



Essex County Fire and Rescue Service Budget Setting Paper 2022/23

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Background

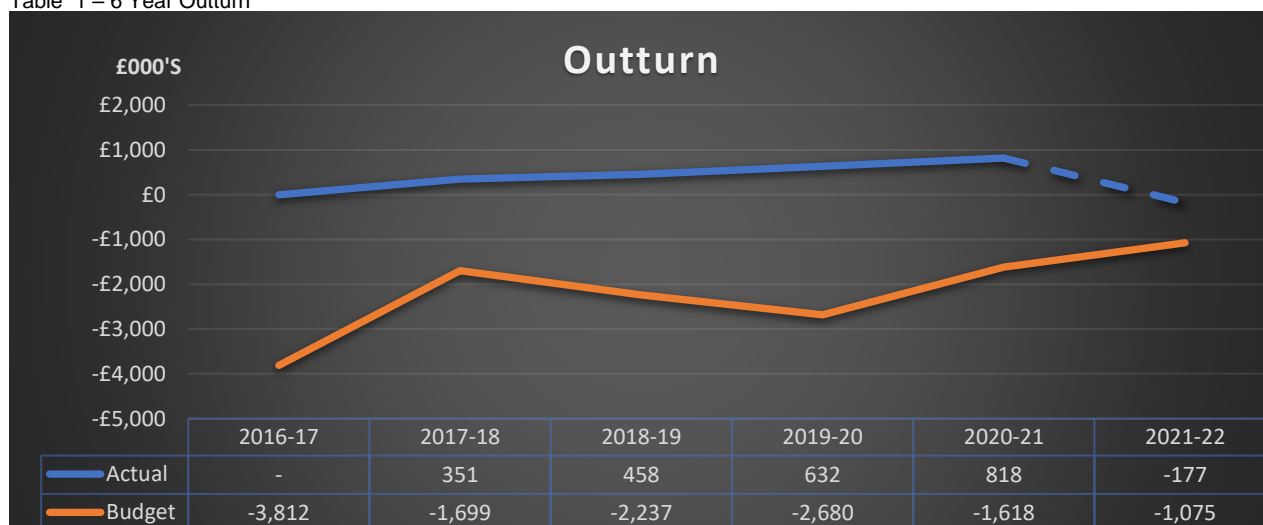
This report sets out the key assumptions for the preparation of the 2022/23 budget.

The budget is set against the difficult backdrop of the CoVID 19 pandemic. Although we are in a different stage of the pandemic as compared to the budget setting in the prior year, there are still some considerable financial uncertainties that exist which include:

- The impact that the pandemic has had on both Council tax and Business Rate Collections
- The short-term nature of the existing current local government finance settlement. It is unclear at this stage that given the nationwide challenges of the CoVID 19 pandemic, if another short-term settlement will be announced, or whether this will be for a longer period which would provide more certainty of future funding arrangements.
- The uncertainty around the financial impacts resulting around the remedies on the pension scheme (McCloud/Sargeant), such as:
 - Pension administration costs – amendments to software will be required to our third party administrator (Essex Pension Fund) and an increase in general pension administration resource.
 - Increased Employer Contributions – there is currently no information on what the cost of the remedy will be and ultimately if our service will have to absorb any of the costs.
- New dimension assets are now coming to the end of their useful economic life and require replacement at an estimated cost of £100m. The financial responsibility has previously come from the Home Office but the sector is looking to obtain further information on this,

The Authority has a consistent track record of producing an outturn at the end of the financial year that is favourable as compared to the budget. This is reflected in Table 1 below, which shows a consistent general fund surplus against the deficits that have been budgeted. The table also includes the latest 2021/22 projection which also reflects a favourable position as compared to the budget.

Table 1 – 6 Year Outturn



A key objective for the budget process for 2022/23 will be to produce a **balanced budget**.

Assumptions

The following are the key budget assumptions in the setting of the 2022/23 budget. These will continue to be reviewed as part of the budget process.

Pay Award

Annual pay inflation for 2022/23 is budgeted at 2% for all staff, which equates to £1.1m. This is in line with the assumptions included within our Medium Term Financial Strategy.

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 21, 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.

Current negotiations have resulted in a national pay offer of 1.75% to Green book staff. This is currently under consultation and would equate to an additional cost pressure of £0.27m

The impact of the unbudgeted pay award is that in order to fund this, savings will need to be identified in year as well as on an ongoing basis from 2022/23.

Headcount

Table 2 below shows the establishment that is being included within the budget setting process, with analysis of Wholetime Firefighter roles being shown in Table 3a and Green Book roles in Table 3b.

Table 2 – Staff Establishment

	2021-22 Budget	2021-22 Changes	2022-23 Budget Bids	2022-23 Budget
Wholetime Firefighters	658.0	- 8.0	10.0	660.0
On-Call Firefighters	458.3	-	-	458.3
Control Staff	33.5	-	-	33.5
Green Book Staff	300.3	-	-	300.3
TOTAL	1,450.1	- 8.0	10.0	1,452.1

Table 3a– Wholetime Firefighter Analysis

	2021-22 Budget	2021-22 Changes	2022-23 Budget Bids	2022-23 Budget
Watch Based Whole Time	480.0			480.0
Watch Based Day Crewed	-			-
Whole Time USAR	16.0			16.0
Whole Time Protection	26.0			26.0
Whole Time Prevention	14.0	- 8.0		6.0
Whole Time - Other Non Watch Based	122.0		10.0	132.0
TOTAL Wholetime Firefighters	658.0	- 8.0	10.0	660.0

Table 3b – Green Book Staff Analysis

	Budget 2021-22	2021-22 Changes	2022-23 Budget Bids	2022-23 Budget
Workshops Engineering & Management	39.2	-	-	39.2
Prevention	28.0	-	-	28.0
Protection	25.5	-	-	25.5
Operational Training	12.0	-	-	12.0
Station Group Management	10.5	-	-	10.5
Water Services	8.6	-	-	8.6
Technical Services	5.4	-	-	5.4
Operational Policy	3.0	-	-	3.0
Other Green Book Roles**	168.0	-	-	168.0
Total Green Book	300.2	-	-	300.2

** Includes HR / ICT / Property Services / Finance & Pay / Health & Safety / Procurement / Service Leadership Team / Corporate Comms

The movements in the establishment are:

- A reduction of 8 Whole Time firefighter Posts in 2021/22, in line with the implementation of the new Prevention Strategy.
- An increase of 10 Whole Time Firefighter Non-Watch Based Posts. These relate to the addition of Operational Training Staff and On Call Liaison Officers as outlined within Table 4 below.

Table 4 – Additional Wholetime Firefighter Posts

Budget Bid - Staff						
	Base Salary Costs		Total Cost (Inc On-Costs)		FTE's Required	Total Cost (Inc On-Costs)
	£	£	£	£		£
Group Trainers	£	39,974	£	57,163	4.00	£ 228,651
Breathing Apparatus Instructor	£	39,974	£	57,163	1.00	£ 57,163
On Call Liaison Officer - Manager (Station Manager) *	£	55,033	£	78,697	1.00	£ 78,697
On Call Liaison Officer (Watch Manager)	£	39,974	£	57,163	4.00	£ 228,651
	£	174,955	£	250,186	10.00	£ 593,163

* Base Salary Cost includes allowance for being on the Flexi Rota.

The Group Trainers and Breathing Apparatus Instructor posts are key to the success of the delivery of the Operational Training Strategy and will ensure:

- Deliver our Core Skills Assurance Programme
- Offer local delivery of training and skills practice
- Support local Watch Managers in delivering training

The On-Call Liaison Officer (OCLO) Pilot was initiated in June 2019 by the On-Call Development Programme to identify and initiate innovative ways of working with and supporting On-Call employees and stations, improving workforce communication and engagement, supporting appliance availability, and developing engagement with local communities and businesses.

Benefits that have arisen as a result of this have been:

- Increased recruitment and retention across On Call
- Improved On Call Engagement
- Increased support for On Call Stations
- Increased appliance availability

The Group Trainers and the On Call Liaison Officer posts are currently being funded from Earmarked Reserves in 2021/22 and funding is required to make these posts permanent. This is supported by the Service Leadership team.

The 2021/22 budget reflected all the day crew stations having converted to On Call. South Woodham Ferrers is the only station that will not have converted in the year and this is expected to convert by 31 July 2022.

During the 2022/23 year, some of the day crew converting stations are still expecting to require some wholetime support during the transition period, which is reflected in Table 5 below. This cover is expected to be provided from the existing establishment.

Table 5 – Day Crew Conversion Wholetime Support

	Conversion Date	Wholetime Resource Required	FTE's Required
Waltham Abbey	31/07/2021	1 Crew Manager & 1 Firefighter	31/07/2022
Great Baddow	31/01/2022	1 Crew Manager & 1 Firefighter	31/01/2023
South Woodham Ferrers	31/07/2022	1 Crew Manager & 2 Firefighters	31/07/2023

The wholetime resource that is currently supporting Dovercourt since the day crew conversion, is not expected to continue into 2022/23.

During the budget process, staff establishments will be further reviewed with Budget Holders and Directors.

As part of the budget process for 2022/23, the models used to prepare the Pay Budgets are being updated to include more detail of pay items. This will ensure improved clarity for financial reporting in 2022/23.

Non-Pay Costs

The approach to the budgeting of Non pay costs will change in the 2022/23 budget setting process.

Budget holders will be provided with their historic spend trends for Non-Pay Costs and they will not be provided with the prior year Non-Pay budgets.

This is to ensure that the Non-Pay budgets are kept lean, in light of underspends in prior years.

Funding – Council Tax

The budget setting for 2022/23 includes an increase in Council Tax Precept of 1.99%. This will result in the precept of a Band D property increasing by £1.47 a year, from £73.89 to £75.46, and will raise £0.94m in additional council tax receipts.

The council tax base is expected to increase by 1.1% equivalent to 7,089 Band D Properties, which will generate additional council tax receipts of £0.53m. This has been based on provisional information provided by the districts.

The tax base has previously been projected to increase at 1.5% per annum, and therefore expected council tax receipts have reduced by £0.19m as compared to the previous MTFs.

The pandemic has had impacts upon Council Tax collections in the current year during the budget process regular updates will be provided from the districts on assumptions

regarding the tax base, with the expectations that the final assumptions will be available by December 2021.

Funding – Local Government Finance Settlement

The 2022/23 budget will be based on flat funding for the local government finance settlement.

The Comprehensive Spending Review is expected to be announced towards the end of the calendar year.

The outcome of the Comprehensive Spending Review and its impact on our Service and the Fire sector, is highly uncertain at this stage. Once they impacts are known, they will be included within later versions of the 2022/23 budget setting process.

The Government did confirm in the 2021/22 local government finance settlement that the S31 Pension Grant, which totals £3.5m, will be built into 2022/23 baseline funding.

Table 6 – Local Government Finance Settlement

Local Government Finance Settlement		2021/22 £m	2022/23 £m
Revenue Support Grant	£	8.52	£ 8.52
National Non Domestic Rates	£	16.52	£ 16.52
	£	25.04	£ 25.04
Pension Grant (S31 Grant in 2021/22)	£	3.52	£ 3.52

Savings

Savings totalling £1.09m have been identified in 2021/22. A decision sheet of this budget virement will be produced and submitted to the PFCC in due course, to reflect this permanent reduction in the current year baseline budget. These savings will be built into the 2022/23 budget process.

Table 7 below summarises the savings that have been identified and have been agreed by the Service Leadership Team.

Table 7 – 2021/22 Savings

Savings	2021/22 £m	Comments
Employment Costs	£ 450,000	Reduction of 8 FTE following Prevention Restructure Reduction in budget given the reforecast of MRP and a better use of the
Minimum Revenue Provision	£ 350,000	Capital Receipts Reserve.
Secondary Contracts	£ 75,000	Reduction in budget identified following review of historic spending trend.
Int Decs/Alts & Improvements	£ 40,000	Reduction in budget identified following review of historic spending trend.
Planned Works	£ 40,000	Reduction in budget identified following review of historic spending trend.
Building Maintenance	£ 35,000	Reduction in budget identified following review of historic spending trend.
Consultancy Fees	£ 30,000	Reduction in budget identified following review of historic spending trend.
Operational Equip-Initial Purchase	£ 20,000	Reduction in budget identified following review of historic spending trend.
Petrol and Diesel	£ 15,000	Reduction in budget identified following review of historic spending trend.
Grounds Maintenance	£ 10,000	Reduction in budget identified following review of historic spending trend.
Printing - Brochures/Flysheets/Service info	£ 10,000	Reduction in budget identified following review of historic spending trend.
Media Expenses	£ 10,000	Reduction in budget identified following review of historic spending trend.
Emergency Feeding	£ 6,000	Reduction in budget identified following review of historic spending trend.
Hospitality & Entertaining	£ 5,000	Reduction in budget identified following review of historic spending trend.
	£ 1,096,000	

As part of the budget process, budget holders are being asked to identify any areas of savings and efficiencies that can be targetted in 2022/23.

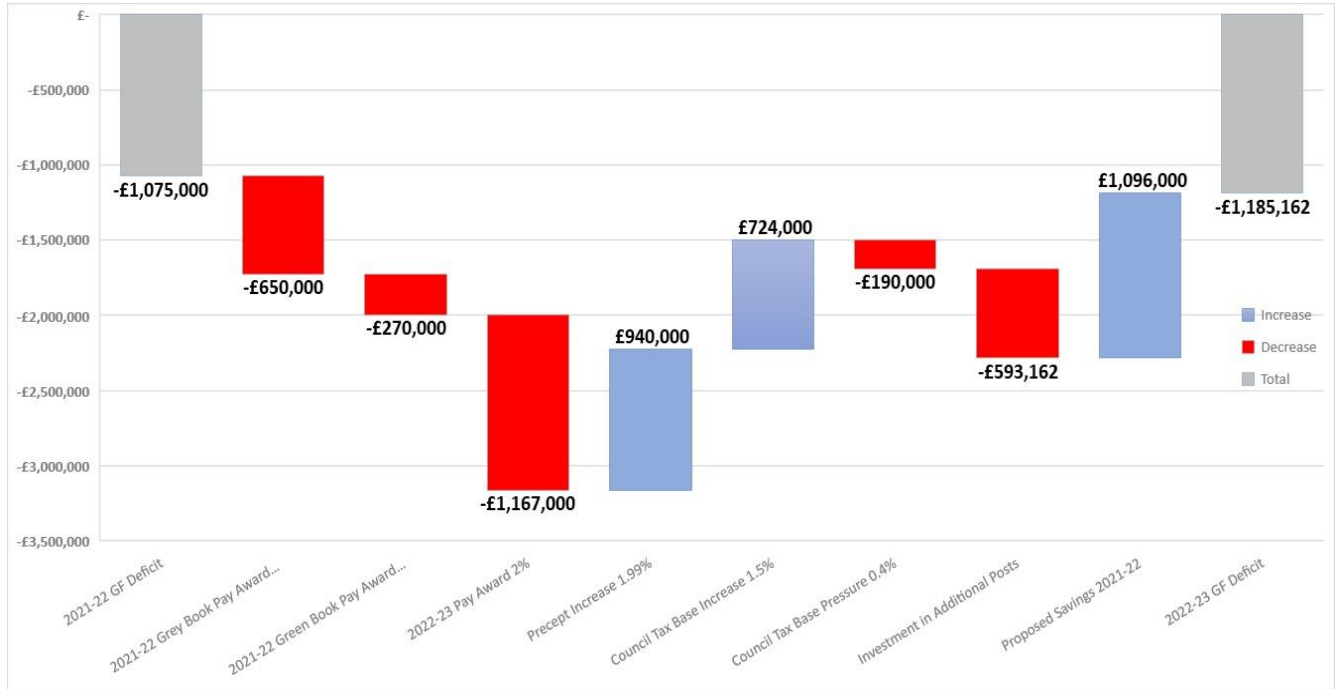
A Savings and Efficiencies Forum will be set up in the coming months, and will initially review these ideas, with a view to identifying which proposals should be reviewed further and actioned as a priority. It will also look to report on current year Savings and Efficiencies and preliminary work is underway to look at the mechanics behind how this will work.

The Service Leadership team will look to set a target for savings and efficiencies in 2022/23 during the budget setting process. An early expectation is that this is expected to be around 2% of baseline budget expenditure.

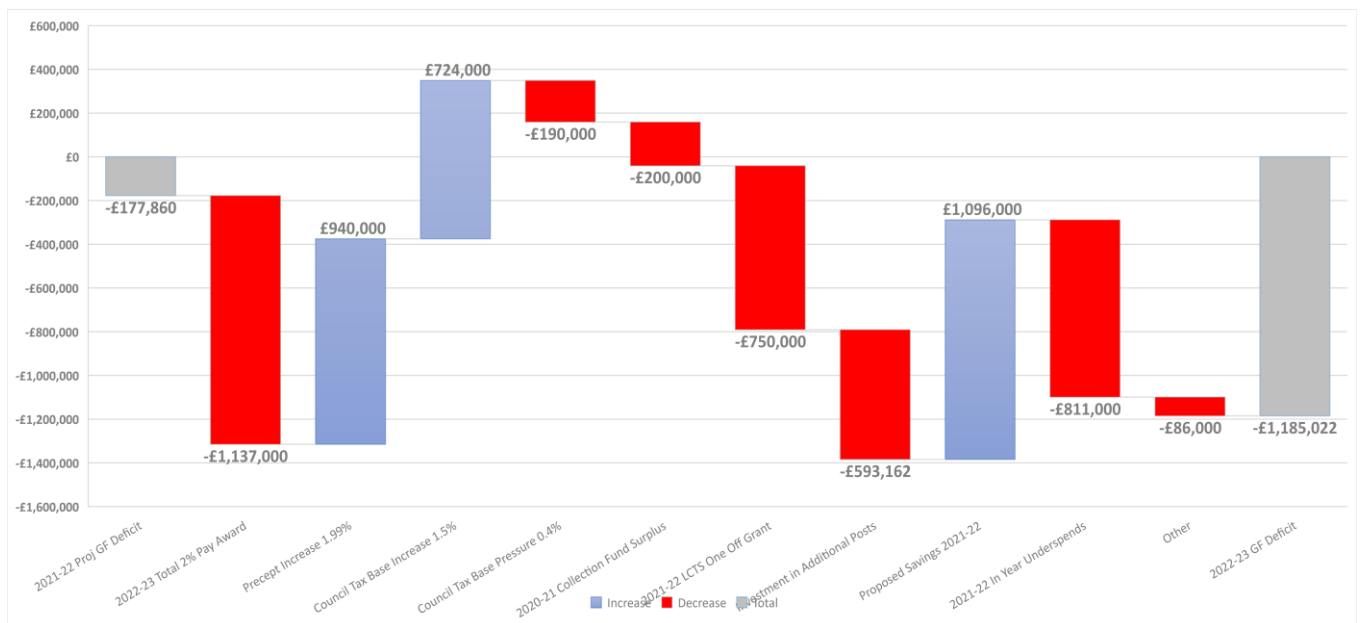
Budget Pressures

The 2021/22 budget showed a general fund deficit of £1.075m. The waterfall chart below, shows a summary of the key financial movements that have been highlighted in the assumptions of the budget setting paper.

This indicates that the services need to find a further £1.185m of additional savings to offset Pay Awards and produce a balanced budget.



The 2021/22 forecast shows a general fund deficit of £0.17m. The waterfall chart below, shows a summary of the key financial movements from the 2021/22 forecast to the initial 2022/23 budget setting.



Medium Term Financial Strategy

The MTFS movements since that presented at the June 21 Strategic Board are shown in Table 8 below.

Table 8– Summary MTFS Movements since June 21

Medium Term Financial Strategy 2021/22-2024/25							
MTFS as at June 2021	Unaudited		2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	Total £m
	2019/20 £m	2020/21 £m					
Net Budget Requirement - Baseline	71.3	73.0	74.0	76.1	77.6	79.14	306.7
Specific Costs funded by Earmarked Reserves	0.0	0.1	4.2	1.0	0.4	0.0	5.5
Total Funding	71.9	(73.9)	(72.9)	(74.7)	(76.5)	(78.5)	(302.7)
Annual (Shortfall)/Surplus - Funded From Earmarked Reserves	0.0	(0.1)	(4.2)	(1.0)	(0.4)	0.0	(5.5)
Annual (Shortfall)/Surplus - Funded From General Fund	0.6	0.8	(1.1)	(1.3)	(1.0)	(0.6)	(4.0)

MTFS as at August 2021

Medium Term Financial Strategy 2021/22-2024/25							
	Unaudited		2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	Total £m
	2019/20 £m	2020/21 £m					
Net Budget Requirement - Baseline	71.3	73.0	73.2	75.4	76.8	78.0	303.4
Specific Costs funded by Earmarked Reserves	0.0	0.1	2.4	1.0	0.4	0.0	3.7
Total Funding	71.9	(73.9)	(73.0)	(74.2)	(75.5)	(77.0)	(299.6)
Annual (Shortfall)/Surplus - Funded From Earmarked Reserves	0.0	(0.1)	(2.4)	(1.0)	(0.4)	0.0	(3.7)
Annual (Shortfall)/Surplus - Funded From General Fund	0.6	0.8	(0.2)	(1.2)	(1.3)	(1.0)	(3.7)

MTFS Movement since June 21

	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	Total £m
General Fund (shortfall)/ Surplus in June 21 MTFS	(1.1)	(1.3)	(1.0)	(0.6)	(4.0)
Favourable / (Adverse) movement in General Fund Balance	0.9	0.1	(0.3)	(0.4)	0.3
General Fund (shortfall)/ Surplus in Aug 21 MTFS	(0.2)	(1.2)	(1.3)	(1.0)	(3.7)

The key movements in 2021/22 relate to:

- £0.8m underspend in Non-Pay Costs (primarily driven by the Capital Finance Charge)
- £0.7m relating to a One-Off Government Grant (Local Council Tax Support)
- £0.2m additional Council Tax Precept (final balance from 2020/21)
- (£0.9m) increase in Employment costs due to Unplanned Grey and Green Book Pay Awards

The key movements in 2022/23 relate to:

- £1.0m relate to the Savings identified in 2020/21 being built into the MTFS (See above)
- (£0.9m) increase in Employment costs due to Unplanned Grey Book Pay Award of 1.5% in 2021/22

Capital Expenditure and Financing

A summary of the latest capital expenditure programme is shown in Table 9 below.

The current projection shows significant spends in 2022/23 on ICT and New Fire Appliances. The ICT spend is in line with implementation of the Data and Digital Strategy.

The purchase of Fire Appliances is in line with the new Fleet Strategy, however there has been a rephasing of the expenditure as a result of delays in the delivery of the existing orders that has been placed.

The service has historically underspent on Capital but with improved governance through the Asset Board and the formation of the Asset Subgroups, should assist in improving confidence around our Capital Programme. The Estate Strategy is also being presented at this Strategic Board, which will set the direction of the future capital plan for Property. As a result of this, the Asset Protection and Improvement budgets will be remodelled during the budget setting process.

A forecast of the Capital Financing Requirement (CFR) is shown in Table 10.

The CFR represents capital expenditure incurred and forecast to be incurred that has not been financed from cash resources and is therefore an indicator of our underlying need to borrow to fund the investment programme.

The CFR is currently projected to increase in by £2.4m to £34.91m in 2022/23, with further increases expected in the following years. The service currently has a capital receipts reserve of £10.6m, and this will be reviewed alongside the capital programme in the budget setting process.

Table 9– Summary Capital Programme

	Budget 2021/22	Forecast 2021/22	2022/23	2023/23	2024/25
	£m	£m	£m	£m	£m
New Premises					
Service Workshops	0.25	0.25	0.50	3.75	0.50
Existing Premises	0.00	0.00	0.00	0.00	0.00
Asset Protection	1.70	1.70	1.70	1.70	1.70
Asset Improvement Works Training Facilities Improvement	1.08	0.50	1.00	0.00	0.00
Asset Improvement Works - Shoeburyness	1.00	0.91	0.33	0.00	0.00
Total Property	4.03	3.36	3.53	5.45	2.20
Total Equipment	0.12	0.25	0.47	0.92	0.00
Total Information Technology	0.54	0.58	2.15	0.45	0.22
Vehicles					
New Appliances	1.76	0.00	2.33	3.03	3.03
Other Vehicles	0.69	1.00	0.56	0.27	1.19
Total Vehicles	2.45	1.00	2.89	3.30	4.22
Total Capital Expenditure	7.13	5.18	9.04	10.11	6.64

Table 10– Capital Financing Requirement

	Forecast 2021/22	2022/23	2023/23	2024/25
	£m	£m	£m	£m
Opening CFR	32.72	32.50	33.88	34.91
Capital Expenditure	5.18	9.04	10.11	6.64
Financing Applied				
Capital Receipts	(1.16)	(2.03)	(3.75)	(0.50)
Grants & Contributions	0.00	0.00	0.00	0.00
Revenue Fundings	0.00	0.00	0.00	0.00
	(1.16)	(2.03)	(3.75)	(0.50)
Minimum Revenue Provisions	(4.25)	(4.60)	(4.60)	(4.60)
Closing CFR	32.50	34.91	35.64	36.45

Reserves

The Service published its Reserve Strategy in March 2021. This will be reviewed and updated alongside the 2022/23 budget.

Appendix A – 2022/23 Budget Timetable

**ESSEX POLICE, FIRE AND CRIME COMMISSIONER FIRE
& RESCUE AUTHORITY**
Essex County Fire & Rescue Service



Date	Task	Information	Completed
15 June 2021	Strategic Board - Draft Audit Timetable		15 June 2021
23rd July 2021	SLT Finance Meeting - Budget 2022-23 Focus Session	Inc Initial Consideration of Pressures / Budget Bids / Savings	23 July 2021
10th August 2021	SLT Meeting - Strategic Board Papers - MTFS Update / Budget Pressures / Budgeting Setting Principles	Onward Submission to 13th Sept 21 Strategic Board	10 August 2021
10th August - 17th August	PFCC Engagement on Strategic Board Papers		23 August 2021 & 25 August 2021
17th Aug 2021	Distribution of Budget Templates (Pay and Non-Pay) to Budget Holders	To Include analysis of actual spend trends for previous years.	
30th August 2021	Submission of Strategic Board Papers		27 August 2021
7th September 2021	PFCC meeting with Unison		
8th September 2021	PFCC meetings with FBU and FRSA		
9th September 2021	PFCC meeting with FOA		
13th September 2021	PFCC Strategic Board Meeting		
16th September 2021	2022-23 Budget Holders Budget (Spending Allocation Request) Templates Returned		
20th September 2021	PFCC / CFO 1:1		
30th September 2021	Draft Budget Prepared	Finance & Budget Holders to liaise as required up to this period	
8th October 2021	SLT Meeting - Draft Budget Review Cut 1	Presentation of the draft 2022-23 to SLT prior to Budget Scrutiny meetings	
24 September 2021	Engagement with PFCC Prior to Police, Fire and Crime Panel Prior to Panel Workshop 1		
01 October 2021	Submission of Budget for Panel Workshop 1		
08 October 2021	PFC Panel Workshop 1 - Budget Setting	Presentation Budget Scene Setting - Include Latest MTFS Update	
11 October 2021	Engagement with PFCC Prior to PFC Panel Meeting		
WC 11th October 2021	Capital Board Meeting	Capital Spend to be presented by Budget Holders - Asset Board	
18th October 2021	PFCC / CFO 1:1		
21st October 2021	PFC Panel Meeting	Budget scene setting report	
WC 25th October 2021	Directorate Budget Scrutiny Meetings	Directorate Budget Presentation to CFO's and S151	
WC 25th October 2021	Engagement with PFCC prior to PFCC Budget Update 1	Informal Update on Budget Progress & Key Points Arising.	
WC 1st November 2021	PFCC Budget Update 1 Meeting	Draft Budget Review - Cut 1 & MTFS Update. RH's diary is currently fairly clear that week but I would advise early scheduling of this regardless	
WC 8th November 2021	SLT Meeting - Draft Budget Review Cut 2	Update to Budgets following the Directorate Budget Scrutiny meetings incorporating the feedback from CFO and S151	
WC 8th November 2021	Engagement with PFCC prior to PFCC Budget Update 2	Informal Progress Update.	
WC 15th November	PFCC Budget Update 2 Meeting	Draft Budget Review - Cut 2 & MTFS Update. RH currently has some availability early that week but suggest scheduling this now	
11 November 2021	Engagement with PFCC Prior to Police, Fire and Crime Panel Prior to Panel Workshop 2		
WC 15th November 2021	PFCC Engagement on Strategic Board Papers		
18 November 2021	Submission of Budget for Panel Workshop 2		
25 November 2021	PFC Panel - Paper for the Budget Workshop 2	2022-23 Budget Papers and updated MTFS plan	
22nd November	Engagement with PFCC prior to PFCC Budget Update 3 & PFC Panel Meeting	Informal Progress Update.	
23rd November 2021	Budget Presented to SLT	Budget Approval for Strategic Board	
Extraordinary SLT Meeting for Budgets			
24th - 26th November 2021	PFCC Budget Update 3 Meeting	Budget & MTFS for Strategic Board Approval.	
xxth November 2021	Chancellors Spending Review Update		
30th November 2021	Submission of Strategic Board Papers		
29 November 2021	Submission of Budget for Panel for Quarterly meeting with Commissioner	Based on Cut 2 Budget MTFS Update.	
6th December 2021	PFCC meetings with FRSA and FOA		
8th December 2021	PFCC meetings with Unison and FBU		
9th December 2021	PFC Panel Meeting	Final Draft Budget Paper for Strategic Board	
	PFCC Qrty meeting with Panel		
13th December 2021	Budget presented to Strategic Board	Budget and Precept Proposal 2022-23 & MTFS update	
xxth December 2021	Engagement with PFCC Prior to Panel meeting December 2021		
xxth December 2021	PFCC precept consultation	Formal Word Document	
xxth December 2021	Home Office Announcement - (Detail following Spending Review)	Date not set but add as a placeholder	
20th December 2021	PFCC / CFO 1:1		
WC 27 December 2021	Final Budget Review with Commissioner	Discussion Following Spending Review Announcement	
05 January 2021	Engagement with PFCC Prior to Panel Workshop 3 Jan 2022		
12 January 2021	Submission of Budget for Panel Workshop 3		
19 January 2022	Final Draft Budget to be presented to PFC Panel Workshop 3 Papers to be submitted no less than one week prior to meeting	Based on Strategic Board Papers	
WC 17th January 2021	PFCC Engagement on Final Budget Paper		
24 January 2022	PFC Panel - Submission of Final Budget Paper		
27 January 2021	Decision Sheet prepared and submitted for Completion of the Budget		
3rd Feb 2022	PFC Panel - Final Approval of Budget		
17 February 2022	PFC Panel - Backstop Date	Confirmed this is adequate for setting of the Precept with ECC	

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985	
List of background documents – none.	
Proper Officer:	Chief Financial Officer (S151)
Contact Officer:	Neil Cross Essex County Fire and Rescue Service, Kelvedon Park, London Road, Rivenhall, Witham CM8 3HB Tel: 01376 576100