



Essex Police, Fire and Crime Commissioner Fire and Rescue Authority

Decision Report

Please ensure all sections below are completed

Report reference number: 014-22 Government security classification Not protectively marked
Title of report: Medium Term Financial Strategy 2022-23
Area of county / stakeholders affected: Countywide
Report by: Austin Page - Financial Accounting and Compliance Manager Date of report: 16 th March 2022 Enquiries to: Neil Cross (Chief Financial Officer)

1. Purpose of the report

The purpose of this paper is to approve the attached Medium Term Financial Strategy (MTFS) 2022-23. This sets out the Authority's budget expectations over the next three years and what savings are required to support the priorities in the Fire and Rescue Plan.

2. Recommendations

The Commissioner is asked to:

- a) Approve the Medium Term Financial Strategy 2022-23 (Appendix 1), with the key points from the Strategy being:
 - There is a balanced budget for 2022/23 with no use of general reserves.
 - £1.8m of savings have been include within the 2022/23 budget
 - Pay inflation of 2% per annum is built into the MTFS
 - The following investments have been included within the MTFS from 2023/24:
 - **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. The MTFS includes £0.5m for increases in establishment in 2023/24.

- **Fire Protection Officers and Fire Protection Capability** –An increase in Fire Protection Establishment in response to the expected requirements of the Building Safety Bill. An investment of £0.8m is included within the MTFS are phased over a two year period starting in 2023/24.
- The investments are subject to business case, which will be prepared in 2022/23. The savings required to fund the investments have currently not been identified.

3. Benefits of the proposal

- The MTFS is a transparent and credible assessment of the financial resilience of the Authority. This allows management to understand the long-term implications of budget, decision making along with any other plans for the future.
- The plan framework is underpinned by and complies with the CIPFA Financial Management Code.

4. Background and proposal

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.

The Authority presented the 2022/23 budget to the Police, Fire and Crime Panel on 3 February 2022, where a precept increase of 1.95% was approved. The 2022/23 budget is balanced, with no use of general reserves. £1.8m of savings were identified and incorporated into the 2022/23 budget.

The MTFS is a service planning and performance management framework which aims to ensure that resources are directed towards achieving delivery of the Fire and Rescue Plan.

The MTFS includes the following key assumptions for 2023/24 and 2024/25,

- Pay Inflation is 2% per annum
- Non Pay Inflation is 2% per annum.
- Core funding will increase by 2% per annum.

The following investments have been included within the MTFS from 2023/24:

- **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. The MTFS includes £0.5m for increases in establishment in 2023/24.
- **Fire Protection Officers and Fire Protection Capability** –An increase in Fire Protection Establishment in response to the expected requirements of the Building Safety Bill. An investment of £0.8m is included within the MTFS are phased over a two year period starting in 2023/24.

The investments are subject to business case, which will be prepared in 2022/23. The savings required to fund the investments have currently not been identified.

The MTFS is reviewed quarterly through the PFCC Strategic Board.

5. Alternative options considered and rejected

The Service could decide not to have a MTFs however this would limit the Service's ability to strategically plan and not be in line with the CIPFA Financial Code and is not recommended.

6. Strategic priorities

The MTFs is supported by the following Financial Strategies, which are published on the Authorities website:

- Reserves Strategy
- Capital and MRP Strategy
- Treasury Management Strategy

7. Operational implications

No operational implications.

8. Financial implications

These are covered in Section 4 above.

9. Legal implications

There are no legal implications.

10. Staffing implications

A business case for the future staff investments will be prepared in 2022/23.

11. Equality and Diversity implications

The Service will ensure that the MTFs is managed in an equitable and fair manner which does not unduly impact on any particular group.

We have considered whether individuals with protected *characteristics will be disadvantaged as a consequence of the actions being taken. Due regard has also been given to whether there is impact on each of the following protected groups as defined within the Equality Act 2010:*

Race	X	Religion or belief	x
Sex	X	Gender reassignment	x
Age	X	Pregnancy & maternity	x
Disability	X	Marriage and Civil Partnership	x
Sexual orientation	x		

The Core Code of Ethics Fire Standard has been fully considered and incorporated into the proposals outlined in this paper.

12. Risks

The main risk areas associated with the MTFs are:

- **National Pay Settlements** – Pay Inflation of 2% has been included within the MTFs. 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 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 it plans to compensate public sector organisations for this increase, which will create an additional cost pressure of the Authority of £0.46m. The MTFS makes provision for this increased to be fully covered in all years. The One Services Grant for 2022/23 announced as part of the local government finance settlement only gives certainty for the Employers National Insurance increase to be covered for this one year.
- **Firefighters Pension Schemes** - There remains uncertainty around the financial impacts resulting around the remedies on the firefighter's pension scheme (McCloud/Sergeant). This includes the level of Employer Contributions. There is currently no information on what the cost of the remedy will be, and how this will be funded. Any employer's contribution rates changes would be expected to come into effect from 1 April 2024. There has not been any provision in the MTFS for a change in employers pension rates.
 - **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. The MTFS assumes that an annual 2% inflation increase is applied to the Revenue Support Grant.
 - **Section 31 Grants** – The Authority has annual Section 31 Grants that total £7.5m in 2022/23, which are renewed on an annual basis. The MTFS assumes that the grants continue on a flat cash basis.

13. Governance Boards

The MTFS was presented to the following boards:

- Service Leadership Team on 15th February 2022
- Strategic Board on 9th March 2022.

The MTFS was included in the 2022/23 budget paper that was presented to the Police, Fire and Crime on 3 February 2022.

14. Background papers

Appendix 1 – Medium Term Financial Strategy 2022/23.

Decision Process (014-22)

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 the recommendation.....

.....



Sign:

Date: ...31/03/2022.....

Step 1B – Consultation with representative bodies


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

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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: 31.3.2022



Chief Finance Officer

Sign:

Print:Neil Cross.....

Date:29/03/2022.....

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** **NO**

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

.....
.....

Date redaction carried out:

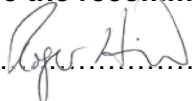
If redaction is required, the Chief Finance Officer or the Monitoring Officer are to sign off that redaction has been completed.

Sign: Print:

Date signed:

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: 1 April 2022