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| Report title: 2022-23 Proposed Fire and Rescue Precept | |
| Report to: Essex Police, Fire and Crime Panel | |
| Report author: Roger Hirst – Police, Fire and Crime Commissioner | |
| Date: 03 February 2022 | For: Approval |
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| County Divisions affected: All Essex | |

1. Purpose of Report

The purpose of this report is to set out the proposed budget and precept proposal for Essex County Fire and Rescue Service for 2022-23. 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 Commissioner proposes an increase in the precept of 1.95%. The precept payable for a Band D Council tax property will increase from £73.89 to £75.33, a change of £1.44 per year.

Figure 1 – Funding

| | Budget 2021-22 £'000s | Budget 2022-23 £'000s | Variance favourable/ (adverse) |
|--|-----------------------------|-----------------------------|--------------------------------------|
| Specific Government Grants | | | |
| Urban Search & Rescue | (857) | (857) | (0) |
| Firelink | (662) | (617) | (45) |
| Business Rates Relief Support | (1,340) | (1,404) | 64 |
| Services Grant | | (1,154) | 1,154 |
| Pension Top up | (3,517) | (3,517) | (0) |
| Other | (11) | - | (11) |
| Total Specific Government Grants | (6,387) | (7,549) | 1,162 |
| Sources of Finance | | | |
| Revenue Support Grant | (8,520) | (8,780) | 260 |
| National Non-Domestic Rates | (16,519) | (16,519) | - |
| Total Local Government Finance Settlement | (25,039) | (25,299) | 260 |
| Council Tax Precept | (47,851) | (49,315) | 1,464 |
| Total Funding | (79,277) | (82,163) | 2,886 |

Figure 2 - Reconciliation of Movement in Council Tax

| | 2021-22 Budget | 2022-23 Budget | Variance favourable / (adverse) | % |
|---|-------------------|-------------------|---------------------------------------|-------------|
| Council Tax Base - Band D Properties | 647,706 | 654,649 | 6,943 | 1.1% |
| Council Tax (Band D) | £73.89 | £75.33 | £1.44 | 1.95% |
| Total Council Tax Funding - £000's | £47,859 | £49,315 | £1,456 | 3.0% |

| £'000s | |
|---------------------------------------|----------------|
| Council Tax Funding 2021-22 | £47,859 |
| Council Tax Base Growth 1.1% - £000's | £523 |
| Council Tax Precept 1.95% - £000's | £933 |
| | £1,456 |
| Council Tax Funding 2022-23 | £49,315 |

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 Plan 2020-2024.
- 3.2 ECFRS 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 priorities for 2022-2023:
- Fire protection – embedding the outcomes of the Building Risk Review into the Risk Based Inspection Programme. Ensuring the Service has the necessary resources to deliver the role it will have as part of the revised Building Safety Regulations.
 - Increasing investment in Prevention based activities to protect those most vulnerable from fire and contribute towards the Safer Essex Road Partnership vision zero.
 - Investing in Operational training – ensuring that our fire fighters have access to quality training and facilities enabling them to be properly prepared to respond to the risks faced.
 - Supporting On call firefighters – increasing our recruitment and improving our retention of on call firefighters, in addition to exploring flexible crewing models to improve response times.
 - Transforming the way we work through investment in ICT – updating our systems and hardware to improve productivity and connectivity, including a new Mobilising and Command system at our Fire Control function at Kelvedon Park.
 - Supporting the leaders of today and developing the leaders of tomorrow by investing in a Learning and Development service-wide programme to support staff in their current and any future roles as part of our workforce planning.
 - Implementation of national fire standards to ensure the adoption and delivery of good practice and supporting national interoperability and greater efficiencies.
 - To ensure the property portfolio is appropriate and fit for purpose and able to meet the support and wellbeing needs of our workforce.
- 3.3 The budget is set against the ongoing impact of the Covid 19 pandemic. Although we are in a different stage of the pandemic as compared to the prior year, there continues to be uncertainty regarding the impact on council tax and non-national domestic rate collections within the County. The billing authorities across Essex have submitted council tax figures for both the tax base and collection account. These have been shared with the Authority and have been used to inform the budget process.

- 3.4 In 2021-22 Pay costs were budgeted in line with the government announcement that there was to be a public sector pay freeze. In the fire sector, pay is determined through negotiations with the National Joint Council (NJC).

In June 2021, it was agreed that grey book staff were to be awarded a 1.5% pay award, which has created an additional financial pressure of £0.65m in the 2022-23 budget.

In October 2021, a final national pay offer of 1.75% was made to Green book staff, which equates to an additional cost pressure of £0.27m and has been included within the 2022-23 budget. This pay award has not been accepted. A UNISON ballot has resulted in no Industrial Action to be taken and we await further information regarding this pay award.

- 3.5 On 7 September 2021, the government announced an increase in employer's national insurance contributions of 1.25% which is effective from April 2022. The government announced plans to compensate public sector organisations for this increase.
- 3.6 The Chancellor's Spending Review was announced on 27 October 2021. The key announcement made was the removal of the public sector pay freeze announced in 2021-22, however as mentioned above, it should be noted that pay in the fire sector is determined through negotiations with the National Joint Council (NJC).
- 3.7 On 16 December 2021, the Government announced a single year provisional local government finance settlement agreement for 2022-23. The headlines from this announcement were:
- Fire and Rescue Authorities will be able to increase council tax bills by up to 2% without the need to hold a referendum.
 - An inflationary increase would be applied to the revenue support grant. This results in an increase from £8.52m in 2021-22 to £8.78m in 2022-23, as reflected in Figure 1 above.
 - The creation of a one off non ringfenced Services Grant of £1.1m. The grant will compensate the Authority for the 1.25% increase in Employers National Insurance costs and will support other one-off key investments in the Service.
- 3.8 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 2022-23. There continues to be alignment between the whole-time firefighter headcount budget for 2022-23 and the agreement around crewing levels in the Dispute Resolution Agreement (2017) with the FBU.

3.9 The main risk areas associated with the budget are:

- **National Pay Settlements** - Pay costs for 2022-23 have been budgeted at 2%. Negotiations on the pay settlement will take place at the NJC and if any agreement was made in excess of this amount, then this will create an unfunded year on year pay pressure, which will need to be funded by savings.

Pay costs for 2022-23 also include the 1.75% pay award that was made to Green book staff in 2021-22. This pay award has not been accepted. A UNISON ballot has resulted in no Industrial Action to be taken and we await further information regarding this pay award.

In the event that further any agreement was made in excess of this amount, then this will create an unfunded year on year pay pressure, which will need to be funded by savings.

- **Employers National Insurance** - On 7 September 2021, the government announced an increase in employer's national insurance contributions of 1.25% which is effective from April 2022. The government announced at the time that this plans to compensate public sector organisations for this increase, which will create an additional cost pressure of the Authority of £0.46m. The Services Grant announced as part of the 2022-23 provisional local government settlement will cover this additional cost pressure, but there is currently no certainty over the funding of this in future years.
- **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 Authority of £3.8m. The government has provided annual S31 grant of £3.5m to cover most of the additional cost pressure. It was announced in the 2021-22 final local government finance settlement agreement that from 2022-23, the pensions grant would be incorporated into baseline funding. This was not reflected in the 2022-23 provisional local government finance settlement.

There remains uncertainty around the financial impacts resulting around the remedies on the firefighter's pension scheme (McCloud/Sergeant), which include:

- Increased 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.

- Pension administration costs – amendments to software will be required to our third-party administrator and an increase in general pension administration resource. There has been no increase in budget made for these costs, on the basis that the Authority received a grant of £0.1m in April 2021 to utilise against such costs.
- **Local Government Finance Settlement** - The provisional local government finance settlement is a one-year settlement as opposed to the three years originally expected. The provisional local government finance settlement will be £25.29m for 2022-23 (compared with £25.03m for 2021-22), with the increase representing an inflationary increase on the revenue support grant. The short-term nature of this settlement means that there is uncertainty and risk in the medium term over funding levels.
- **Council Tax and National Non-Domestic Rate Collections** - Business and Council tax collections have been impacted as a result of the CoVID 19 pandemic. This budget has been prepared on the latest information provided from the districts. Any adverse movements from these estimates, would need to be funded using reserves or savings.
- **Section 31 Grants** – These Grants total £7.5m and are allocated on an annual basis. Only the Service Grant of £1.1m has been confirmed for 2022-23 as part of the provisional local government finance settlement, but we expect all other Grants to continue on a flat cash basis.

3.10 The Summary budget for 2022-23 is set out in Figure 3 and the 2021-22 Forecast is set out in Figure 4

Figure 3 - Budget Summary

| | Core Budget 2021-22 £'000s | Earmarked Reserves Budget 2021-22 £'000s | Published Budget 2021-22 £'000s | Core Budget 2022-23 £'000s | Earmarked Reserves Budget 2022-23 £'000s | Proposed Budget 2022-23 £'000s | Core Budget variance 2021-22 v 2022-23 £'000s | % variance favourable/ (adverse) | Total Budget variance 2021-22 v 2022-23 £'000s | % variance favourable/ (adverse) |
|---------------------------------------|----------------------------------|---|--|----------------------------------|---|---|---|--|--|--|
| Wholetime Firefighters | 34,061 | 279 | 34,340 | 35,475 | 862 | 36,337 | (1,414) | (4%) | (1,997) | (6%) |
| On Call Firefighters | 7,081 | - | 7,081 | 7,263 | - | 7,263 | (182) | (3%) | (182) | (3%) |
| Control | 1,568 | - | 1,568 | 1,604 | - | 1,604 | (36) | (2%) | (36) | (2%) |
| Support Staff | 14,986 | 89 | 15,075 | 16,018 | 714 | 16,732 | (1,032) | (7%) | (1,657) | (11%) |
| Total Employment Costs | 57,696 | 368 | 58,064 | 60,360 | 1,576 | 61,936 | (2,664) | (5%) | (3,872) | (7%) |
| Support Costs | 1,838 | 310 | 2,148 | 1,605 | 300 | 1,905 | 233 | 13% | 243 | 11% |
| Premises & Equipment | 10,024 | - | 10,024 | 10,109 | 100 | 10,209 | (85) | (1%) | (185) | (2%) |
| Other Costs & Services | 3,278 | - | 3,278 | 3,422 | - | 3,422 | (144) | (4%) | (144) | (4%) |
| Ill health pension costs | 2,276 | - | 2,276 | 2,184 | - | 2,184 | 92 | 4% | 92 | 4% |
| Financing Items | 6,215 | - | 6,215 | 5,897 | - | 5,897 | 318 | 5% | 318 | 5% |
| Innovation & Change Program Costs | - | 1,151 | 1,151 | - | - | - | - | - | 1,151 | 100% |
| Total Other Costs | 23,631 | 1,461 | 25,092 | 23,217 | 400 | 23,617 | 414 | 2% | 1,475 | 6% |
| Gross Expenditure | 81,327 | 1,829 | 83,156 | 83,577 | 1,976 | 85,553 | (2,250) | (3%) | (2,397) | (3%) |
| Operational income | (975) | - | (975) | (1,414) | - | (1,414) | 439 | 45% | 439 | 45% |
| Net Expenditure before Funding | 80,352 | 1,829 | 82,181 | 82,163 | 1,976 | 84,139 | (1,811) | (2%) | (1,958) | (2%) |
| Funding | | | | | | | | | | |
| Government Grants | (6,387) | - | (6,387) | (7,549) | - | (7,549) | 1,162 | 18% | 1,162 | 18% |
| Revenue Support Grant | (8,520) | - | (8,520) | (8,780) | - | (8,780) | 260 | 3% | 260 | 3% |
| National Non-Domestic Rates | (16,519) | - | (16,519) | (16,519) | - | (16,519) | - | - | - | - |
| Council Tax | (47,851) | - | (47,851) | (49,315) | - | (49,315) | 1,464 | 3% | 1,464 | 3% |
| Total Funding | (79,277) | - | (79,277) | (82,163) | - | (82,163) | 2,886 | 4% | 2,886 | 4% |
| Funding (Shortfall) / Surplus | (1,075) | (1,829) | (2,904) | - | (1,976) | (1,976) | 1,075 | (100%) | 928 | 32% |
| Cont'ns to/(from) Earmarked Reserves | | (1,829) | (1,829) | | (1,976) | (1,976) | - | - | (147) | 8% |
| Cont'ns to/(from) General Reserves | (1,075) | - | (1,075) | - | - | - | 1,075 | 100% | 1,075 | 100% |
| Net (Shortfall)/Surplus | - | - | - | - | - | - | - | 0% | - | 0% |

Figure 4 - Forecast against budget position

| | Core Budget 2021-22 £'000s | Earmarked Reserves Budget 2021-22 £'000s | Published Budget 2021-22 £'000s | Core Forecast 2021-22 £'000s | Earmarked Reserves Forecast 2021-22 £'000s | Total Forecast 2021-22 £'000s | Core Budget v Forecast £'000s | % variance favourable/ (adverse) | Total Budget v Forecast £'000s | % variance favourable/ (adverse) |
|---------------------------------------|----------------------------------|--|---------------------------------------|------------------------------------|--|-------------------------------------|----------------------------------|-------------------------------------|-----------------------------------|-------------------------------------|
| Wholetime Firefighters | 34,061 | 279 | 34,340 | 34,513 | 586 | 35,099 | (452) | (1%) | (759) | (2%) |
| On Call Firefighters | 7,081 | - | 7,081 | 7,361 | - | 7,361 | (280) | (4%) | (280) | (4%) |
| Control | 1,568 | - | 1,568 | 1,582 | - | 1,582 | (14) | (1%) | (14) | (1%) |
| Support Staff | 14,986 | 89 | 15,075 | 15,242 | 671 | 15,913 | (256) | (2%) | (838) | (6%) |
| Total Employment Costs | 57,696 | 368 | 58,064 | 58,698 | 1,257 | 59,955 | (1,002) | (2%) | (1,891) | (3%) |
| Support Costs | 1,838 | 310 | 2,148 | 2,034 | 347 | 2,381 | (196) | (11%) | (233) | (11%) |
| Premises & Equipment | 10,024 | - | 10,024 | 10,054 | 776 | 10,830 | (30) | (0%) | (806) | (8%) |
| Other Costs & Services | 3,278 | - | 3,278 | 3,280 | 336 | 3,616 | (2) | (0%) | (338) | (10%) |
| Ill health pension costs | 2,276 | - | 2,276 | 2,250 | - | 2,250 | 26 | 1% | 26 | 1% |
| Financing Items | 6,215 | - | 6,215 | 5,316 | - | 5,316 | 899 | 14% | 899 | 14% |
| Innovation & Change Program Costs | - | 1,151 | 1,151 | - | - | - | - | - | 1,151 | - |
| Total Other Costs | 23,631 | 1,461 | 25,092 | 22,934 | 1,459 | 24,393 | 697 | 3% | 699 | 3% |
| Gross Expenditure | 81,327 | 1,829 | 83,156 | 81,632 | 2,716 | 84,348 | (305) | (0%) | (1,192) | (1%) |
| Operational income | (975) | - | (975) | (1,309) | - | (1,309) | 334 | 34% | 334 | 34% |
| Net Expenditure before Funding | 80,352 | 1,829 | 82,181 | 80,323 | 2,716 | 83,039 | 29 | 0% | (858) | (1%) |
| Funding | | | | | | | | | | |
| Government Grants | (6,387) | - | (6,387) | (7,100) | - | (7,100) | 713 | 11% | 713 | 11% |
| Revenue Support Grant | (8,520) | - | (8,520) | (8,520) | - | (8,520) | - | - | - | - |
| National Non-Domestic Rates | (16,519) | - | (16,519) | (16,519) | - | (16,519) | - | - | - | - |
| Council Tax | (47,851) | - | (47,851) | (47,963) | 200 | (47,763) | 112 | 0% | (88) | (0%) |
| Total Funding | (79,277) | - | (79,277) | (80,102) | 200 | (79,902) | 825 | 1% | 625 | 1% |
| Funding (Shortfall) / Surplus | (1,075) | (1,829) | (2,904) | (221) | (2,916) | (3,137) | 854 | (79%) | (233) | (8%) |
| Cont'ns to/(from) Earmarked Reserves | | (1,829) | (1,829) | | (2,916) | (2,916) | - | - | (1,087) | (59%) |
| Cont'ns to/(from) General Reserves | (1,075) | - | (1,075) | (221) | - | (221) | 854 | 79% | 854 | 79% |
| Net (Shortfall)/Surplus | - | - | - | - | - | - | - | 0% | - | 0% |

3.11 ECFRS 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 priorities for 2022-23:

- Fire protection
- Operational training
- On call firefighters
- ICT transformation
- Learning and Development.
- Ensuring the Property Portfolio is appropriate and fit for purpose.

3.12 The analysis of the key income and expenditure headings for the Authority's budget are:

- **Local Government Finance Settlement** - The provisional local government finance settlement for 2021-22 was announced on 16th December 2021. The basis of the provisional settlement for 2022-23 including the profile of Revenue Support Grant and National Non-Domestic Rates (NNDR) are set out in Figure 1.
- **Council Tax** - The Commissioner's Precept Survey was live between 3 November 2021 and 21 December 2021. A total of 1,531 residents responded to the questions relating to the Fire and Rescue Precept. Of those respondents, 67% were prepared to pay more so the service can continue to fund inflationary pressures and to invest in fire protection, operational training and on call recruitment.

31% of respondents are prepared to pay an increase of 5% which would cover all of the £1.5m investments that the service would like to make in fire protection, operational training and on call recruitment/ retention.

Council tax income has been based on the Commissioner's proposal of an increase in the precept of 1.95%. The precept payable for a Band D Council tax property will increase from £73.89 to £75.33, a change of £1.44 per year and would generate additional council tax receipts of £0.93m.

Council tax receipts are also impacted by year-on-year growth a result of the increase in the Tax Base using the latest information provided by the districts, there is an increase in the tax base of 1.1% as compared to the prior year. This will generate £0.53m in additional council tax receipts. The details are shown in Figure 1 and 2.

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 £7.54m for 2022-23. Comparatives against the 2021-22 forecast and budget are shown in Figure 5

Figure 5 – Summary of Specific Government Grants

| | Budget 2021-22 £'000s | Forecast 2021-22 £'000s | Budget 2022-23 £'000s | Bud 2022-23 to F'Cast 2021-22 Variance favourable/ (adverse) £'000s | % variance favourable/ (adverse) |
|---|-----------------------------|-------------------------------|-----------------------------|--|--|
| Urban Search & Rescue | (857) | (857) | (857) | - | - |
| Firelink | (662) | (619) | (617) | (2) | (0%) |
| Business Rates Relief Support | (1,340) | (1,340) | (1,404) | 64 | 5% |
| Local Council Tax Supplement | - | (752) | - | (752) | (100%) |
| Services Grant | - | - | (1,154) | 1,154 | 100% |
| Pension Top up | (3,517) | (3,517) | (3,517) | 0 | 0% |
| Other | (11) | (15) | - | (15) | (100%) |
| Total Specific Government Grants | (6,387) | (7,100) | (7,549) | 449 | 6% |

3.13 2022-23 includes the Services grant of £1.1m that was announced in the provisional local government finance settlement.

3.14 Other Operational Income - is budgeted at £1.41m for 2022-23. Comparatives against the 2020-21 forecast and budget are shown in Figure 6.

Figure 6 – Summary of Other Operational Income

| | Budget 2021-22 £'000s | Forecast 2021-22 £'000s | Budget 2022-23 £'000s | Bud 2022-23 to F'Cast 2021-22 Variance favourable/ (adverse) £'000s | % variance favourable/ (adverse) |
|--|-----------------------------|-------------------------------|-----------------------------|--|--|
| Cycle to Work Scheme | (30) | (35) | (30) | (5) | (14%) |
| Childcare Vouchers | (65) | (50) | (60) | 10 | 20% |
| Canteen Income | (50) | (42) | (64) | 22 | 52% |
| Sale of Vehicle Spares | (25) | (42) | (25) | (17) | (40%) |
| Aerial Sites | (156) | (148) | (130) | (18) | (12%) |
| Solar Panel Income | (50) | (46) | (65) | 19 | 41% |
| Hydrant Tests | (90) | (51) | (80) | 29 | 57% |
| Lease Cars - Employee Contributions | (15) | (11) | (6) | (5) | (45%) |
| General Sales | - | (11) | - | (11) | (100%) |
| Service Charges | (1) | (1) | (1) | (0) | (40%) |
| Secondments | - | (125) | (165) | 40 | 32% |
| Community Safety general | - | (18) | (78) | 60 | (333%) |
| Labour Credit | (55) | (66) | (55) | (11) | (17%) |
| Section 13/16 | (45) | (62) | (60) | (2) | (3%) |
| Provision of Hire Vehicles & Equipment | (2) | (2) | - | (2) | (100%) |
| Rent | - | (2) | - | (2) | (100%) |
| Interest Received Short Term Investments | (25) | (13) | (10) | (3) | (23%) |
| Community Safety Youth Work | (100) | (89) | (115) | 26 | 29% |
| Shared Services Income | (182) | (422) | (300) | (122) | (29%) |
| Other Miscellaneous Income | (84) | (73) | (170) | 97 | 134% |
| Other Operational Income | (975) | (1,309) | (1,414) | 105 | 8% |

3.15 Employment Costs equate to c.74% of the Authority'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 7. Specific analysis of the movements in Wholetime Firefighters and Green Book Staff being shown in Figure 8 and 9.

Figure 7 – Staff Numbers

| Staff Budget (Full Time Equivalent) | 2021-22 Budget | Movement | 2022-23 Budget |
|-------------------------------------|----------------|------------|----------------|
| Wholetime Firefighters | 644 | (10) | 634 |
| On-Call Firefighters | 456 | 5 | 461 |
| Control Staff | 35 | (1) | 34 |
| Operational and Admin Support | 302 | (3) | 299 |
| Total | 1,437 | (9) | 1428 |

Figure 8 – Wholetime Firefighter Establishment

| | 2021-22 Budget | Movements | 2022-23 Additional Roles | 2022-23 Budget |
|-------------------------------------|----------------|-------------|--------------------------|----------------|
| Watch Based Wholetime | 480 | - | - | 480 |
| Watch Based Day Crew | 13 | (10) | - | 3 |
| Whole Time Protection | 26 | (1) | 4 | 29 |
| Whole Time Prevention | 14 | (10) | - | 4 |
| Whole Time Operational Training | 29 | - | 6 | 35 |
| Whole Time Other Non Watch Based | 82 | - | 1 | 83 |
| Total Wholetime Firefighters | 644 | (21) | 11 | 634 |

Figure 9 – Green Book Establishment

| | 2021-22 Funded Establishment | Movement | 2022-23 Additional Roles | 2022-23 Budget |
|--------------------------------------|------------------------------|------------|--------------------------|----------------|
| Station Group Management | 10 | 0 | | 10 |
| Protection & Grenfell Infrastructure | 27 | - | | 27 |
| Prevention | 29 | 5 | | 34 |
| Operational Training | 10 | 3 | | 13 |
| Learning & Development (Training) | - | 4 | | 4 |
| Human Resources | 35 | (5) | | 30 |
| Operational Policy | 3 | - | | 3 |
| Technical Services | 5 | 0 | | 5 |
| Health & Safety | 4 | - | 1 | 5 |
| Workshops Engineering & Management | 39 | (1) | | 38 |
| Property Services | 15 | (0) | | 15 |
| Other Admin Support Green Book Roles | 125 | (11) | | 114 |
| Total Green Book | 302 | (4) | 1 | 299 |

** Includes ICT/Finance & Pay/ Procurement/Service Leadership Team/Corporate Comms/Innovation & Change

3.16 Overall, there have been a reduction in establishment of 14 full time equivalents, with the main points being:

- Resources to enable the full conversion from Day Crewed to On-call to take place, which will be funded from Earmarked Reserves.
- Within 2021-22 a review of the Prevention Team was undertaken, to ensure that the structure of the team could deliver the published Prevention Strategy 2020-2024. This resulted in a reduction of 5 roles within the Prevention Team (a reduction in 10 Grey Book Roles and an increase of 5 Green Book roles).
- Within 2021-22 there was a reduction of 1 wholetime fire protection post which was a result of converting 2 posts to 1 post.
- Within the 2022-23 budget, there has been inclusion of 10 additional wholetime firefighter roles. This includes 6 additional operational training roles which have previously been funded by Earmarked Reserves and 4 additional roles within Fire Protection.

3.17 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 28.24% for whole-time firefighters and 25.25% for On-Call firefighters.
- **Local Government Pension Scheme (LGPS)** - The budget for LGPS pension costs is based on the current run rate of contribution. This is 18.94%.

3.18 **Non pay costs** – The Core Budget for non-pay costs for 2022-23 is £23.21m, the prior year budgeted baseline non pay cost was £23.63m, and therefore there is a reduction of £0.42m. The key movements are:

- £0.3m reduction in Financing items because of a reduction in the Capital Finance charge.
- £0.2m reduction in Support costs as the result of a new Workwear contract and a reduction in Travel and Subsistence.
- (£0.1m) increase in Other Costs. This includes £0.25m relating to One Off Consultancy Costs to support the relocation of Fleet Workshops and the Fire Training Centre at Weathersfield. These are to be specifically funded by the Services Grant.
- (£0.1m) an increase in premises and equipment driven by an increase in utility costs.

4. Medium Term Financial Strategy (MTFS)

4.1 The latest Medium Term Financial Strategy is laid out in Figure 10 and shows the key MTFS movements since that presented at the September 2021 Strategic Board.

Figure 10 – Summary MTFS Movements since December 2021 Strategic Board

MTFS as at September 2021 Strategic Board

| Actuals | | Medium Term Financial Strategy 2021/22-2024/25 | | | | |
|---------------|---------------|--|---------------|---------------|---------------|-------------|
| 2019/20 £m | 2020/21 £m | 2021/22 £m | 2022/23 £m | 2023/24 £m | 2024/25 £m | Total £m |
| | | 80.9 | 82.4 | 83.2 | 84.5 | 331.0 |
| | | (0.6) | (0.7) | 0.0 | 0.0 | (1.3) |
| 78.0 | 80.9 | 80.3 | 81.7 | 83.2 | 84.5 | 329.7 |
| 0.0 | 0.1 | 2.4 | 1.0 | 0.4 | 0.0 | 3.8 |
| (77.9) | (81.7) | (80.1) | (80.5) | (81.9) | (83.5) | (326.0) |
| 0.1 | (0.7) | 2.6 | 2.2 | 1.7 | 1.0 | 7.5 |
| 0.0 | (0.1) | (2.4) | (1.0) | (0.4) | 0.0 | (3.8) |
| (0.1) | 0.8 | (0.2) | (1.2) | (1.3) | (1.0) | (3.7) |

MTFS as at January 2022

| Actuals | | Medium Term Financial Strategy 2021/22-2024/25 | | | | |
|---------------|---------------|--|---------------|---------------|---------------|-------------|
| 2019/20 £m | 2020/21 £m | 2021/22 £m | 2022/23 £m | 2023/24 £m | 2024/25 £m | Total £m |
| | | 80.9 | 84.0 | 84.1 | 87.1 | 336.1 |
| | | (0.6) | (1.8) | 0.0 | 0.0 | (2.4) |
| | | | | (1.0) | (2.3) | (3.3) |
| | | (0.6) | (1.8) | (1.0) | (2.3) | (5.7) |
| 78.0 | 80.9 | 80.3 | 82.2 | 83.1 | 84.8 | 330.4 |
| 0.0 | 0.1 | 2.7 | 1.9 | 0.4 | 0.0 | 5.0 |
| (77.9) | (81.7) | (80.1) | (82.2) | (83.1) | (84.8) | (330.2) |
| 0.1 | (0.7) | 2.9 | 1.9 | 0.4 | 0.0 | 5.2 |
| 0.0 | (0.1) | (2.7) | (1.9) | (0.4) | 0.0 | (5.0) |
| 0.1 | 0.8 | (0.2) | 0.0 | 0.0 | 0.0 | (0.2) |

MTFS Movement since September 2021

| | 2021/22 £m | 2022/23 £m | 2023/24 £m | 2023/24 £m | Total £m |
|--|---------------|---------------|---------------|---------------|-------------|
| General Fund (shortfall)/ Surplus in September 2021 MTFS | (0.2) | (1.2) | (1.3) | (1.0) | (3.7) |
| Favourable / (Adverse) movement in General Fund Balance | 0.0 | 1.2 | 1.3 | 1.0 | 3.5 |
| General Fund (shortfall)/ Surplus in January 22 MTFS | (0.2) | 0.0 | 0.0 | 0.0 | (0.2) |

4.2 The key movements in the MTFS for 2022-23 are as a result of the following movements. These total £1.2m:

- £0.5m savings in the Base Budget resulting from Day Crew Transitional Resources being funded from Earmarked Reserves.
- £0.4m relating to savings in support staff costs.
- £0.2m savings in wholetime costs resulting from the removal of some 2022-23 budget bids.
- £0.1m relating to additional council tax funding, as a result of the latest tax base information provided by the districts.

4.3 The Authority is considering further investments, and these have been included within the MTFS from 2023-24 as follows:

| Future Investment | | | |
|--|---------------|---------------|--------------|
| | 2023/24 £m | 2024/25 £m | Total £m |
| On Call Training and Support (8 FTE) | (0.5) | (0.5) | (1.0) |
| Fire Protection Officers and Fire Protection Capability (13 FTE Phased over 2 Years) | (0.3) | (0.8) | (1.1) |
| Total Cost | (0.8) | (1.3) | (2.1) |

4.4 **On Call Training and Support** - Through the Authorities On Call Development Board, a review of the structure to support On call will be carried out in 2022-23. Included within the MTFS from 2023-24 is the inclusion of £0.5m for increases in establishment.

4.5 **Fire Protection Officers and Fire Protection Capability** – The budget for 2022-23 includes investment in 4 Fire Protection roles. From 2023-24 the MTFS includes further investment in the Uplift of Fire Protection to respond to the expected requirements of the Building Safety Bill. The investment that has been included within the MTFS are phased over a two year period and is based upon a provisional assessment that has been made.

Business cases will be prepared in 2022-23 to decide on the benefits for each area and a decision whether to progress with these investments and convert them to Core Business. These investments are the driver for the deficit showing within the MTFS in 2023-24 and 2024-25 and savings will need to be made in order to fund these investments and to balance the budget.

4.6 The Authority is looking to set up an Efficiency Forum in 2022-23, to centrally capture the benefits of service wide initiatives. This will also identify areas of cashable savings that can be used to reinvest into service priorities.

5. Capital Expenditure Budget

5.1 The proposed **Capital Budget for 2022-23** is set out in Figure 11, the most significant capital projects are:

- £1.2m redevelopment of Shoeburyness fire station.
- £1.35m investment in operational training facility improvement. This project will start in 2021-22 and has a total capital cost of £1.49m.
- £1.37m investment in ICT as per the Approved Digital and Data Strategy. The main investment being in the ICT Infrastructure across all locations.
- £1.7m investment in a new Control Room System. This project started in 2021-22 and has a total capital cost of £1.9m.
- £1.3m investment in new appliances. 10 appliances have been ordered in 2021-22 for a total cost of £2.3m. Due to supply issues there has been a delay in delivery and the capital budget is based on the current delivery expectation.

Figure 11 - Capital Expenditure Budget and Programme

| Actual 2020-21 £'000s | | Published Budget 2021-22 £'000s | Forecast 2021-22 £'000s | Proposed Budget 2022-23 £'000s | Forecast 2023-24 £'000s | Forecast 2024-25 £'000s |
|-----------------------------|---|--|-------------------------------|---|-------------------------------|-------------------------------|
| | New Premises | | | | | |
| - | Service Workshops | 250 | - | - | 1,500 | 3,500 |
| | Existing Premises | | | | | |
| 1,318 | Asset Protection | 1,700 | 1,533 | 1,300 | 1,300 | 1,300 |
| | Asset Improvement Works | | | | | |
| 94 | Shoeburyness | 1,000 | 11 | 1,224 | - | - |
| 106 | Training works - On Site BA Chambers | 1,078 | 145 | 1,350 | - | - |
| - | Wethersfield Replacement | - | - | - | 1,500 | 1,500 |
| 1,518 | Total Property | 4,028 | 1,689 | 3,875 | 4,300 | 6,300 |
| 76 | Equipment | 120 | 86 | 290 | 1,210 | - |
| | Information Technology | | | | | |
| 398 | Digital & Data Strategy | | 268 | 1,377 | 447 | 221 |
| - | Other Projects | | 224 | 2,176 | - | - |
| 398 | Total Information Technology | 537 | 493 | 3,553 | 447 | 221 |
| | Vehicles | | | | | |
| - | New Appliances | 1,760 | 980 | 1,350 | 3,029 | 3,029 |
| 767 | Other Vehicles | 686 | 334 | 670 | 272 | 1,193 |
| 767 | Total Vehicles | 2,446 | 1,314 | 2,021 | 3,301 | 4,222 |
| | | | | | | |
| 2,759 | Total Capital Expenditure | 7,131 | 3,582 | 9,738 | 9,257 | 10,743 |
| | | | | | | |
| | - Funding from Capital Receipts Reserve | - | (226) | (4,526) | (3,000) | (5,000) |
| | | | | | | |
| 2,759 | Net Capital Expenditure | 7,131 | 3,355 | 5,212 | 6,257 | 5,743 |

5.2 In order to fund the capital programme, the service will make use of its Capital Receipts Reserve to fund a number of key capital projects. This is a more progressive stance for the Authority and ensures that the Minimum Revenue Provision (MRP) can be set at £4.6m, which is a reduction of £0.35m compared to the prior budget.

Usable Reserves – Useable Reserves are those that the Authority have set aside to provide services. The Authority has the following useable reserves:

General Reserves - These are held by the Authority 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 Authority 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 12 and is reflective of the MTFs positions shown in Figure 10.

Figure 12 - Movements in General Reserves

| | Projected Balance at 31 March 2022 £'000s | Projected Balance at 31 March 2023 £'000s | Projected Balance at 31 March 2024 £'000s | Projected Balance at 31 March 2025 £'000s |
|---|--|--|--|--|
| General Reserves - Opening Year Balance | 4,351 | 3,330 | 3,330 | 3,330 |
| Surplus / (Deficit) In Year | (221) | - | - | - |
| Transfer from / (to) Earmarked Reserves | (800) | - | - | - |
| General Reserves - Closing Year End Balance | 3,330 | 3,330 | 3,330 | 3,330 |
| General Reserve Closing Balance as a % of Total Budget | 4.05% | 3.96% | 3.97% | 3.93% |

5.3 It is projected that there will be a transfer of £0.8m to Earmarked Reserves, to fund specific projects like On Call Support and Innovation and Transformation. This will be finalised as part of the Reserves Strategy being presented at the March 2022 Strategic Board.

Earmarked Reserves - The Authority 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 13 shows the current and future planned level of each Earmarked reserve:

Figure 13 - Movements in Earmarked Reserves

| | Published Balance at 31 March 2020 £000's | Forecast Addition / (Use) £000's | Tfr (to) / from General Reserve £000's | Published Balance at 31 March 2021 £000's | Forecast Addition / (Use) £000's | Tfr (to) / from General Reserve £000's | Projected Balance at 31 March 2022 £000's | Forecast Addition / (Use) £000's | Projected Balance at 31 March 2023 £000's | Forecast Addition / (Use) £000's | Projected Balance at 31 March 2024 £000's |
|--|--|---|--|---|---|--|---|---|---|---|---|
| <u>Earmarked Contingency Reserves</u> | | | | | | | | | | | |
| Demand Pressures | 600 | 0 | 0 | 600 | 0 | 0 | 600 | 0 | 600 | 0 | 600 |
| Taxbase & Collection Account Reserve | 200 | 0 | 0 | 200 | (200) | 0 | 0 | 0 | 0 | 0 | 0 |
| National Non Domestic Rates Collection Reserve | 200 | 3,019 | 0 | 3,219 | (3,019) | 0 | 200 | 0 | 200 | 0 | 200 |
| Rolling Budgets Reserve | 85 | 0 | (85) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Risk Protection | 250 | 235 | (200) | 285 | 0 | 0 | 285 | 0 | 285 | 0 | 285 |
| Business Continuity | 150 | 0 | (150) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 1,485 | 3,254 | (435) | 4,304 | (3,219) | 0 | 1,085 | 0 | 1,085 | 0 | 1,085 |
| <u>Earmarked Reserve - Productivity</u> | | | | | | | | | | | |
| On Call - Support | 400 | 0 | 0 | 400 | (317) | 300 | 383 | (48) | 336 | 0 | 336 |
| Invest to Save | 495 | 0 | 0 | 495 | 0 | 0 | 495 | 0 | 495 | 0 | 495 |
| Innovation & Transformation | 4,000 | 0 | 0 | 4,000 | (976) | 500 | 3,524 | (1,110) | 2,414 | (153) | 2,261 |
| | 4,895 | 0 | 0 | 4,895 | (1,293) | 800 | 4,402 | (1,157) | 3,245 | (153) | 3,092 |
| <u>Earmarked Reserve - Specific Purpose</u> | | | | | | | | | | | |
| Unspent Government Grant - Covid 19 | 262 | 541 | 0 | 803 | (350) | 0 | 453 | 0 | 453 | 0 | 453 |
| Operational Training Reserve | 1,000 | 0 | 0 | 1,000 | (378) | 0 | 622 | (215) | 407 | 0 | 407 |
| Learning & Development Programme | 1,400 | 0 | 0 | 1,400 | (200) | 0 | 1,200 | (300) | 900 | (300) | 600 |
| Community Safety Programme - Sprinkler Support | 600 | 0 | (120) | 480 | 0 | 0 | 480 | 0 | 480 | 0 | 480 |
| LGPS Deficit | 884 | 0 | (285) | 599 | (295) | 0 | 304 | (304) | 0 | 0 | 0 |
| | 4,146 | 541 | (405) | 4,282 | (1,223) | 0 | 3,059 | (819) | 2,240 | (300) | 1,940 |
| Total Earmarked Reserves | 10,526 | 3,795 | (840) | 13,481 | (5,735) | 800 | 8,546 | (1,976) | 6,570 | (453) | 6,117 |

£1.9m of Earmarked Reserves are planned to be utilised in 2022-23.

This includes investment of £1.1m in innovation and transformation, £0.3m in On Call Liaison Officers to assist with On Call Support, £0.3m in Learning and Development and £0.215m in Operation Training.

The key investments proposed from the innovation and transformation reserve include:

- £0.6m relates to Transitional Support required on the day crew station conversions
- £0.37m investment in ICT transformation as part of the Data and Digital Strategy
- £0.10m in relation to feasibility studies.

5.4 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 14 shows the current and future planned level of the Capital Receipts Reserve, which takes into account the funding of the Capital programme per Figure 11.

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

Figure 14 - Movements in Capital Receipts Reserves

| | Projected Balance at 31 March 2022 £'000s | Projected Balance at 31 March 2023 £'000s | Projected Balance at 31 March 2024 £'000s | Projected Balance at 31 March 2025 £'000s |
|--|--|--|--|--|
| Capital Receipts Reserve - Opening Year Balance | 9,669 | 13,939 | 9,413 | 6,413 |
| Projected Sale of Assets | 4,496 | 0 | 0 | 0 |
| Utilised in Year | (226) | (4,526) | (3,000) | (5,000) |
| Capital Receipts Reserve - Closing Year End Balance | 13,939 | 9,413 | 6,413 | 1,413 |