



Essex Police, Fire and Crime Commissioner Fire and Rescue Authority

Decision Report

Please ensure all sections below are completed

Report reference number: 039-21
Government security classification Not protectively marked
Title of report: Useful Economic Lives of Appliances
Area of county / stakeholders affected: Users of ECFRS Financial Statements
Report by: Austin Page - Financial Accounting and Compliance Manager
Date of report: 16 th April 2021
Enquiries to: Neil Cross (Chief Financial Officer)

1. Purpose of the report

To seek approval to adjust the useful economic life of the Fire Appliances from 12 to 15 years for minimum revenue provision (MRP), in the year ending 31 March 2021.

2. Recommendations

The Commissioner is asked to:

- Approve the adjustment of the useful economic life of the Fire Appliances from 12 to 15 years for MRP Purposes in the year ending 31 March 2021. This will reduce the MRP charge for the period by £486,000.

3. Benefits of the proposal

- The charges for minimum revenue provision and depreciation will be aligned
- A saving will be realised of £486,000 in the year ending 31 March 2021.
- A further saving of £194,000 is expected in the year ending 31 March 2022.

4. Background and proposal

At a meeting between the Police Fire and Crime Commissioner and the Essex County Fire and Rescue Service Chief Financial Officer (S151) on 21st December 2020, it was agreed that a balance sheet review of specific areas would be undertaken and completed before the end of the financial year end 31st March 2021.

This was specifically focussed on a review of fixed asset values, pension reserves, and unusable reserves.

As part of the review of fixed assets values, it became apparent that there was a difference in the useful economic lives of fire appliances for MRP and depreciation purposes.

MRP represents the minimum amount that must be charged to an authority's revenue account each year for financing of capital expenditure, which will have initially been funded by borrowing.

Fire appliances have a 15-year life for depreciation purposes and a 12-year life for MRP.

A 15 year life of a fire appliances is deemed appropriate and is included within the Vehicle and Equipment Asset Management Strategy (Section 8.3 – Fleet Asset Life Policy). This strategy was published on 16th March 2021 under decision sheet 012-21.

In line with local government accounting, depreciation is replaced by the minimum revenue provision. ECFRS uses the depreciation method for calculating MRP, therefore under section 21(1A) of the Local Government Act 2003, the two should be equal for vehicles and equipment.

5. Alternative options considered and rejected

We continue to charge MRP over 12 rather than 15 years. This does not represent value for money for the taxpayer and does not comply with the Statutory Guidance of the Local Government Act 2003 in which "MRP is deemed to be equal to depreciation".

6. Strategic priorities

Aligning the lives of the fire appliances supports the priorities in the Fire and Rescue Plan, which includes making best use of our resources and being transparent.

7. Operational implications

There are no operational implications of this decision, as fire appliances have a 15 year life in per Vehicle and Equipment Asset Management Strategy (Section 8.3 – Fleet Asset Life Policy).

8. Financial implications

The MRP charge will be reduced by £486,000 in the year ending 31 March 2021.

The Capital Finance Requirement (CFR) represents the Services underlying need to borrow. The Service charges MRP to reduce this balance over time. The estimated movement in CFR for the year is as follows:

The expected CFR for the financial year is shown below and is expected to be £496k higher as result of this adjustment.

	£000s
Opening CFR at 1 April 2020	£34,489
Additions for the year	£2,491
MRP charged for the year	(£4,318)
Closing CFR at 31 March 2021	£32,662

The CFR will continue to reduce at a prudent level despite this adjustment.

9. Legal implications

By aligning our MRP and depreciation charges, the Service is complying with 21(1A) of the Local Government Act 2003.

There are no further legal implications arising from this decision.

10. Staffing implications

There are no direct staffing implications arising from this decision.

11. Equality and Diversity implications

This decision will not have a differential impact on individuals with protected characteristics as defined within the Equality Act 2010.

12. Risks

No risks have been identified.

13. Governance Boards

The change in useful economic lives of the Fire Appliances from 15 to 12 years for MRP, was communicated in the P&R Board on 26th April 2021.

14. Background papers

N/A

Decision Process (039-21)

Step 1A - Chief Fire Officer Comments

(The Chief Fire Officer is asked in their capacity as the Head of Paid Service to comment on the proposal.)

I support this recommendation



Sign: ...

Date: 18/5/21....

Step 1B – Consultation with representative bodies

(The Chief Fire Officer is to set out the consultation that has been undertaken with the representative bodies)

.....N/A.....

Step 2 - Statutory Officer Review

The report will be reviewed by the Essex Police, Fire and Crime Commissioner Fire and Rescue Authority's ("the Commissioner's") Monitoring Officer and Chief Finance Officer prior to review and sign off by the Commissioner or their Deputy.

Monitoring Officer

Sign: 

Print: .Darren.Horsman.- Deputy.MO.

Date: . 20.5.2021

Chief Finance Officer

Sign: 

Print:Neil Cross.....

Date: ... 18/5/21

Step 3 - Publication

Is the report for publication? **YES**

If 'NO', please give reasons for non-publication (Where relevant, cite the security classification of the document(s). State 'none' if applicable)

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If the report is not for publication, the Monitoring Officer will decide if and how the public can be informed of the decision.

Step 4 - Redaction

If the report is for publication, is redaction required:

- 1 Of Decision Sheet **NO**
- 2 Of Appendix **YES**

If 'YES', please provide details of required redaction:

Vehicle and Equipment Asset Management Strategy **not** to be published with the decision sheet.

Date redaction carried out: 23 June 2021

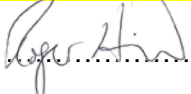
If redaction is required, the Chief Finance Officer or the Monitoring Officer are to sign off that redaction has been completed.

Sign:  Print:Neil Cross.....

Date signed:13/7/21.....

Step 5 - Decision by the Police, Fire and Crime Commissioner or Deputy Police, Fire and Crime Commissioner

I agree the recommendations to this report:

Sign:  (PFCC)

Print: ROGER HIRST

Date signed: 26 June 2021