

<b>Report title: 2024-25 Proposed Fire and Rescue Precept</b>	
<b>Report to:</b> Essex Police, Fire and Crime Panel	
<b>Report author: Roger Hirst – Police, Fire and Crime Commissioner Fire and Rescue Authority</b>	
<b>Date: 1 February 2024</b>	<b>For:</b> Review and endorsement
<b>Enquiries to:</b> Neil Cross – Chief Financial Officer	
<b>County Divisions affected:</b> All Essex	

### **1. Purpose of Report**

- 1.1 To recommend for endorsement the Fire precept for 2024-25
- 1.2 To set out the overall level of resources in the proposed budget for 2024-25. The budget has been set in line with the objectives included within the Fire and Rescue Plan 2019-2024.

### **2. Recommendations**

- 2.1 The Police, Fire and Crime Panel endorses the PFCC's decision to increase the Fire precept by 2.91% equivalent to an increase of £2.34 a year, from £80.28 to £82.62 for a Band D property, raising an additional £1.5m of council tax receipts.

### **3. Context/Summary**

- 3.1 Essex County Fire and Rescue Service (ECFRS) has an ambitious and exciting improvement programme with the aim of ensuring that it provides the most efficient and effective service to the people of Essex. The improvement priorities are detailed in the Fire and Rescue Plan 2019-2024 under the vision of: "safe and secure communities are the bedrock on which we build success and well-being for all." The improvement priorities are turned into operational reality in the Integrated Risk Management Plan 2020-2024 and the investment articulated in the Medium-Term Financial Strategy

- 3.2 ECFRS is making is making good progress on delivering against the Fire and Rescue Plan priorities and, in acknowledgement of the considerable work still to do, has set the following as the improvement and investment areas for 2024-2025:

### **Service Delivery**

ECFRS is making good progress on delivering against the Fire and Rescue Plan priorities and associated improvement activities within the IRMP. Both of which are in the final year and work has already begun on identification of the improvement and investment areas for 2025-2029.

Within the context of closing out the activity required to make the improvements detailed in our current plans the Service is focussed upon the following priority areas.

The Service has over the past 3 years invested heavily in the resources, skills and competencies required to ensure it can meet increases in demand on legislative fire safety. **The Service has a commitment to embed the investment made in Fire Protection** to ensure it has sufficient resources to meet the needs of the Risk Based Inspection Programme, support business and take proportionate enforcement action where required.

The Service continues to increase **the amount of prevention activity** it undertakes, specifically the number of home safety checks it delivers to the most vulnerable by operational crews. This activity is likely to increase over the course of 2024-25 in response to the risk within the County.

To respond to a range of emergencies when called upon, requires the Service to actively manage the resources it has available to meet not only the day-to-day demand of incidents, but also the ability to respond to prolonged and sustained periods of high demand as was seen in the summer of 2022. This has resulted in **the Service making better use of the resources it has at its disposal on a risk basis**. This movement of appliances has an increased cost to the Service.

Resourcing this demand is key. The current economic situation alongside planned retirements create a pressure on the Service to be able to recruit ahead of time, and then have sufficient time to develop the skills of new staff to replace those that have been lost.

The Service is required as part of its Workforce Succession plan to **recruit around 150 firefighters** in the next year. Recruitment is a significant pressure in terms of cost and time. The skills and risk critical specialisms of our emergency responders can take years to train for and can be costly to develop. As those officers may apply to any other Service's in the Country, we need to work hard to be an employer of choice to attract and retain in this field.

**Capability & Capacity for the future** – Investment in our property portfolio to ensure that it is fit for purpose and able to meet the support and wellbeing needs of our workforce. The Authority is looking to make an investment in Fire Training Facilities at its headquarters in Kelvedon Park which will deliver crucial safety critical, specialist training. This is expected to progress to full business case within 2024-25.

The Authority has updated its Capital Plan to reflect its share of investment it will be making in the creation of a new joint fleet workshop in Boreham with Essex Police. Both organisations currently have separate workshops which are deteriorating and in need of significant investment. This is expecting to progress within 2024-25.

Changes to the Firefighters pension scheme is resulting in a growing demand for the Service to respond to and deal with changes in legislation. This is resulting in the need to invest another role in within our pensions team.

The service will **continue the delivery of its Digital and Data Strategy**. This investment in systems and hardware will improve productivity and connectivity. There are some cost pressures arising within the year which resulted from this transformation program, which relate to additional licensing and costs associated with using modern technology. This includes the rollout of a new workforce management system and a new financial system. Following the new control system which went live in 2023-24, an additional capital investment of £0.95m which will form part of the control room phase 2 project. This will see the replacement of critical station end equipment, ensuring that the 999 mobilising infrastructure is modern and able to deliver the increasing data requirements and security protection against cyberattacks.

**Figure 1 – Funding**

<b>Core Funding</b>	<b>2024-25 Budget</b>	<b>2023-24 Budget</b>	<b>Variance Favourable / (Adverse)</b>	<b>% change</b>
	<b>£'000</b>	<b>£'000s</b>	<b>£'000s</b>	
Government Grants	6,185	8,343	(2,158)	(25.86%)
Revenue Support Grant	13,835	9,671	4,164	43.06%
National Non-Domestic Rates	17,921	17,137	783	4.57%
Council Tax Collection Account	300	0	300	-
Council Tax Precepts	54,795	53,267	1,528	2.87%
Council Tax Base	603	0	603	
<b>Total</b>	<b>93,639</b>	<b>88,418</b>	<b>5,221</b>	<b>5.91%</b>

**Figure 2 - Reconciliation of Movement in Council Tax**

<b>Council Tax Precept</b>	<b>2024-25 Budget</b>	<b>2023-24 Budget</b>	<b>Variance Favourable / (Adverse)</b>	<b>% change</b>
	<b>£'000s</b>	<b>£'000s</b>		
Tax Base	670,520	663,521	6,999	1.05%
Council Tax (Band D)	£ 82.62	£ 80.28	£ 2.34	2.91%
<b>Total Council Tax</b>	<b>55,398</b>	<b>53,267</b>	<b>2,131</b>	<b>4.00%</b>

The Summary budget for 2024-25 is set out in Figure 3.

**Figure 3 - Budget Summary**

	2024-25 Core Budget	2024-25 Earmarked Reserve	2024-25 Total Budget	2023-24 Core Budget	2023-24 Earmarked Reserve	2023-24 Total Budget	Total Budget Variance Favourable / (Adverse)	Total Budget Variance % Favourable / (Adverse)	Core Budget Variance Favourable / (Adverse)	Core Budget Variance % Favourable / (Adverse)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	%	£'000	%
Wholetime Firefighters	39,134	0	39,134	37,501	490	37,991	(1,143)	(3.0%)	(1,633)	(4.4%)
On-Call Firefighters	9,544	0	9,544	8,579	0	8,579	(965)	(11.2%)	(965)	(11.2%)
Control	2,304	0	2,304	1,957	0	1,957	(347)	(17.7%)	(347)	(17.7%)
Support Staff	19,353	71	19,424	18,200	70	18,270	(1,153)	(6.3%)	(1,152)	(6.3%)
<b>Employment Costs</b>	<b>70,335</b>	<b>71</b>	<b>70,406</b>	<b>66,237</b>	<b>560</b>	<b>66,797</b>	<b>(3,609)</b>	<b>(5.4%)</b>	<b>(4,098)</b>	<b>(6.2%)</b>
Ill Health Pension costs	2,581	0	2,581	2,184	0	2,184	(397)	(18.2%)	(397)	(18.2%)
<b>Ill Health Pension Costs</b>	<b>2,581</b>	<b>0</b>	<b>2,581</b>	<b>2,184</b>	<b>0</b>	<b>2,184</b>	<b>(397)</b>	<b>(18.2%)</b>	<b>(397)</b>	<b>(18.2%)</b>
	0	0	0	0	0	0				
<b>Total Employment Costs</b>	<b>72,916</b>	<b>71</b>	<b>72,987</b>	<b>68,421</b>	<b>560</b>	<b>68,981</b>	<b>(4,005)</b>	<b>(5.8%)</b>	<b>(4,494)</b>	<b>(6.6%)</b>
Support Costs	1,884	250	2,134	1,674	250	1,924	(210)	(10.9%)	(210)	(12.5%)
Premises & Equipment	11,978	374	12,352	11,284	550	11,834	(517)	(4.4%)	(693)	(6.1%)
Other Costs & Services	3,462	431	3,893	3,194	100	3,294	(599)	(18.2%)	(268)	(8.4%)
Financing Items	5,459	150	5,609	5,447	150	5,597	(12)	(0.2%)	(12)	(0.2%)
<b>Non Pay Costs</b>	<b>22,783</b>	<b>1,205</b>	<b>23,988</b>	<b>21,600</b>	<b>1,050</b>	<b>22,650</b>	<b>(1,338)</b>	<b>(5.9%)</b>	<b>(1,183)</b>	<b>(5.5%)</b>
	0	0	0	0	0	0				
<b>Gross Expenditure</b>	<b>95,699</b>	<b>1,276</b>	<b>96,974</b>	<b>90,021</b>	<b>1,610</b>	<b>91,631</b>	<b>(4,947)</b>	<b>(5.4%)</b>	<b>(5,281)</b>	<b>(5.9%)</b>
Operational income	(2,059)	0	(2,059)	(1,602)	0	(1,602)	457	28.5%	457	28.5%
<b>Total Operational Income</b>	<b>(2,059)</b>	<b>0</b>	<b>(2,059)</b>	<b>(1,602)</b>	<b>0</b>	<b>(1,602)</b>	<b>457</b>	<b>28.5%</b>	<b>457</b>	<b>28.5%</b>
	0	0	0	0	0	0				
<b>Net Expenditure</b>	<b>93,639</b>	<b>1,276</b>	<b>94,915</b>	<b>88,419</b>	<b>1,610</b>	<b>90,029</b>	<b>(4,490)</b>	<b>(5.0%)</b>	<b>(4,824)</b>	<b>(5.5%)</b>
	0	0	0	0	0	0				
Government Grants	(6,185)	0	(6,185)	(8,343)	0	(8,343)	(2,158)	(25.9%)	(2,158)	(25.9%)
Revenue Support Grant	(13,835)	0	(13,835)	(9,671)	0	(9,671)	4,164	43.1%	4,164	43.1%
National Non-Domestic Rates	(17,921)	0	(17,921)	(17,137)	0	(17,137)	783	4.6%	783	4.6%
Council Tax Collection Account	(300)	0	(300)	0	0	0	300	0.0%	300	0.0%
Council Tax	(55,398)	0	(55,398)	(53,267)	0	(53,267)	2,131	4.0%	2,131	4.0%
<b>Total Funding</b>	<b>(93,639)</b>	<b>0</b>	<b>(93,639)</b>	<b>(88,418)</b>	<b>0</b>	<b>(88,418)</b>	<b>5,221</b>	<b>5.9%</b>	<b>5,221</b>	<b>5.9%</b>
Contributions to/(from) Earmarked Reserves	0	(1,276)	(1,276)	0	(1,610)	(1,610)	(334)	(20.8%)	0	0.0%
Contributions to/(from) General Reserves	0	0	0	0	0	0	0	0.0%	0	0.0%
	0	0	0	0	0	0				
<b>General Fund Deficit / (Surplus)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>0</b>	

3.3 Following on from the Covid 19 pandemic, the Authority is under financial pressure as a result of the current economic and cost of living pressures. The budget is being set during a period when there has been a continued period of high inflation in the UK and challenging financial environment.

3.4 The Authority produced a balanced budget for 2023-24, which included funding the following pay costs:

- 5% Pay Award for 2022-23 for Operational Staff.
- £1,925 Scale Point Award for 2022-23 for Non-Operational Staff.
- 4% Pay Award for 2023-24 for all staff.

Within the 2023-24 financial year, the Authority has been faced with a £1.2m pressure on its pay budget, which is a result of the final agreed pay award for both its Operational and Non-Operational staff.

The following Operational pay award agreement was reached on 6<sup>th</sup> March 2023.

- 7% pay award for 2022-23 (backdated to 1st July 2022)
- 5% pay award for 2023-24.

The following pay agreement was reached on 1 November 2023 for Non-Operational Staff of:

- £1,925 (pro rata for part-time employees) on NJC Scale pay points 2 to 43 inclusive (backdated to 1<sup>st</sup> April 2023)
- An increase of 3.88% per cent on NJC Scale pay points above 43.

3.5 The current economic conditions have also created uncertainty on council tax and non-national domestic rate collections within the County. The billing authorities across Essex have submitted provisional council tax figures for both the tax base and collection account. These have been shared with the Service and have been used to inform the budget process.

3.6 On 18 December 2023, the Government announced the provisional local government finance settlement agreement for 2024-25. The headlines from this announcement were:

- Fire and Rescue Authorities will be able to increase council tax bills by up to 3% without the need to hold a referendum for 2024-25.
- The Settlement Funding Assessment will be £31.75m for 2024-25 (compared with £26.81m for 2023-24). This increase of £4.94m is a result of:
  - An Increase of £4.16m in the Revenue Support Grant resulting from:
    - An inflationary increase being applied to the Revenue Support Grant which amounted to £0.65m.
    - The Pension Grant of £3.51m being rolled into the revenue support grant. This was previously included as a S31 Grant and was classified within government grants. This was rolled into the Revenue Support grant after inflation has been applied (i.e. No inflationary increase was applied to the pension grant within 2024-25). This will be subject to any such inflationary increases in future years.

- An increase in the Baseline National Non-Domestic Rates (NNDR) funding of £0.78m, resulting in the Baseline Funding level being set at £17.9m in 2024-25.
- A reduction in the Services Grant of £0.5m. The Services grant was originally created in 2022-23 (£1.1m) and was reduced to £0.7m in 2023-24.
- A funding guarantee grant of £0.6m awarded for 2024-25. This is awarded to Authorities to ensure at least a 3% increase in Core Spending Power before (any council tax precept or reserve decisions).

3.7 The budget process has involved the Service Leadership Team and direct budget holders working alongside finance business partners to determine the staffing and resource requirements for 2024-25. In the preparation of the budget various scenarios and models were prepared to take account of assumption changes or new information that has come to light during the process.

3.8 The Section 151 has considered the robustness of the estimates within the budget and the adequacy of the reserves allowed for in the budget proposal.

3.9 When considering the adequacy of reserves the following has been considered:

- Estimates and the level and timing of capital receipts
- Treatment of demand led pressures and savings
- Track record on budget management
- Capacity to manage any in year budget pressures
- Adequacy of insurance arrangements
- The level of reserves

3.10 The analysis of the key income and expenditure headings for the Service's budget are:

- **Local Government Finance Settlement** - The provisional local government finance settlement for 2024-25 was announced on 18 December 2023. The amounts of the Revenue Support Grant and National Non-Domestic Rates (NNDR) set out in the settlement are set out in Figure 1.
- **Council Tax** - The Commissioner's Precept Survey was live between Tuesday 31st October 2023 for five weeks to Tuesday 5<sup>th</sup> December 2023. A total of 2,128 residents responded to the questions relating to the Fire and Rescue Precept. Of those who responded and gave a view, 64% were prepared to pay an increase of £5 or more, to ensure the Service can manage its Cost Increases, continue its improvement work and to maintain the level of service.

33% of respondents who gave a view, were prepared to pay an increase of £7.50 which would allow the Service to continue to invest more in its improvement / programme and improve the level of service.

- The budget for 2024-25 includes an increase in the precept of £2.34 (2.91%) for a Band D property. The precept payable for a Band D Council tax property will increase from £80.28 to £82.62. This generates additional council tax funding of £2.13m which comprises of £1.5m from additional council tax receipts resulting from the precept increase and £0.58m from an increase in the council tax base.

Council tax income would normally grow year on year as a result of an increase in the tax base. The 2024-25 council tax base has increased by 1.05% as compared to the prior year budget, which is shown in Figure 1 and 2.

All tax base information based on the latest information provided by the districts.

ECFRS has aligned itself with the County Council and agreed with the billing authorities to share the precepting authorities' gains from resourcing a dedicated team to improve council tax collection performance.



**Specific Government Grants Income** - is budgeted at £6.1m for 2024-25. Comparatives against the 2023-24 forecast and budget are shown in Figure 4.

**Figure 4 – Summary of Specific Government Grants**

	<b>2024-25 Budget</b>	<b>2023-24 Budget</b>	<b>Variance Favourable / (Adverse)</b>	<b>% change</b>
	<b>£'000</b>	<b>£'000s</b>	<b>£'000s</b>	
Business Rates Relief and Compensation from Multiplier Freeze	4,021	2,900	1,121	38.67%
Pensions Top Up	0	3,517	(3,517)	(100.00%)
Urban Search & Rescue	857	857	0	-
Services Grant	105	640	(535)	(83.57%)
Funding Guarantee	633	0	633	-
Firelink	293	429	(136)	(31.61%)
Protection Uplift	196	0	196	-
Pension Support Grant	59	0	59	-
Other Grants	20	0	20	-
<b>Total Specific Government Grants</b>	<b>6,185</b>	<b>8,343</b>	<b>(2,157)</b>	<b>(25.86%)</b>

The Business Rate Relief Support grant has been budgeted at £4.0m in 2024-25. This has increased by £1.1m from the 2023-24 budget as a result of the government compensating the Service for freezing the business rate multiplier.

As announced in the provisional local government finance settlement:

- The £3.51m has been rolled into baseline funding within the Revenue Support Grant for 2024-25.
- A reduction in the Services Grant of £0.5m. The Services grant was originally created in 2022-23 (£1.1m) and was reduced to £0.7m in 2023-24.
- A funding guarantee grant of £0.6m awarded for 2024-25. This is awarded to Authorities to ensure at least a 3% increase in Core Spending Power before (any council tax precept or reserve decisions).

**Other Operational Income** - The budget for 2024-25 is £2.0m, comparatives against the 2023-24 forecast and budget are shown in Figure 5.

**Figure 5 – Summary of Other Operational Income**

	2024-25 Budget	2023-24 Budget	Variance Favourable / (Adverse)	% change
	£'000	£'000s	£'000s	
Cycle to Work Scheme	36	36	(0)	(1.25%)
Childcare Vouchers	30	30	0	0.00%
Canteen Income	119	78	41	52.83%
Sale of Vehicle Spares	95	90	5	5.56%
Aerial Sites	127	115	12	10.41%
Solar Panel Income	60	60	0	0.00%
Hydrant Tests	106	90	16	17.78%
Lease Cars - Employee Contributions	0	6	(6)	(100.00%)
Secondments	179	183	(4)	(2.39%)
Community Safety general	35	78	(43)	(55.44%)
Labour Credit	120	90	30	33.33%
Section 13/16	111	60	51	84.79%
Rent	0	150	(150)	(100.00%)
Interest Received Short Term Investments	500	115	385	334.78%
Community Safety Youth Work	50	0	50	-
Shared Services Income	377	250	127	50.90%
Other Miscellaneous Income	115	171	(57)	(33.04%)
<b>Total Operational Income</b>	<b>2,059</b>	<b>1,602</b>	<b>457</b>	<b>28.51%</b>

3.11 Employment Costs equate to approximately 75% of the Service's core budget, with the numbers of firefighters employed being the most significant element. The budget reflects further recruitment and planned retirements of firefighters in the year. Analysis of the Staff Establishment are shown in Figure 6. Specific analysis of the movements in Wholetime Firefighters and Green Book Staff being shown in Figure 7 and 8.

**Figure 6 – Staff Numbers**

Staff Budget (Full Time Equivalent)	2023-24 Budget	Movements in 2023-24	2024-25 Additional Roles	2024-25 Budget
Wholetime Firefighters	640	(9)	1	632
On-Call Firefighters	461	-	-	461
Control Staff	39	4	-	43
Support Staff	318	9	2	329
<b>Total</b>	<b>1,458</b>	<b>4</b>	<b>3</b>	<b>1,465</b>

**Figure 7 – Wholetime Firefighter Establishment**

Wholetime Firefighter Budget	2023-24 Budget	Movements in 2023-24	2024-25 Additional Roles	2024-25 Budget
Watch Based Wholetime	480	0	0	480
Watch Based Day Crew	0	0	0	0
Whole Time Protection	19	0	0	19
Whole Time Prevention	5	1	0	6
Whole Time Operational Training	40	0	0	40
Whole Time USAR	18	1	0	19
Whole Time Other Non Watch Based	78	(10)	0	68
<b>Total Wholetime Firefighter Budget</b>	<b>640</b>	<b>(8)</b>	<b>0</b>	<b>632</b>

**Figure 8 – Green Book Establishment**

	2023-24 Budget	Movements in 2023-24	2024-25 Additional Roles	2024-25 Budget
Prevention	36	3	-	39
Protection	37	3	-	40
Human Resources	36	-	-	36
Wokshops Engineering and Management	37	-	-	37
ICT	26	-	-	26
Finance and Pay	18	-	1	19
Operational Training	10	1	-	11
Performance & Improvement	10	3	-	13
Property Services	13	-	-	13
Station Group Management	11	3	-	8
Innovation & Change	14	-	-	14
Technical Services	12	-	-	12
Water Services	9	-	-	9
Emergency Planning	6	-	-	6
Procurement	5	-	-	5
Operations	3	1	-	4
Police Collaboration	4	-	1	5
Other Admin Support Green Book Roles	32	1	-	33
<b>Total Support Budget</b>	<b>318</b>	<b>9</b>	<b>2</b>	<b>329</b>

**Wholetime staff** - The proposed budget shows an increase of £1.6m in the Core budget compared to the prior year with the key movements being:

- £1.5m of pay pressures (impact of 2023-24 pay pressures and a 3% pay increase in 2024-25).
- £0.6m in On Costs resulting from pay pressures
- (£0.3m) reallocation of resources into other cost headings.

**On Call staff** - The proposed budget shows an increase of £0.96m in the Core budget compared to the prior year. This includes £0.3m of pay pressures, £0.3m investment in additional training costs and £0.3m investment in the response model.

**Control staff** - The 2024-25 budget shows an increase of £0.3m in the Core budget compared to the prior year. This includes £0.1m in regard to pay pressure and £0.2m relating to resources that had previously been budgeted under Wholetime Staff.

**Support staff** - The proposed budget shows an increase of £1.1m in the Core budget compared to the prior year which comprises of:

- £0.7m Pay pressure (impact of 2023-24 pay pressures and a 3% pay increase in 2024-25).
- £0.3m in On Costs resulting from pay pressures
- £0.1m investment which comprises of one new role within the Pensions team to ensure resourcing is available to meet the growing demands in this area and to provide sufficient resilience within the team. This role will be funded in 2024-25 from a one-off Pension Support Grant. An additional tri officer role has also been included which is funded between the collaborative partners.

3.12 In addition to the numbers of staff employed, several other elements influence the overall employment costs. This includes pension costs which are mentioned below:

- **Firefighter Pension Schemes** - The budget for firefighters' pension costs is based on the current run rates of contribution. These average at 27.20% for whole-time firefighters and 25.5% for On-Call firefighters.
- **Local Government Pension Scheme (LGPS)** - The LGPS Pension contribution rate is based on the current run rate of contribution, which is 20.6%.

3.13 **Non pay costs** – The proposed budgeted baseline non-pay costs for 2024-25 is £22.78m. The prior year budgeted baseline non pay cost budget were £21.6m, and therefore there is an increase of £1.18m. The key movements are:

- (£0.7m) increases in premises and equipment costs. This includes a £0.2m investment in ICT Systems and Licensing costs, £0.3m contractual ICT pressures and £0.2m facility management contractual pressures.
- (£0.26m) increase in other costs and services. This is driven by contractual pressures in External Audit, insurance and Consultancy Costs.
- (£0.2m) increase in Support Costs which is driven by an investment in Operational Training.





4.4 The table at figure 9d then shows the movement between the 2023-24 budget and the latest update to the 2024-25 budget.

**Figure 9d –Movement between the 2023-24 and 2024-25 budget.**

<b>2024/25 cost pressures and additional sources of funding</b>		
	£m	£m
<b>Opening net budget requirement (carried forward from 2023/24)</b>		<b>88.4</b>
<b>2024/25 Cost pressures</b>		
<b><u>Pay award, pay progression and other pay</u></b>		
Pay award	3.5	
Support Staffing increase	0.1	
Firefighters Pension Scheme	0.4	<b>4.0</b>
<b><u>Non pay Inflation / contractual and legal</u></b>		
Support services contractual pressures	0.4	
Facilities Management and equipment contractual pressures	0.2	
ICT contractual pressure	0.4	<b>1.0</b>
<b><u>New investment and service demands</u></b>		
On Call Training and Activity	0.6	
Operational Training	0.2	
ICT Investment	0.3	<b>1.1</b>
<b><u>One-off investment</u></b>		
Funded from earmarked reserves		<b>(1.3)</b>
<b>Total 2024/25 cost pressures</b>		<b>6.1</b>
<b>2024/25 Net budget requirement (before savings and efficiencies)</b>		<b>94.5</b>
<b>Opening funding (carried forward from 2023/24)</b>		<b>(88.4)</b>
<b>2024/25 additional sources of funding</b>		
Cashable savings and efficiencies - recurring		<b>(0.8)</b>
Cashable savings and efficiencies - one-off		<b>0.0</b>
Increase in Government Funding		<b>(2.8)</b>
Tax base increase		<b>(0.6)</b>
Precept increase		<b>(1.5)</b>
Collection fund		<b>(0.3)</b>
<b>Total 2024/25 additional sources of funding</b>		<b>(6.1)</b>
<b>2024/25 Total funding</b>		<b>(94.5)</b>
<b>2024/25 Annual (shortfall)/surplus</b>		<b>0.0</b>

4.5 **Savings** - £0.8m of core revenue budget savings have been identified in 2024-25 which are shown in table 9e below.

**Figure 9e**

2024/25 Savings and efficiencies plan	Full Year Recurring £m
Reduction in overtime, casual staff and temporary staff	(0.1)
Reduction in usage of IT consumables	(0.1)
Estates underspending recognised in budget	(0.1)
Recruitment costs, legal fees, and Council Tax Sharing Agreement	(0.1)
Increase in interest received	(0.4)
Increase in income from recharging partners in respect of collaboration	(0.1)
<b>Total</b>	<b>(0.8)</b>

The Service savings and efficiencies plan is tracked through its Productivity and Efficiency Board. Since 2020-21, the Service has driven budgetary savings of £5m and has generated £7m of capital receipts from the sale of surplus assets.



## 5. Capital Expenditure Budget

5.1 The proposed capital budget for 2024-25 is set out in Figure 10.

**Figure 10 - Capital Expenditure Budget and Programme**

	2023-24 Total £'000s	2024-25 Total £'000s	2025-26 Total £'000s	2026-27 Total £'000s	2027-28 Total £'000s	2028-29 Total £'000s	Total £'000s
<b>New Premises</b>							
Fleet Workshops	-	247	1,319	6,603	665	-	8,835
<b>Existing Premises</b>							
Asset Protection	950	957	1,000	1,000	1,000	1,000	5,907
OCAT Project							-
<b>Asset Improvement Works</b>							
Shoeburyness	1,628	-	-	-	-	-	1,628
Training works/BA Chambers	661	176	-	-	-	-	837
Fire Training Facilities	-	250	4,250	5,500	-	-	10,000
<b>Total Property</b>	<b>3,238</b>	<b>1,630</b>	<b>6,569</b>	<b>13,103</b>	<b>1,665</b>	<b>1,000</b>	<b>27,206</b>
<b>Equipment</b>	<b>649</b>	<b>1,765</b>	<b>1,515</b>	<b>1,080</b>	<b>1,560</b>	<b>120</b>	<b>6,689</b>
<b>Information Technology</b>							
Device Refresh	391	160	198	330	468	198	1,743
Other Projects	2,212	950	500	-	-	-	3,662
<b>Total Information Technology</b>	<b>2,603</b>	<b>1,110</b>	<b>698</b>	<b>330</b>	<b>468</b>	<b>198</b>	<b>5,405</b>
<b>Vehicles</b>							
New Appliances	233	3,674	-	4,095	2,671	-	10,673
Other Vehicles	818	746	936	2,920	1,781	912	8,112
<b>Total Vehicles</b>	<b>1,051</b>	<b>4,420</b>	<b>936</b>	<b>7,015</b>	<b>4,452</b>	<b>912</b>	<b>18,786</b>
<b>Total Capital Expenditure</b>	<b>7,542</b>	<b>8,925</b>	<b>9,718</b>	<b>21,528</b>	<b>8,145</b>	<b>2,229</b>	<b>58,086</b>
<b>Funding</b>							
Capital Receipts Reserve	4,133	1,800	4,250	5,500	-	-	15,683
Earmarked Reserves	-	150	-	-	-	-	150
Grant Funding	346	-	-	-	-	-	346
Revenue Funding	3,063	6,975	5,468	16,028	8,145	2,229	41,907
<b>Total Capital Funding</b>	<b>7,542</b>	<b>8,925</b>	<b>9,718</b>	<b>21,528</b>	<b>8,145</b>	<b>2,229</b>	<b>58,086</b>

5.2 The proposed **Capital Budget for 2024-25** is set out in Figure 10, the most significant capital projects are:

- £4.0m investment in 12 new fire appliances. These appliances were originally scheduled to be delivered over the period 2024-25 to 2025-26. These appliances will be the first of the fleet to have Breathing Apparatus out of the cab which allows for a clean cab environment. This further supports the service in protecting our people against contaminants. There are also a number of other improvements such as a specific air conditioning module to keep firefighters cool during extreme heat exposure. It is expected that full delivery can now be taken in 2024-25 which has resulted in a saving of £0.2m
- £1.1m investment in Information technology. This includes £0.95m for the replacement of Station End Equipment end of life and MDT's which are now approaching end of life status. This will form part of the control room phase 2 project. The replacement of this critical equipment is key to ensuring that our 999 mobilising infrastructure is modern and able to deliver the increasing data requirements and security protection against cyberattacks. Furthermore, it is essential that firefighters have critical risk information at their fingertips to assist in keeping both themselves and the communities of Essex safe.
- £1.0m investment in operational equipment, which includes £0.75m of the first of a 3-year programme for the rollout of new hydraulic cutting equipment. With the global developments in battery technology, Fire and Rescue services are rapidly transitioning from fossil fuel, generator driven equipment to lithium battery operated equipment. This is helping the service drive down its carbon emissions footprint and reduce servicing and maintenance due to simplified engineering.
- £0.8m investment in asset protection works. This includes investment in Wholetime Station Modernisation works and an essential maintenance programme of the estate. There are a number of areas across our Wholetime Stations that require improvements. These include aspects such as clean/dirty areas to support protecting our people against contaminants, single private wellbeing spaces, updated BA servicing areas, training rooms, community areas that support local stakeholder engagement and air conditioning to support the ability to cooldown post heat exposure.
- Any further strategic capital investments that may arise during the year will be presented at future strategic boards.

5.3 In order to fund the capital programme, the Service will utilise its Capital Receipts Reserve to fund a number of key capital projects. The service has reviewed its capital receipts reserve and re-prioritised / accelerated the use of some of these to 2024-25 to ensure that there is no increase in the Minimum Revenue Provision (MRP), which remains set at £4.2m. A further capital receipt is expected to be generated from the sale of the existing fleet workshop which is expected to be in 2027-28. This capital receipt will be used to offset against the capital cost of the new fleet workshop.

## 6. Reserves

6.1 Useable Reserves are those that the Service have set aside to provide services. The Service has the following useable reserves:

**General Reserves** - These are held by the Service and managed to balance funding and spending priorities and to manage risks. These are established as part of the medium-term financial planning process.

The Service needs to hold an adequate level of general reserves to provide:

- A working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing.
- A contingency to cushion the impact of unexpected events.
- A means of smoothing out large fluctuations in spending requirements and/or funding available.

The current level of general reserves usage is shown in Figure 11 and is reflective of the MTFs positions shown in Figure 9.

**Figure 11 - Movements in General Reserves**

	Actual Balance at 31 March 2022 £'000s	Actual Balance at 31 March 2023* £'000s	Projected Balance at 31 March 2024 £'000s	Projected Balance at 31 March 2025 £'000s	Projected Balance at 31 March 2026 £'000s	Projected Balance at 31 March 2027 £'000s
General Reserves - Opening Year Balance	4,351	4,341	3,882	3,344	3,344	3,344
Surplus / (Deficit) In Year	790	(459)	(538)	-	-	-
Transfer from / (to) Earmarked Reserves	(800)	-	-	-	-	-
<b>General Reserves - Closing Year End Balance</b>	<b>4,341</b>	<b>3,882</b>	<b>3,344</b>	<b>3,344</b>	<b>3,344</b>	<b>3,344</b>
<b>General Reserve Closing Balance as a % of Net Budget</b>	<b>5.40%</b>	<b>4.61%</b>	<b>3.71%</b>	<b>3.49%</b>	<b>3.39%</b>	<b>3.29%</b>

\*Per Unaudited Financial Statements

6.2 **Earmarked Reserves** - The Service has established specific reserves to manage key financial risks and to support the transformation of the Service to ensure it is fit for the future and will deliver on the priorities in the Fire and Rescue Plan. Figure 12 shows the current and future planned level of each Earmarked reserve:

**Figure 12 - Movements in Earmarked Reserves**

	Actual Balance at 31 March 2022 £000's	Forecast Addition / (Use) £000's	Actual Balance at 31 March 2023* £000's	Forecast Addition / (Use) £000's	Projected Balance at 31 March 2024 £000's	Forecast Addition / (Use) £000's	Projected Balance at 31 March 2025 £000's	Forecast Addition / (Use) £000's	Projected Balance at 31 March 2026 £000's
<b><u>Earmarked Contingency Reserves</u></b>									
Demand Pressures	600	0	600	0	600	0	600	0	600
Taxbase & Collection Account Reserve	200	0	200	0	200	0	200	0	200
National Non Domestic Rates Collection Reserve	1,695	(1,462)	233	0	233	0	233	0	233
Rolling Budgets Reserve	0	0	0	0	0	0	0	0	0
Risk Protection	285	0	285	0	285	0	285	0	285
Business Continuity	0	0	0	0	0	0	0	0	0
	<b>2,780</b>	<b>(1,462)</b>	<b>1,318</b>	<b>0</b>	<b>1,318</b>	<b>0</b>	<b>1,318</b>	<b>0</b>	<b>1,318</b>
<b><u>Earmarked Reserve - Productivity</u></b>									
On Call - Support	463	(70)	393	0	393	0	393	0	393
Invest to Save	523	0	523	0	523	(100)	423	0	423
Innovation & Transformation	3,799	(1,379)	2,420	(1,763)	657	(657)	0	0	0
	<b>4,785</b>	<b>(1,449)</b>	<b>3,336</b>	<b>(1,763)</b>	<b>1,573</b>	<b>(757)</b>	<b>816</b>	<b>0</b>	<b>816</b>
<b><u>Earmarked Reserve - Specific Purpose</u></b>									
Unspent Government Grant - Covid 19	525	(142)	383	(217)	166	(133)	33	(5)	28
Unspent Government Grant - Pension	102	(98)	4	(4)	0	0	0	0	0
Operational Training Reserve	837	(348)	489	0	489	(235)	254	0	254
Learning & Development Programme	1,230	(72)	1,158	(51)	1,107	(150)	957	(350)	607
Community Safety Programme - Sprinkler Support	472	(52)	420	0	420	0	420	0	420
LGPS Deficit	304	(304)	0	0	0	0	0	0	0
	<b>3,470</b>	<b>(1,016)</b>	<b>2,454</b>	<b>(272)</b>	<b>2,182</b>	<b>(518)</b>	<b>1,664</b>	<b>(355)</b>	<b>1,309</b>
<b>Total Earmarked Reserves</b>	<b>11,035</b>	<b>(3,927)</b>	<b>7,108</b>	<b>(2,035)</b>	<b>5,073</b>	<b>(1,275)</b>	<b>3,798</b>	<b>(355)</b>	<b>3,443</b>

\*Per Unaudited Financial Statements

£1.27m of Earmarked Reserves are planned to be utilised in 2024-25.

This includes investment of £0.65m from the innovation and transformation reserve which includes:

- £0.3m investment in implementation of the Finance System and in the Data and Digital Strategy.
- £0.3m for the next delivery phase relating to the progression of a combined fleet workshop with Essex Police.
- £0.1m in relation to Consultancy costs for Property transformation projects.

Other investments from Earmarked Reserves include:

- £0.15m a digital upgrade to the Authority's OCAT suite (rephased from 2023-24)
- £0.15m investment in continued Learning and Development
- £0.1m in relation to Consultancy costs for Property transformation projects.

**6.3 Capital Receipts Reserve** - Capital Receipts are generated from the sale of surplus assets.

The use of the Capital Receipts Reserve is governed by regulations, and they can only be spent on certain expenditure, which includes:

- Capital Financing of new expenditure.
- Repayment of Debt
- Funding the costs of disposals

Figure 13 shows the current and future planned level of the Capital Receipts Reserve, which takes into account the funding of the Capital programme per Figure 10.

The projected sale of assets relates to the remaining housing sales which are part of the draw crew conversion project.

**Figure 13 - Movements in Capital Receipts Reserves**

	Actual Balance at 31 March 2022 £'000s	Actual Balance at 31 March 2023* £'000s	Projected Balance at 31 March 2024 £'000s	Projected Balance at 31 March 2025 £'000s	Projected Balance at 31 March 2026 £'000s	Projected Balance at 31 March 2027 £'000s
Capital Receipts Reserve - Opening Year Balance	9,669	13,152	15,740	12,256	10,456	6,206
Projected Sale of Assets	3,530	2,920	649	0	0	0
Utilised in Year	(47)	(332)	(4,133)	(1,800)	(4,250)	(5,500)
<b>Capital Receipts Reserve - Closing Year End Balance</b>	<b>13,152</b>	<b>15,740</b>	<b>12,256</b>	<b>10,456</b>	<b>6,206</b>	<b>706</b>

\*Per Unaudited Financial Statements

## 7. Risks

7.1 The main risk areas associated with the budget are:

- **National Pay Settlements** - Pay cost for 2024-25 are budgeted based on a 3% pay award. Negotiations on the pay settlement will take place at the NJC and will take place after the approval of the 2024-25 budget. Any agreements made in excess of this amount would create unfunded year on year pressures. A 1% increase in the pay award would create a £0.7m unfunded pressure.
- **Inflation** – In addition to our Pay Costs, there are inflationary impacts and potential supply chain issues that are impacting upon Non-Pay Costs. Although the Service is continuing to monitor its Non-Pay Costs closely, there are risks that ongoing pressures within the supply chain could impact future pricing.
- **Firefighters Pension Schemes** - National changes in employer contribution rates for firefighters' pension schemes came into effect from April 2019, following a revaluation of firefighters' pension schemes. The national average increase was material at 12.6% of pensionable pay, which equated to an additional cost burden to the Service of £3.8m. The government has provided annual S31 grant of £3.5m to cover most of the additional cost pressure and from 2024-25 this has been rolled into baseline funding through the Revenue Support Grant).

There remains uncertainty around the financial impacts resulting around the remedies on the firefighter's pension scheme (McCloud/Sergeant, which includes an increase in Employer Contributions.

There is currently no information on what the cost of the remedy will be, and how this will be funded. The employer's contribution rates are expected to increase to take account of the cost of remedy. The next adjustment is expected 1 April 2024, in line with the latest actuarial valuation. No details have yet been provided on what the increase in employers contributions will be, but it is expected that the increase will be fully funded through an additional grant.

- **Local Government Finance Settlement** – The latest provisional finance settlement covers 2024-25. The short-term nature of this settlement means that there is uncertainty and risk in the medium term over funding levels. Under this settlement, Fire and Rescue Authorities are able to increase council tax by up to 3%. This is lower than the previous year, where precept flexibility of up to £5 (equivalent to 6.23% in 2024-25) was allowed.

The Authority had considered making additional investments in Service Improvement if the £5 precept flexibility was awarded in 2024-25. Given the precept flexibility in this Settlement, some of these investments have not been included within the final budget due to affordability. Such investments included those in ICT and Recruitment resilience. The service has also had to take additional measures which include re-phasing the use of capital receipts from its existing plan, to utilise these in 2024-25.

- **Council Tax and National Non-Domestic Rate Collections** - Given the current economic pressures, there is a high risk that Business and Council tax collections will be impacted. This follows on from the Covid 19 pandemic which impacted the Collection Accounts. Furthermore, if the housing construction beings to slowdown as a result of the current economic situation, this would impact future council tax base increases.
- **Section 31 Grants** – These Grants total £6.1m and are allocated on an annual basis. The provisional local government finance settlement has confirmed £4.7m of this funding which relate to Business Rates Relief grant, Services Grant and the Funding Guarantee.

The firelink Grant will reduce to £0.29m. A letter from the Home Office in 2022-23 confirmed that this is being phased out by 2026-27. This is being phased out by equal instalment each year.

There is an annual grant of £0.8m to fund the Urban Search and Rescue Capability. The Service has received confirmation in 2023-24 that funding will continue for financial year 2024-25. A further decision around the continuation of funding will be made in 2024-25 which is also expected to include a decision on the funding of the capital refresh associated with USAR assets.

All other grants are expected to continue but no formal confirmation has yet been received.

- **Capital Program** – The current economic situation will impact the Capital Program, and in particular the cost of the capital projects. It will be important to keep the Capital Program under close review to ensure its affordability. In the event that further borrowing is required, changes in the interest rates could create also impact affordability.
- **Council Tax and National Non-Domestic Rate Collections** - Given the current economic pressures, there is a high risk that Business and Council tax collections will be impacted. This follows on from the Covid 19 pandemic which impacted the Collection Accounts.

## 8. Next Steps

- 8.1 I am seeking the Panel's endorsement for this precept increase which recognises the challenging financial environment we face, and at the same time acknowledges the importance of delivering on objectives included within the Fire and Rescue Plan.
- 8.2 With the Panel's endorsement of the precept increase, the proposed budget for 2024-5 will be approved through the PFCC's usual governance process.