



Essex County  
Fire & Rescue Service

**Essex County Fire and Rescue Service**  
**Proposed Budget**  
**2022/23**

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## **1. RECOMMENDATIONS**

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.

Total council tax receipts have increased by £1.46m which is a result of:

- £0.93m from additional council tax receipts resulting from the precept increase
- £0.53m from an increase in the council tax base.

The latest Medium Term Financial Strategy (MTFS) to 2024/25 shows a cumulative deficit of £0.3m, which is expected to be funded from by the use of General Reserves. Included within the MTFS are investments of £0.5m in On Call Support and Training and £1m in Fire Protection and Prevention, which are subject to business case. These The MTFS assumes that savings will need to be identified in order to fund these investments.

The Local Government Finance Settlement will be announced in Mid / Late December. This may result in some further amendments to the proposed 2022/23 budget and the MTFS to 2024/25. Should the level of precept flexibility within the settlement exceed 2%, then the Authority may recommend a further increase to bring forward some of the investments in On Call Training and Support and Fire Protection and Prevention, subject to business case.

## 2. FINANCIAL TABLES

Table 1 – 2022/23 Budget Summary Vs Prior Year Budget

	Core Budget 2021-22 £'000s	Earmarked Reserves Budget 2021-22 £'000s	Published Budget 2021-22	Core Budget 2022-23 £'000s	Earmarked Reserves Budget 2022-23 £'000s	Proposed Budget 2022-23	Core Budget variance 2021-22 v 2022-23	% variance favourable/ (adverse)	Total Budget variance 2021-22 v 2022-23	% variance favourable/ (adverse)
Wholtime Firefighters	34,061	279	34,340	34,915	1,118	36,033	(854)	(3%)	(1,693)	(5%)
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	814	16,832	(1,032)	(7%)	(1,757)	(12%)
<b>Total Employment Costs</b>	<b>57,696</b>	<b>368</b>	<b>58,064</b>	<b>59,800</b>	<b>1,932</b>	<b>61,732</b>	<b>(2,104)</b>	<b>(4%)</b>	<b>(3,668)</b>	<b>(6%)</b>
Support Costs	1,838	310	2,148	1,605	300	1,905	233	13%	243	11%
Premises & Equipment	10,024	-	10,024	10,106	250	10,356	(82)	(1%)	(332)	(3%)
Other Costs & Services	3,278	-	3,278	3,172	-	3,172	106	3%	106	3%
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%
<b>Total Other Costs</b>	<b>23,631</b>	<b>1,461</b>	<b>25,092</b>	<b>22,964</b>	<b>550</b>	<b>23,514</b>	<b>667</b>	<b>3%</b>	<b>1,579</b>	<b>6%</b>
<b>Gross Expenditure</b>	<b>81,327</b>	<b>1,829</b>	<b>83,156</b>	<b>82,764</b>	<b>2,481</b>	<b>85,245</b>	<b>(1,437)</b>	<b>(2%)</b>	<b>(2,089)</b>	<b>(3%)</b>
<b>Operational income</b>	<b>(975)</b>	<b>-</b>	<b>(975)</b>	<b>(1,415)</b>	<b>-</b>	<b>(1,415)</b>	<b>440</b>	<b>45%</b>	<b>440</b>	<b>45%</b>
<b>Net Expenditure before Funding</b>	<b>80,352</b>	<b>1,829</b>	<b>82,181</b>	<b>81,349</b>	<b>2,481</b>	<b>83,830</b>	<b>(997)</b>	<b>(1%)</b>	<b>(1,649)</b>	<b>(2%)</b>
<b>Funding</b>										
Government Grants	(6,387)	-	(6,387)	(6,861)	-	(6,861)	474	7%	474	7%
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)	(49,315)	-	(49,315)	1,464	3%	1,464	3%
<b>Total Funding</b>	<b>(79,277)</b>	<b>-</b>	<b>(79,277)</b>	<b>(81,215)</b>	<b>-</b>	<b>(81,215)</b>	<b>1,938</b>	<b>2%</b>	<b>1,938</b>	<b>2%</b>
<b>Funding (Shortfall) / Surplus</b>	<b>(1,075)</b>	<b>(1,829)</b>	<b>(2,904)</b>	<b>(134)</b>	<b>(2,481)</b>	<b>(2,615)</b>	<b>941</b>	<b>(88%)</b>	<b>289</b>	<b>10%</b>
Cont'ns to/(from) Earmarked Reserves		(1,829)	(1,829)		(2,481)	(2,481)	-	-	(652)	36%
Cont'ns to/(from) General Reserves	(1,075)	-	(1,075)	(134)	-	(134)	941	88%	941	88%
<b>Net (Shortfall)/Surplus</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0%</b>	<b>-</b>	<b>0%</b>

Table 2 – 2022/23 Budget Summary Vs Current Year Latest Projection

2021-22 Budget v Forecast	Core Budget 2021-22 £'000s	Earmarked Reserves Budget 2021-22 £'000s	Published Budget 2021-22	Core Forecast 2021-22 £'000s	Earmarked Reserves Forecast 2021-22 £'000s	Total Forecast 2021-22	Core Budget v Forecast	% variance favourable/ (adverse)	Total Budget v Forecast	% variance favourable/ (adverse)
Wholtime 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%)
<b>Total Employment Costs</b>	<b>57,696</b>	<b>368</b>	<b>58,064</b>	<b>58,698</b>	<b>1,257</b>	<b>59,955</b>	<b>(1,002)</b>	<b>(2%)</b>	<b>(1,891)</b>	<b>(3%)</b>
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	-
<b>Total Other Costs</b>	<b>23,631</b>	<b>1,461</b>	<b>25,092</b>	<b>22,934</b>	<b>1,459</b>	<b>24,393</b>	<b>697</b>	<b>3%</b>	<b>699</b>	<b>3%</b>
<b>Gross Expenditure</b>	<b>81,327</b>	<b>1,829</b>	<b>83,156</b>	<b>81,632</b>	<b>2,716</b>	<b>84,348</b>	<b>(305)</b>	<b>(0%)</b>	<b>(1,192)</b>	<b>(1%)</b>
<b>Operational income</b>	<b>(975)</b>	<b>-</b>	<b>(975)</b>	<b>(1,309)</b>	<b>-</b>	<b>(1,309)</b>	<b>334</b>	<b>34%</b>	<b>334</b>	<b>34%</b>
<b>Net Expenditure before Funding</b>	<b>80,352</b>	<b>1,829</b>	<b>82,181</b>	<b>80,323</b>	<b>2,716</b>	<b>83,039</b>	<b>29</b>	<b>0%</b>	<b>(858)</b>	<b>(1%)</b>
<b>Funding</b>										
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%)
<b>Total Funding</b>	<b>(79,277)</b>	<b>-</b>	<b>(79,277)</b>	<b>(80,102)</b>	<b>200</b>	<b>(79,902)</b>	<b>825</b>	<b>1%</b>	<b>625</b>	<b>1%</b>
<b>Funding (Shortfall) / Surplus</b>	<b>(1,075)</b>	<b>(1,829)</b>	<b>(2,904)</b>	<b>(221)</b>	<b>(2,916)</b>	<b>(3,137)</b>	<b>854</b>	<b>(79%)</b>	<b>(233)</b>	<b>(8%)</b>
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%
<b>Net (Shortfall)/Surplus</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0%</b>	<b>-</b>	<b>0%</b>

**Table 3a – Summary of Core Funding and Reconciliation in Council Tax Funding**

Core Funding	2021-22 Budget £'000	2022-23 Budget £'000	Variance Favourable / (Adverse)	%
Government Grants	6,387	6,861	474	6.9%
Revenue Support Grant	8,520	8,520	0	0.0%
National Non-Domestic Rates	16,519	16,519	0	0.0%
Council Tax	47,851	49,315	1,464	3.0%
<b>Total</b>	<b>79,277</b>	<b>81,215</b>	<b>1,938</b>	<b>2.4%</b>

**Table 3b –Reconciliation in Council Tax Funding**

Council Tax Precept	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%
<b>Total Council Tax</b>	<b>£47,858,996</b>	<b>£49,314,685</b>	<b>£1,455,689</b>	<b>3.0%</b>

Tax Base Movement	
2021-22 Budgeted Tax Base	647,706
Information from the Districts (Post Budget Submission)	-3,165
<b>Revised 2021-22 Tax Base</b>	<b>644,541</b>
Tax Base Growth - 1.57%	10,108
<b>2022-23 Budgeted Tax Base</b>	<b>654,649</b>

### **3. BACKGROUND**

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.

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

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 provisional 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.

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

Despite the challenges that have been mentioned above, the Authority set the key objective to produce a balanced budget for 2022/23, a position that the Authority has not been in for at least the prior 6 years. Savings have therefore needed to be identified to ensure a balanced budget and to fund the unbudgeted pay awards mentioned above.

The Chancellor's Spending Review was announced on 27<sup>th</sup> 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)

The Chancellor also opened up the opportunity for a multi-year Local Government Finance Settlement which is expected in December 2021, which would provide mid term certainty over funding for the Authority.

## **4. RISKS AND ASSUMPTIONS**

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.
- **Employers National Insurance** - On 7<sup>th</sup> September 2021, the government announced an increase in employer's national insurance contributions of 1.25% which is effective from April 2022. The government has announced plans to compensate public sector organisations for this increase. The 2022/23 budget has been based on full compensation for this increase.
- **Firefighters Pension Schemes** - 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<sup>st</sup> 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 settlement is expected to be 3 years, which will provide some degree of certainty over funding levels in the Medium Term. The details of this will be announced in Mid / Late December 21, which may result in some final changes being made to the 2022/23 proposed budget.
- **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 provide from the districts. Any adverse movements from these estimates, would need to be funded using reserves or savings.
- **Section 31 Grants** – These Grants total £6.8m and are allocated on an annual basis. The Government has confirmed the Pension Grant of £3.5m will be built into the Local Government Finance Settlement, which will provide certainty of this funding over the mid term.

There are £3.3m of other Section 31 Grants that are allocated on an annual basis. We expect the Government to continue to fund existing grants on a flat cash basis, but this has not yet been confirmed. These grants include the addition of £0.45m per annum which relates to funding relating to the increase in Employers National Insurance contributions,



## 5. BUDGET 2022/23 FINANCIAL COMMENTARY

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

### CORE FUNDING

**Local Government Finance Settlement** – The budget is based on a flat cash basis which is shown in Table 3a. The provisional Local Government Finance Settlement is expected in Mid / Late December which will include the profile of Revenue Support Grant and National Non-Domestic Rates.

**Council Tax** – The budget includes 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. This generates additional council tax funding of £1.46m, is reflected in Table 3b.

This increase comprises of £0.93m from additional council tax receipts resulting from the precept increase and £0.53m 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 2022/23 tax base has increased by 1.1% as compared to the prior year budget.

After the Authorities budget was submitted in 2021/22, there was a reduction of 3,165 Band D Properties in the Districts estimates which ultimately did not get reflected in the 2021/22 budget. The tax base has actually increased by 1.57% if comparing the latest 2022/23 tax base estimate as compared to this revision, as outlined in Table 3b.

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

**Specific Government Grants** - The budget for 2022-23 is £6.861m, Comparatives against the 2021/22 forecast and budget are shown in Table 4.

Table 4 – Specific Government Grants

Core Budget	Budget 2021-22 £'000s	Forecast 2021-22 £'000s	Budget 2022-23 £'000s	22-23 Bud v 21-22 F'Cast var	% 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%)
Gov Support re NI increase	-	-	(466)	466	100%
Pension Top up	(3,517)	(3,517)	(3,517)	0	0%
Other	(11)	(15)		(15)	(100%)
<b>Total Specific Government Grants</b>	<b>(6,387)</b>	<b>(7,100)</b>	<b>(6,861)</b>	<b>(239)</b>	<b>(3%)</b>

The budget for 2022/23 includes £0.466m of government funding to offset the cost increase resulting from the 1.25% increase in Employers National Insurance contributions effective from April 22.

The Pension Top Up Grant will be incorporated into Core Funding as part of the Local Government Finance Settlement.

In 2021/22 the Authority received a one-off Local Tax Support Grant of £0.752m as a result of the Pandemic, which is not expected to not continue into 2022/23.

**OTHER OPERATIONAL INCOME**

The budget for 2022-23 is £1.4m, Comparatives against the 2021/22 forecast and budget are shown in Table 5.

Table 5 – Other Operational Income

	Budget 2021-22 £'000s	Forecast 2021-22 £'000s	Budget 2022-23 £'000s	22-23 Bud v 21-22 F'Cast var	% 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 Investment:	(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)	(171)	98	135%
<b>Other Operational Income</b>	<b>(975)</b>	<b>(1,309)</b>	<b>(1,415)</b>	<b>106</b>	<b>8%</b>

**EXPENDITURE**

**EMPLOYMENT COSTS**

Employment Costs equate to c.80% of the Authority’s total baseline revenue 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 Table 6. Specific analysis of the movements in Wholetime Firefighters and Green Book Staff being shown in Tables 7 and 8.

Table 6- Movements in Staff Establishment

Staff Budget (Full Time Equivalent)	2021-22 Budget	Movement	2022-23 Budget
Wholetime Firefighters	644	-15	629
On-Call Firefighters	456	5	461
Control Staff	35	-1	34
Operational and Admin Support	302	-3	299
<b>Total</b>	<b>1437</b>	<b>-14</b>	<b>1423</b>

Table - 7 Wholetime Firefighter Establishment

	2021-22 Budget	Movement	2022-23 Additional Roles	2022-23 Budget
Watch Based Wholetime	480	-		480
Watch Based Day Crew	13	(10)		3
Whole Time Protection	26	(1)		25
Whole Time Prevention	14	(10)		4
Whole Time Operational Training	29	-	6	35
Whole Time Other Non Watch Based	82	-		82
<b>Total Wholetime Firefighters</b>	<b>644</b>	<b>(21)</b>	<b>6</b>	<b>629</b>

Table - 8 Green Book Establishment

	2021-22 Budget	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
<b>Total Green Book</b>	<b>302</b>	<b>(4)</b>	<b>1</b>	<b>299</b>

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

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

- A reduction in 10 wholetime posts relating to stations that are converting from the day crewing to On Call model. During 2022/23 it is expected that some of the stations that have converted will require some transitional resources to enable the full conversion to take place. This is expected to be 11 Full time equivalents 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 due which was a result of converting 2 posts to a post.
- Within the 2022/23 budget, there has been inclusion of 6 additional roles wholetime firefighter roles within operational training. These substantiate the posts that have previously been funded by Earmarked Reserves.

**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 pensions costs is based on the current run rate of contribution, which is 18.94%.

## **NON PAY COSTS**

**Non pay costs** –The proposed budgeted baseline non-pay costs for 2022/23 are £22.97m. The prior year budgeted baseline non pay cost budget were £23.63m, and therefore there is a reduction of £0.6m. 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 in Other Costs because of a reduction in the consultancy budget.
- (£0.1m) an increase in premises and equipment driven by an increase in utility costs.

## 6. MEDIUM TERM FINANCIAL STRATEGY

The MTFS movements since that presented at the September 21 Strategic Board are shown in Table 9.

Table 9 – Summary MTFS Movements since September 2021 Strategic Board

MTFS as at September 21 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
		80.9	82.4	83.2	84.5
		(0.6)	(0.7)	0.0	0.0
<b>78.0</b>	<b>80.9</b>	<b>80.3</b>	<b>81.7</b>	<b>83.2</b>	<b>84.5</b>
0.0	0.1	2.4	1.0	0.4	0.0
(77.9)	(81.7)	(80.1)	(80.5)	(81.9)	(83.5)
<b>0.1</b>	<b>(0.7)</b>	<b>2.6</b>	<b>2.2</b>	<b>1.7</b>	<b>1.0</b>
0.0	(0.1)	(2.4)	(1.0)	(0.4)	0.0
(0.1)	0.8	(0.2)	(1.2)	(1.3)	(1.0)

MTFS as at December 21 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
		80.9	82.4	83.9	87.1
		(0.6)	(1.1)	0.0	0.0
				(1.1)	(2.6)
		(0.6)	(1.1)	(1.1)	(2.6)
<b>78.0</b>	<b>80.9</b>	<b>80.3</b>	<b>81.3</b>	<b>82.8</b>	<b>84.5</b>
0.0	0.1	2.7	2.4	0.4	0.0
(77.9)	(81.7)	(80.1)	(81.2)	(82.8)	(84.5)
<b>0.1</b>	<b>(0.7)</b>	<b>2.9</b>	<b>2.5</b>	<b>0.4</b>	<b>0.0</b>
0.0	(0.1)	(2.7)	(2.4)	(0.4)	0.0
0.1	0.8	(0.2)	(0.1)	(0.0)	0.0

MTFS Movement since September 21

	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m
General Fund (shortfall)/ Surplus in September 21 MTFS	(0.2)	(1.2)	(1.3)	(1.0)
Favourable / (Adverse) movement in General Fund Balance	0.0	1.1	1.3	1.0
General Fund (shortfall)/ Surplus in December 21 MTFS	(0.2)	(0.1)	0.0	0.0

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 Day Crew Transitional Resources being funded from Earmarked Reserves.
- £0.4m relating 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.

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

<b>Future Investment</b>			
	<b>2023/24</b>	<b>2024/25</b>	<b>Total</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
On Call Training and Support ( 8 FTE)	(0.5)	(0.5)	(1.0)
Fire Protection Officers and Fire Protection Capability (17 FTE Phased over 2 Years)	(0.5)	(1.0)	(1.5)
<b>Total Cost</b>	<b>(1.0)</b>	<b>(1.5)</b>	<b>(2.5)</b>

**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.

**Fire Protection Officers and Fire Protection Capability** – From 2022/23 is an investment in the Uplift of Fire Protection in order to respond to the expected requirements of the Building Safety Bill. A provisional assessment has indicated an investment of £1m will be required and the MTFS assumes that this is phased in over a 2 year period.

Business cases will be prepared in 22/23 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.

## 7. CAPITAL BUDGET 2022/23

The proposed budget is set out in Table 10.

Table 10 – Capital Expenditure Budget and Programme

Summary Capital Programme to 2023/24	Published Budget 2021-22 £'000s	Forecast 2021-22 £'000s	Proposed Budget 2022-23 £'000s	Forecast 2023-24 £'000s	Forecast 2024/25 £'000s
<b>New Premises</b>					
Service Workshops	250	-	-	1,500	3,500
<b>Existing Premises</b>					
Asset Protection	1,700	1,626	1,300	1,300	1,300
<b>Asset Improvement Works</b>					
Shoeburyness	1,000	250	986	-	-
Training works	1,078	446	1,050	-	-
Wethersfield Replacement		-	-	1,500	1,500
<b>Total Property</b>	<b>4,028</b>	<b>2,322</b>	<b>3,336</b>	<b>4,300</b>	<b>6,300</b>
<b>Equipment</b>	<b>120</b>	<b>196</b>	<b>210</b>	<b>1,210</b>	<b>-</b>
<b>Information Technology</b>					
Digital & Data Strategy		268	1,377	447	221
Other Projects		674	1,726	-	-
<b>Total Information Technology</b>	<b>537</b>	<b>942</b>	<b>3,103</b>	<b>447</b>	<b>221</b>
<b>Vehicles</b>					
New Appliances	1,760	980	1,350	3,029	3,029
Other Vehicles	686	481	524	272	1,193
<b>Total Vehicles</b>	<b>2,446</b>	<b>1,461</b>	<b>1,874</b>	<b>3,301</b>	<b>4,222</b>
<b>Total Capital Expenditure</b>	<b>7,131</b>	<b>4,921</b>	<b>8,522</b>	<b>9,258</b>	<b>10,743</b>

Capital Spend	Published Budget 2021-22 £'000s	Forecast 2021-22 £'000s	Proposed Budget 2022-23 £'000s	Forecast 2023-24 £'000s	Forecast 2024/25 £'000s
Shoeburyness		(250)	(1,210)	-	-
Workshops		-	-	(1,500)	(3,500)
ICT Strategy - Voice		(215)	-	-	-
ICT Strategy - Infrastructure		-	(1,160)	-	-
ESMCP grant		-	(444)	-	-
Wethersfield replacement		-	-	(1,500)	(1,500)
Control system		-	(1,474)	-	-
<b>Total Funding</b>		<b>(465)</b>	<b>(4,288)</b>	<b>(3,000)</b>	<b>(5,000)</b>
<b>Net Capital Expenditure</b>	<b>7,131</b>	<b>4,456</b>	<b>4,234</b>	<b>6,258</b>	<b>5,743</b>

The most significant capital projects in 2022/23 are:

- £0.98m redevelopment of Shoeburyness fire station. This project will start in 2021/22 and has a total capital cost of £1.2m
- £1.0m investment in operational training facility improvement. This project will start in 2021/22 and has a total capital cost of £1.49m

## **Proposed Budget 2022/23**

- £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 will start 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.

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.



## **8. 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 Table 11 and is reflective of the MTFS positions shown in Table 9.

Table 11 - Movements in General Reserves

	Projected Balance at 31 March 2022 £'000	Projected Balance at 31 March 2023 £'000	Projected Balance at 31 March 2024 £'000	Projected Balance at 31 March 2025 £'000
General Reserves - Opening Year Balance	4,351	3,330	3,195	3,195
Surplus / (Deficit) In Year	(221)	(135)		
Transfer from / (to) Earmarked Reserves	(800)			
<b>General Reserves - Closing Year End Balance</b>	<b>3,330</b>	<b>3,195</b>	<b>3,195</b>	<b>3,195</b>
<b>General Reserve Closing Balance as a % of Total Budget</b>	<b>4.15%</b>	<b>3.93%</b>	<b>3.81%</b>	<b>3.67%</b>

It is projected that there will be a transfer of £0.8m to Earmarked Reserves, to fund specific Earmarked Reserves for On Call Support and Innovation and Transformation. This will be finalised as part of the Reserves Strategy being presented at the March 21 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:

Table 12 shows the current and future planned level of each Earmarked reserve:

Table 12 - Movements in Earmarked Reserves

	Published Balance at 31 March 2020	Forecast Addition / (Use)	Tfr (to) / from General Reserve	Published Balance at 31 March 2021	Forecast Addition / (Use)	Tfr (to) / from General Reserve	Projected Balance at 31 March 2022	Forecast Addition / (Use)	Projected Balance at 31 March 2023	Forecast Addition / (Use)	Projected Balance at 31 March 2024
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
<b><u>Earmarked Contingency Reserves</u></b>											
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
	<b>1,485</b>	<b>3,254</b>	<b>(435)</b>	<b>4,304</b>	<b>(3,219)</b>	<b>0</b>	<b>1,085</b>	<b>0</b>	<b>1,085</b>	<b>0</b>	<b>1,085</b>
<b><u>Earmarked Reserve - Productivity</u></b>											
On Call - Support	400	0	0	400	(317)	300	383	(348)	36	0	36
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	(1,260)	2,264	(153)	2,111
	<b>4,895</b>	<b>0</b>	<b>0</b>	<b>4,895</b>	<b>(1,293)</b>	<b>800</b>	<b>4,402</b>	<b>(1,607)</b>	<b>2,795</b>	<b>(153)</b>	<b>2,642</b>
<b><u>Earmarked Reserve - Specific Purpose</u></b>											
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	(200)	1,000	(300)	700
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
	<b>4,146</b>	<b>541</b>	<b>(405)</b>	<b>4,282</b>	<b>(1,223)</b>	<b>0</b>	<b>3,059</b>	<b>(719)</b>	<b>2,340</b>	<b>(300)</b>	<b>2,040</b>
<b>Total Earmarked Reserves</b>	<b>10,526</b>	<b>3,795</b>	<b>(840)</b>	<b>13,481</b>	<b>(5,735)</b>	<b>800</b>	<b>8,546</b>	<b>(2,326)</b>	<b>6,220</b>	<b>(453)</b>	<b>5,767</b>

£2.3m of Earmarked Reserves are planned to be utilised in 2022/23.

This includes investment of £1.26m in innovation and transformation, £0.348m in On Call Liaison Officers to assist with On Call Support, £0.215m in Operation Training and £0.2m in Learning and Development.

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
- £0.15m in relation to feasibility studies

**Capital Receipts Reserve** – These 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:

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

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

The projected sale of assets relates to the remaining sale of day crew houses.

Table 13 - Movements in Capital Receipts Reserves

	<b>Projected Balance at 31 March 2022 £'000</b>	<b>Projected Balance at 31 March 2023 £'000</b>	<b>Projected Balance at 31 March 2024 £'000</b>	<b>Projected Balance at 31 March 2025 £'000</b>
<b>Capital Receipts Reserve - Opening Year Balance</b>	9,669	13,700	9,856	6,856
Projected Sale of Assets	4,496	0	0	0
Utilised in Year	(465)	(3,844)	(3,000)	(5,000)
<b>Capital Receipts Reserve - Closing Year End Balance</b>	<b>13,700</b>	<b>9,856</b>	<b>6,856</b>	<b>1,856</b>

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