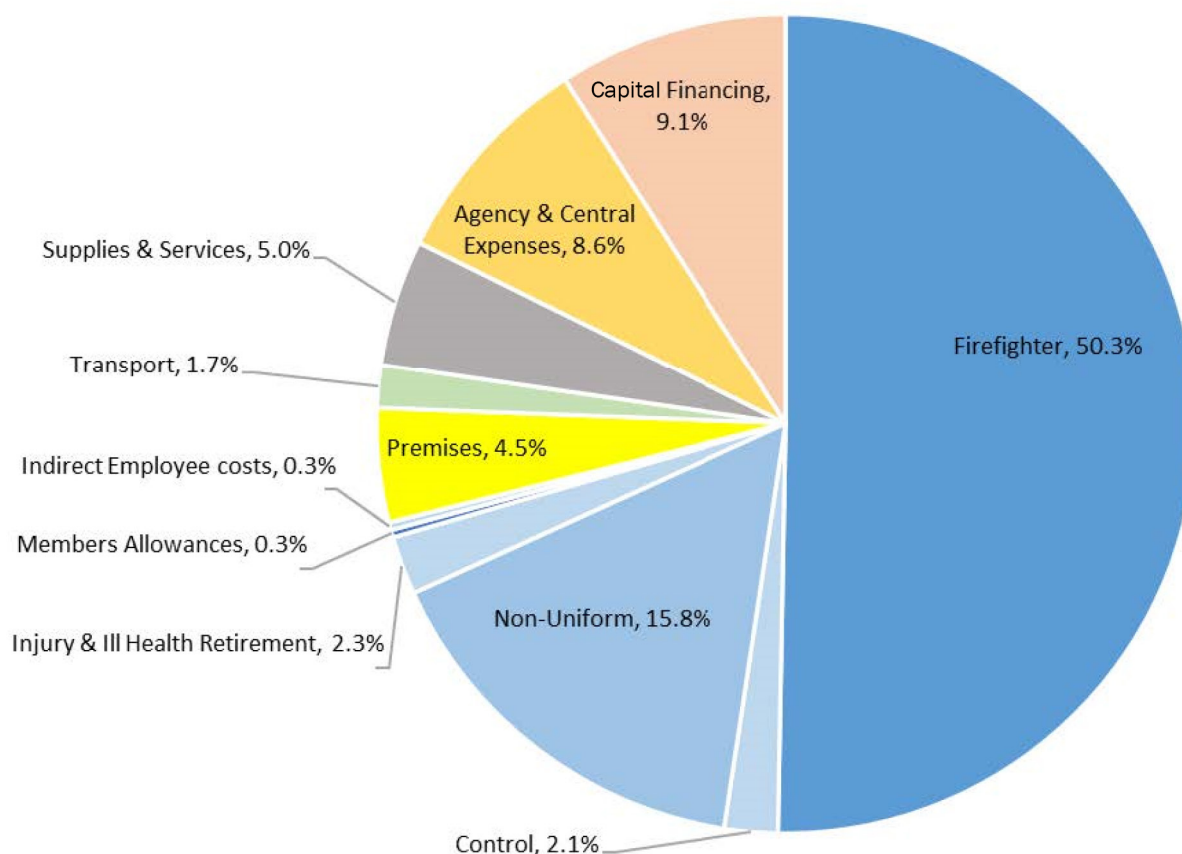
Business Rate Income forecasts from Districts	-122
Collection Fund surplus	-414
Council Tax Precept 2025/26	-38,391
	<u>-38,927</u>

Total **-77,934**

How the money is spent

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):

Analysis of 2025/2026 Gross Revenue Budget (excl. National Resilience Spend)

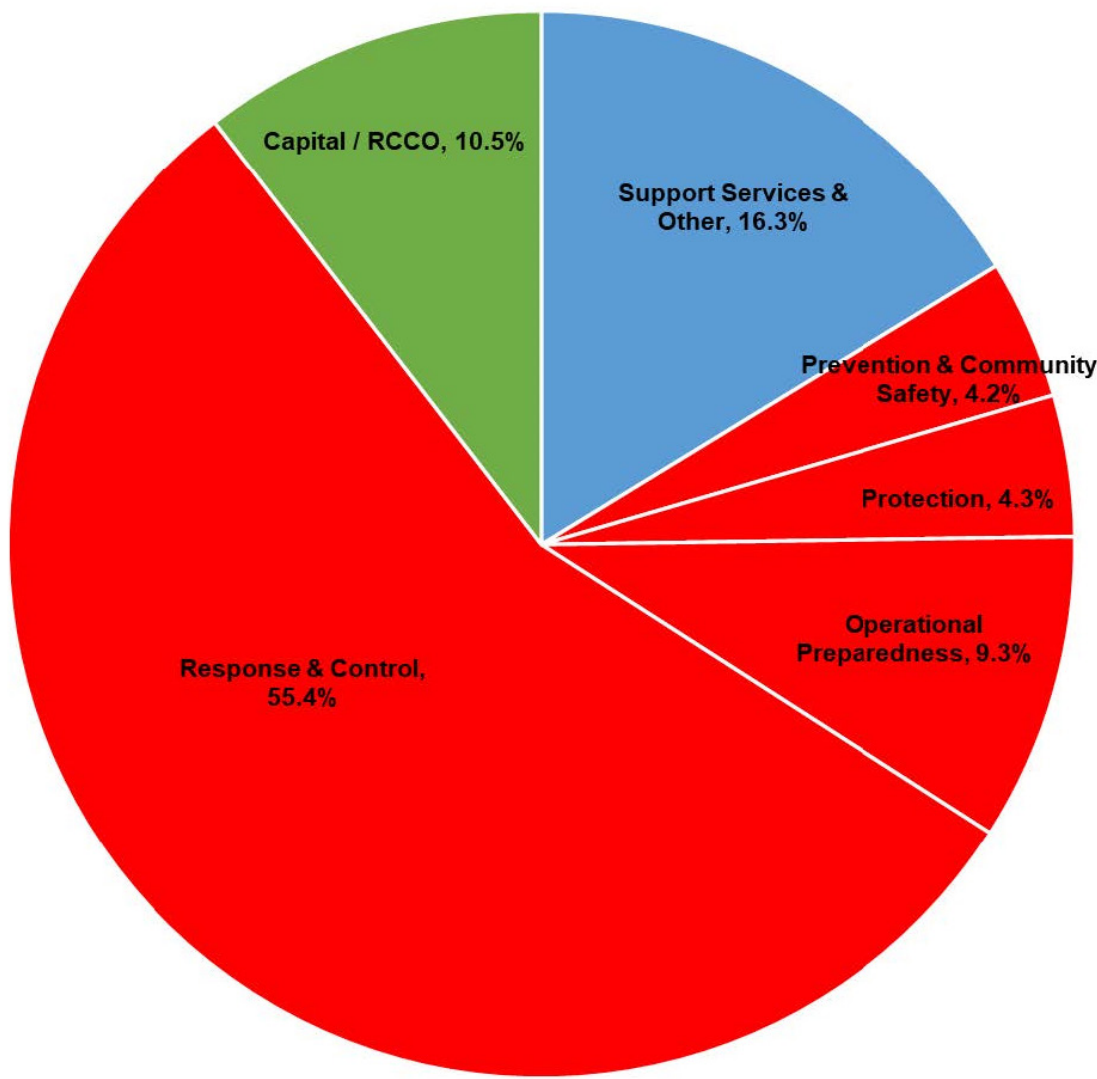


The pie chart above outlines that the majority of expenditure (the items shown in blue), 71.1%, goes on staffing related costs. In addition, 4.5% relates to Premises expenditure, 1.7% on Transport costs, 5% across Supplies and Services and 8.6% for Agency and Central expenses. The remaining 9.1% is on capital financing.

Analysis of 2025/26 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, 55.4%, goes on emergency and specialist response. In addition, 9.3% goes on Operational Preparedness and 8.5% on Protection, Prevention & Community Safety. Therefore 73.2% of expenditure is on the “front line” services. The 10.5% on capital costs relates mostly to previous investment in front line assets, fire stations, vehicles and equipment. The remaining 16.3% is on support and operational enabling services.

2025/2026 Net Budget By Service



Medium Term Financial Plan (MTFP) 2025/26 to 2029/30

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 2025/2026 – 2029/2030 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 2025, 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 2025/2026 government funding settlement and the Merseyside local authorities' 2025/2026 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 2024/2025 MTFP assumed pay awards of 3%, in light of inflation rates at the time, and assumed future pay awards assumptions would remain at 2.5%. In 2024/25, firefighters received a 4% pay increase, and the non-operational staff received £1,290 or 2.5% (whichever was the greater) pay increase. The firefighter pay award was 1% greater than the 3% budget resulting in an additional budget requirement of £0.338m in 2024/25 (part-year) and £0.450m in a full year. The non-firefighter pay award was £0.040m above the 3% budgeted increase. The proposed MTFP has included a budget increase to cover the 2024/25 additional pay award.

Inflation remains above the Bank of England target of 2%, The outlook for CPI inflation in the November Monetary Policy Report showed it rising above the Monetary Policy Committee PC's 2% target from 2024 to 2025 and reaching around 2.75% by the middle of 2025. This represents a modest near-term increase due to the ongoing impacts from higher interest rates, the Autumn Budget and a projected margin of economic slack. Over the medium term, once these pressures ease, inflation is expected to stabilise around the 2% target. At the Strategy Day in January, Members agreed to maintain the 2025/2026 pay award assumption of 2.5% in light of the current inflation forecast and keep future pay award assumptions at 2.5%.

Pensions

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

Following the 2020 Firefighter Pension Scheme actuarial review, the Home Office had announced that there will be a Fire Pension Grant in 2024/25 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 2024/25 to cover the increase. At that time the Authority understood that the additional pension grant (as well as other specific grants for fire and rescue services) would be allocated on a one-year basis with future years subject to the Spending Review in the usual way. The current MTFP plan assumed the Authority would receive a contribution in 2025/26 and future years of £1.191m.

The Authority has been informed by Home Office they will receive a similar grant in 2025/26 to that received in 2024/25 and it is proposed the grant will be rolled into the SFA. The MTFP has been updated to include a Fire Pension Grant of £2.183m in 2025/26 and assumes the grant will continue at this rate for future years.

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 and an additional one-off saving in 2025/26 of £0.286m.

Services Grant

The Government announced a new un-ringfenced “one-off” Services Grant for 2022/2023. The Government stated that this new 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 2024/25, the Authority received a Service Grant of £0.141m, a reduction of £0.673m. The current MTFP assumed the Services Grant of £0.141m would continue in 2025/26 and future years. The government removed the services grant entirely from 2025/26, the proposed MTFP has been adjusted to take the reduction into account.

Firelink Grant

The Firelink grant has been reducing over the previous four years, with 2025/26 expected to be the final year when the grant was paid, albeit at a reduced level of £0.054m. The Home Office has taken the difficult decision to end the Firelink grant in 2024/25, therefore there will be no Firelink grant provided in 2025/26. The Authority has reduced the Firelink grant by £0.054m in 2025/26.

Prices

The current MTFP included a provision for general price and energy increases of 3% based on inflation forecasts in January 2024. The government expected CPI inflation to fall towards the target of 2% in 2024/25. The Twelve-month CPI inflation did fall to 2.5% in December 2024.

The outlook for CPI inflation is for it to reach around 2.75% by the middle of 2025. Over the medium term, once pressures ease, inflation is expected to stabilise around the 2% target.

The proposed MTFP has built an increase of £0.771m to uplift the contingency for pay and inflation towards the impact of the inflationary pressures in 2024/2025 and the expected 2025/2026 inflationary impact.

An inflation provision of £1.742m is included in the proposed MTFP to cover the new-year, 2029/2030, based on general inflation of 2% and pay uplifts of 2.5%.

2025/2026 - 2029/2030 MTFP Revenue Plan - Table

Considering all the information, the MTFP table below summarises the 2025/2026 – 2029/2030 revenue forecast.

	2025/26	2026/27	2027/28	2028/29	2029/30
	£'000	£'000	£'000	£'000	£'000
FORECAST NET SPEND IN 2024/25 MTFP	76,635	77,845	79,445	81,403	81,403
2025/26 MTFP Issues to build in future MTFP:					
Impact of 2024/25 Green Book Pay Award (4% · Budget 3%)	450	450	450	450	450
Impact of 2024/25 Green Book Pay Award (£1,290 or 2.5% whichever is greater) = c3.25%	40	40	40	40	40
Increase in Employers National Insurance (15%-13.8% £9,100 - £5,000) (2024 Autumn Budget)	1,000	1,000	1,000	1,000	1,000
Impact of Higher Prices (Indirect NI/Inflation)	771	936	1,016	1,116	1,116
2029/30 Inflation Provision					1,742
Contribution to Capital Reserve to fund Capital Programme and additional Inflationary Pressures	234				
Loss of Firelink Grant in 2025/26	54				
Reverse MRP Interest additional £400k from 2028/29				-400	-400
Unavoidable Growth	761	856	867	800	800
Efficiency Target (Procurement, Interest Payments, Inflation etc)	-262	-262	-262	-262	-262
Increase in Bus Rates Multiplier s31 compensation grant	-187	-187	-187	-187	-187
Annual Pension Grant (Following 2020 Actuarial Review) 28.8% to 37.6%	-992	-992	-992	-992	-992
LGPS Pension Rebate - Increase Rebate for 2025/26 £286k	-286				
Employers National Insurance Grant 42.5% of NI cost	-425	-425	-425	-425	-425
Reduction in Services Grant (2025/26 £141 to £0)	141	141	141	141	141
TOTAL	1,299	1,557	1,648	1,281	3,023
FORECAST NET SPEND IN 2025/26 MTFP	77,934	79,401	81,093	82,684	84,426
FORECAST FUNDING IN CURRENT MTFP					
Government Funding- Settlement Funding Assessment					
Top Up Grant	-17,401				
Estimate of Local Business Rate Share	-4,691				
Baseline Funding Level	-22,093				
Baseline Funding 1.14% p.a. increase for 2025/26 then 1% from 2026/27		-22,314	-22,537	-22,762	-22,990
Revenue Support Grant	-16,914				
Revenue Support Grant 1.7% p.a. increase for 2025/26 then 1% p.a. from 2026/27		-17,083	-17,254	-17,427	-17,601
Settlement Funding Assessment	-39,007	-39,397	-39,791	-40,189	-40,591
Assumed Government Funding - Settlement Funding Assessment	-39,007	-39,397	-39,791	-40,189	-40,591
Adjustment forecast Business Rates yield based on NNDRI returns					
Adjust for Local Business Rate income forecast from Districts	-122	0	0	0	0
Collection Fund (surplus)/deficit	-95				
Adjustment to Local Business Rates income forecast	-217	0	0	0	0
Council Tax					
Base Precept Income	-35,571	-38,391	-39,355	-40,343	-41,355
Council Tax Base increase of 2.32% in 2025/26 then 0.5% p.a.	-825	-192	-197	-202	-207
Precept Increase of £5.00 in 2025/26, then 2% p.a.	-1,994	-772	-791	-811	-831
Council Tax Collection Fund (surplus)/deficit	-319				
Forecast Council Tax Income	-38,710	-39,355	-40,343	-41,355	-42,393
TOTAL FUNDING	-77,934	-78,752	-80,134	-81,544	-82,984
Forecast (Surplus) / Deficit	0	650	959	1,139	1,442

The updated MTFP results in a balanced financial position for 2025/2026. This is subject to the key assumptions, particularly around the 2025/2026 annual pay increases (2.5% for all staff), remaining robust.

The MTFP indicates a potential financial challenge in future years, currently forecast to be £0.650m in 2026/27 rising to £1.442m by 2029/30. Whilst the MTFP is forecasting a deficit from 2026/2027 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	2025/26	2026/27	2027/28	2028/29	2029/30
	£m	£m	£m	£m	£m
General reserve	3.700	3.700	3.700	3.700	3.700
Smoothing reserve	1.400	1.400	1.400	1.400	1.400
Inflation reserve	1.200	1.200	1.200	1.200	1.200
Total reserves available to manage general financial risk	6.300	6.300	6.300	6.300	6.300

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 £0.241m 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 £0.660m and £1.319m.

SLT will explore these strategies, carryout some scenario planning and agree strategic priorities during the 2025/26 financial year.



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 2025/2026 to 2029/2030 totals £43.291m.

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 2025/26 to 2029/30						
Capital Expenditure	Total Cost £	2025/26 £	2026/27 £	2027/28 £	2028/29 £	2029/30 £
Buildings & Land	9,393,600	3,631,800	2,592,500	1,073,300	993,500	1,102,500
Fire Safety	3,175,000	635,000	635,000	635,000	635,000	635,000
ICT	10,147,820	2,796,960	1,187,660	818,900	2,008,900	3,335,400
NRAT Resilience Assets	0	0	0	0	0	0
Operational Equipment & Hydrants	8,228,800	1,722,800	3,350,000	843,000	1,252,000	1,061,000
Vehicles	12,345,850	4,370,850	2,021,100	2,623,900	690,000	2,640,000
Expenditure	43,291,070	13,157,410	9,786,260	5,994,100	5,579,400	8,773,900
Financing Available	Total £	2025/26 £	2026/27 £	2027/28 £	2028/29 £	2029/30 £
Capital Receipts	1,715,000	1,715,000	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	3,590,000	2,090,000	375,000	375,000	375,000	375,000
Unsupported Borrowing	39,701,070	11,067,410	9,411,260	5,619,100	5,204,400	8,398,900
Total Funding	43,291,070	13,157,410	9,786,260	5,994,100	5,579,400	8,773,900

Most of the capital programme is funded by borrowing, £39.701m, and is in line with the Authority's approved prudential borrowing limits and treasury management strategy. The balance is funded by specific funding; capital receipts £1.715m and revenue contributions of £1.875m.

Buildings & Land- Building investment strategy (£9.394m)

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 £4.310m 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 and Kensington fire stations and service headquarters.

General station upgrade work, £2.108m, is planned over the programme period, including investment in station roofs and canopy replacements, appliance room door repairs, appliance room floor repairs and sanitary accommodation refurbishments.

The balance, £2.976m, 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 (£10.147m)

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 £2.462m including licenses, security Information and event management software and Microsoft agreements
- Planned replacement of ICT Hardware including PC's, monitors, AV equipment and peripherals £1.976m
- ICT Servers including Mitel Server upgrade and Virtualisation refresh £1.176m
- ICT Network replacement and growth including Network Switch/Router upgrade £1.285m
- Operational ICT Equipment & ICT security £1.001m
- Other applications and ICT schemes including Command & Control Suite and Computer Aided Dispatch replacement £2.247m

Operational equipment and hydrants (£8.228m)

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 £1.460m
- Pod Equipment including demountable unit refurbishment £0.265m
- Improvements to Fleet £0.650m
- Breathing Apparatus replacement programme £3.015m
- Radiation/Gas Detection Equipment £0.122m
- Fire Ground Equipment £0.319m
- Search and Rescue equipment £0.280m
- Gas detection Equipment £0.166m
- Water Rescue Equipment £0.172m
- CCTV Equipment £0.203m
- Operational Ladders £0.105m
- Water Delivery Hoses £0.111m
- Electrical Equipment £0.121m
- Emerging Technologies £0.250m
- Other Specialist Equipment £0.804m
- Installation of new or replacement hydrants per our water strategy, £0.185m.

Vehicle replacement strategy (£12.346m)

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 - £6.624m

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 19 new appliances (including an electric fire appliance).

- Specialist Vehicles - £2.940m
- Incident Command Unit (ICU)
- Prime Movers (4)
- POD Long Term capability management (1)
- Forklift Truck (1)
- BA Support Pod (1)
- Crane Lorry (1)
- Wildfire Appliance (2)
- Curtain Sided Truck (1)
- Water Bowser Appliance (1)

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 – £2.132m

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

- Marine Rescue Boats - £0.445m
- Workshop Equipment - £0.205m

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.

The proposed capital programme anticipates capital receipts from a number of site disposals totalling £1.715m. It assumes this income will be used to reinvest in the capital infrastructure and support the capital programme. Members should note that the anticipated capital receipt values are based on the best estimates at a point in time.

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 £39.701m. 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, 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 2025 are £13.767m.

General revenue reserve £3.7m (approximately 4% of 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 4% 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 2025/2026 and future years are outlined in the table.

Committed Reserves															
	Balance C/fwd From 2024/25	Proposed Increase	Revised Balance C/fwd from 2025/26	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	Estimated 2034/35 Use	Estimated 2035/36 Use	Held to Cover Risk
	£'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		1,814		-314	-300	-300	-300	-300	-300					0
Collection Fund Reserve	100		100		-100										0
Capital Investment Reserve															
Capital Investment Reserve	1,830	234	2,064		-1,064	-500	-500								0
PFI Annuity Reserve	1,235		1,235	-69	-69	-69	-69	-69	-69	-69	-69	-69	-69	-69	476
Specific Projects															
Community Sponsorship Reserve	55		55		-55										0
Equipment Reserve	342		342		-342										0
Training Reserve	270		270		-100	-100	-70								0
Health and Wellbeing Reserve	7		7		-7										0
Inflation Reserve	1,200		1,200												1,200
Clothing	90		90		-90										0
Ringfenced Reserves															
Community Risk Management Res	246		246		-121	-125									0
Energy Reserve	111		111		-111										0
New Dimensions Reserve	77		77		-77										0
Forecast Use of Reserves in the year	9,833	234	10,067	-69	-2,650	-1,194	-939	-369	-369	-369	-69	-69	-69	-69	3,832
Total Earmarked Reserves Bal C/fwd	9,833	234	10,067	-69	-2,650	-1,194	-939	-369	-369	-369	-69	-69	-69	-69	3,832
General Revenue Reserve	3,700	0	3,700	0	0	0	0	0	0	0	0	0	0	0	3,700
Total Reserves	13,533	0	13,767	3,631	1,050	2,506	2,761	3,331	3,331	3,331	3,631	3,631	3,631	3,631	7,532

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.

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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