



Essex County  
Fire & Rescue Service

# **Essex County Fire and Rescue Service Proposed Budget 2023-24**

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## **1. PURPOSE**

The purpose of this report is to provide an update on the proposed budget for Essex County Fire and Rescue Service for 2023-24.

The budget is being set in line with the objectives included within the Fire and Rescue Plan 2019-2024.

## **2. RECOMMENDATIONS**

The Commissioner notes the current position of the budget for 2023-24 which includes a budget deficit of £2.437m

The Commissioner defers any decision on council tax precept levels until the Local Government Finance settlement is announced in Mid-December 2022.

The Commissioner agrees to receiving a final budget proposal from the Service Leadership Team following the Local Government Finance Settlement announcement, to be tabled at an extraordinary strategic board meeting in January 2023.

### 3. FINANCIAL TABLES

Figure 1 – 2023-2024 Budget Summary Vs Prior Year Budget

Description	Core Budget 2022-23 £'000s	EMR 2022-23 £'000s	Gross Budget 2022-23 £'000s	Core Budget 2023-24 £'000s	EMR 2023-24 £'000s	Gross Budget 2023-24 £'000s	Core Budget Movement Favourable/ (Adverse) £'000s	Core Budget % Change Favourable/ (Adverse)
Wholetime Firefighters	35,475	863	36,337	36,002	667	36,669	(527)	(1.5%)
On Call Firefighters	7,263	-	7,263	8,312	-	8,312	(1,049)	(14.4%)
Control	1,604	-	1,604	1,915	-	1,915	(310)	(19.3%)
Support Staff	16,068	664	16,732	17,371	100	17,471	(1,303)	(8.1%)
<b>Total Employment Costs</b>	<b>60,411</b>	<b>1,526</b>	<b>61,937</b>	<b>63,600</b>	<b>767</b>	<b>64,367</b>	<b>(3,190)</b>	<b>(5.3%)</b>
Support Costs	1,604	300	1,904	1,674	250	1,924	(70)	(4.4%)
Premises & Equipment	10,206	-	10,206	11,284	550	11,834	(1,078)	(10.6%)
Other Costs & Services	3,275	150	3,425	3,194	100	3,294	81	2.5%
Ill health pension costs	2,184	-	2,184	2,184	-	2,184	-	-
Financing Items	5,897	-	5,897	5,447	150	5,597	450	7.6%
<b>Total Other Costs</b>	<b>23,167</b>	<b>450</b>	<b>23,617</b>	<b>23,784</b>	<b>1,050</b>	<b>24,834</b>	<b>(617)</b>	<b>(2.7%)</b>
<b>Gross Expenditure</b>	<b>83,578</b>	<b>1,976</b>	<b>85,554</b>	<b>87,384</b>	<b>1,817</b>	<b>89,201</b>	<b>(3,806)</b>	<b>(4.6%)</b>
Operational income	(1,415)	-	(1,415)	(1,602)	-	(1,602)	187	(13.2%)
<b>Net Expenditure</b>	<b>82,162</b>	<b>1,976</b>	<b>84,138</b>	<b>85,782</b>	<b>1,817</b>	<b>87,599</b>	<b>(3,619)</b>	<b>(4.4%)</b>
<b>Funding</b>								
Government Grants	(7,549)	-	(7,549)	(6,707)	-	(6,707)	(842)	11.1%
Revenue Support Grant	(8,780)	-	(8,780)	(8,780)	-	(8,780)	-	-
National Non-Domestic Rates	(16,519)	-	(16,519)	(16,519)	-	(16,519)	-	-
Council Tax Precepts	(49,314)	-	(49,314)	(50,939)	-	(50,939)	1,624	(3.3%)
<b>Total Funding</b>	<b>(82,162)</b>	<b>-</b>	<b>(82,162)</b>	<b>(82,945)</b>	<b>-</b>	<b>(82,945)</b>	<b>783</b>	<b>(1.0%)</b>
<b>Funding (Shortfall)/Surplus</b>	<b>-</b>	<b>(1,976)</b>	<b>(1,976)</b>	<b>(2,837)</b>	<b>(1,817)</b>	<b>(4,654)</b>		
Cont'ns to/(from) Earmarked Reserves	-	(1,976)	(1,976)	(400)	(1,817)	(2,217)		
Cont'ns to/(from) General Reserves	-	-	-	(2,437)	-	(2,437)		
<b>Net (Shortfall) / Surplus</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,437)</b>	<b>-</b>	<b>(2,437)</b>		

Figure 2 – 2022-23 Budget Summary Vs Current Year Latest Projection

2022-23 Budget v Forecast	Core Budget 2022-23 £'000s	EMR 2022-23 £'000s	Gross Budget 2022-23 £'000s	Core Forecast 2022-23 £'000s	EMR Forecast 2022-23 £'000s	Total Forecast 2022-23 £'000s	Core Budget Movement Favourable/ (Adverse) £'000s	Core Budget % Change Favourable/ (Adverse)
Wholetime Firefighters	35,475	863	36,337	36,351	863	37,214	(876)	(2.5%)
On Call Firefighters	7,263	-	7,263	9,303	-	9,303	(2,040)	(28.1%)
Control	1,604	-	1,604	1,777	-	1,777	(173)	(10.8%)
Support Staff	16,068	664	16,732	16,085	664	16,749	(17)	(0.1%)
<b>Total Employment Costs</b>	<b>60,411</b>	<b>1,526</b>	<b>61,937</b>	<b>63,516</b>	<b>1,527</b>	<b>65,043</b>	<b>(3,105)</b>	<b>(5.1%)</b>
Support Costs	1,604	300	1,904	1,812	301	2,113	(208)	(12.9%)
Premises & Equipment	10,206	-	10,206	10,703	105	10,808	(497)	(4.9%)
Other Costs & Services	3,275	150	3,425	3,452	129	3,581	(177)	(5.4%)
Ill health pension costs	2,184	-	2,184	2,170	-	2,170	14	0.6%
Financing Items	5,897	-	5,897	5,511	-	5,511	386	6.6%
<b>Total Other Costs</b>	<b>23,167</b>	<b>450</b>	<b>23,617</b>	<b>23,648</b>	<b>535</b>	<b>24,183</b>	<b>(481)</b>	<b>(2.1%)</b>
<b>Gross Expenditure</b>	<b>83,578</b>	<b>1,976</b>	<b>85,554</b>	<b>87,164</b>	<b>2,062</b>	<b>89,226</b>	<b>(3,586)</b>	<b>(4.3%)</b>
Operational income	(1,415)	-	(1,415)	(1,896)	(1)	(1,897)	481	(34.0%)
<b>Net Expenditure</b>	<b>82,162</b>	<b>1,976</b>	<b>84,138</b>	<b>85,268</b>	<b>2,061</b>	<b>87,329</b>	<b>(3,106)</b>	<b>(3.8%)</b>
<b>Funding</b>								
Government Grants	(7,549)	-	(7,549)	(9,149)	-	(9,149)	1,600	(21.2%)
Revenue Support Grant	(8,780)	-	(8,780)	(8,780)	-	(8,780)	(1)	0.0%
National Non-Domestic Rates	(16,519)	-	(16,519)	(15,958)	-	(15,958)	(561)	3.4%
Council Tax Collection Account	-	-	-	(783)	-	(783)	783	0.0%
Council Tax Precepts	(49,314)	-	(49,314)	(49,315)	-	(49,315)	1	0.0%
<b>Total Funding</b>	<b>(82,162)</b>	<b>-</b>	<b>(82,162)</b>	<b>(83,985)</b>	<b>-</b>	<b>(83,985)</b>	<b>1,823</b>	<b>(2.2%)</b>
<b>Funding (Shortfall)/Surplus</b>	<b>-</b>	<b>(1,976)</b>	<b>(1,976)</b>	<b>(1,283)</b>	<b>(2,061)</b>	<b>(3,344)</b>	<b>(1,283)</b>	
Cont'ns to/(from) Earmarked Reserves	-	(1,976)	(1,976)	-	(2,061)	(2,061)		
Cont'ns to/(from) General Reserves	-	-	-	(1,283)	-	(1,283)		
<b>Net (Shortfall) / Surplus</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		

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

Core Funding	2022-23 Budget £'000s	2023-24 Budget £'000s	Variance Favourable / (Adverse)	% change
Government Grants	(7,549)	(6,707)	(842)	(13%)
Revenue Support Grant	(8,780)	(8,780)	0	0.0%
National Non-Domestic Rates	(16,519)	(16,519)	0	0.0%
Council Tax Precepts	(49,314)	(50,939)	1,624	3.2%
<b>Total</b>	<b>(82,162)</b>	<b>(82,945)</b>	<b>783</b>	<b>0.9%</b>

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

Council Tax Precept	2022-23 Budget £'000s	2023-24 Budget £'000s	Variance Favourable / (Adverse)	% change
Tax Base	654,649	663,521	8,872	1.3%
Council Tax (Band D)	£75.33	£76.77	£1.44	1.9%
<b>Total Council Tax</b>	<b>£49,314,709</b>	<b>£50,938,507</b>	<b>£1,623,798</b>	<b>3.2%</b>

Tax Base Movement	
2022-23 Budgeted Tax Base	654,649
2022-23 Financial Tax Base adjustment	1,018
<b>Expected 2022-23 Tax Base</b>	<b>655,667</b>
Tax Base Growth 1.2%	7,854
<b>2023-24 Budgeted Tax Base</b>	<b>663,521</b>

## **4. CONTEXT/SUMMARY**

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.

### **Priorities to fund**

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 2023-2024:

#### **Service Delivery**

**Fire protection** – In the aftermath of the Grenfell Tower tragedy has seen demand on legislative fire safety increase. There are 80,000 businesses in Essex, with a risk-based inspection programme of 4000 high risk buildings. This is an additional pressure of approximately 1800 since 2010. In the last year the Service has recruited and trained new inspecting officers to allow it to meet the requirements of the risk-based inspection programme. Alongside this the Service has recruited additional resources to support the engagement and education of responsible persons. With the introduction of the Building Safety Act, the Service will become a key statutory partner to the Building Safety Regulator and will need to be able to have the resources and expertise to fulfil this new role.

Increasing investment in **Prevention** based activities - Essex has a changing demography with the age group 70-74 being the largest growth group over the last 10 years. Analysis of fire deaths indicates that older people living alone with long term mobility issues are most at risk from fire. The fact this group has grown by 44 % over the last 10 years with further increases of 28% in the next few years, supports the service investment to deliver more Home Safety Visits to those most vulnerable. In addition to maintaining our commitments to reduce road and water related injuries and deaths.

**Response and Resilience** – ensuring that the Service can respond to a range of emergencies when called upon, requires the Service to actively manage the resources it has available to meet not only the day-to-day demand of incidents, but also the ability to respond to prolonged and sustained periods of high demand as was seen in the summer of 2022. To achieve this, the Service is investing in new technology in the form of a new Mobilising and Command system alongside an improved availability monitoring system will allow for improvements in speed and agility alongside more flexible use of Service resources.

### **Succession is a growing demand**

Resourcing this demand is key. The current economic situation alongside planned retirements create a pressure on the Service to be able to recruit ahead of time, and then have sufficient time to develop the skills of new staff to replace those that have been lost. Recruitment is a significant pressure in terms of cost and time. Areas such as Inspecting Officers in Fire Protection, specialist roles such as Engineers, Procurement and Information and Technology roles are of particular challenge due to higher wages in private industry and the demand of these skill sets. In addition, the recruitment and retention of On call firefighters are a particular challenge to the Service. The Service has been successful in recruiting over 170 on call fire fighters since 2019, however as it can take up to three years to fully train a firefighter, investment in additional training is critical.

This creates a cost implication to increase time and training available to these staff or face the risk of fire engines not being available, currently at an additional pressure of £0.5 per annum.

### **Inclusive and high performing workplace**

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 remains an important priority for the Service. In the last year the Service has been awarded bronze status as an inclusive employer, building upon this foundation and investing in both our workplaces and our people aligned to our dignity at work and health and safety policies is fundamental. The Service has investment priorities in both estates and people development to enable this ambition to be achieved.

**Capability & Capacity for the future** –Investment in our property portfolio to ensure that it is fit for purpose and able to meet the support and wellbeing needs of our workforce. The investment in the BA Chamber refurbishments across our key stations will complete in the year. The Authority is looking to make an investment in Fire Training Facilities at its headquarters in Kelvedon Park.

The service will continue the delivery of its Digital and Data Strategy. This investment in systems and hardware will improve productivity and connectivity.

Following on from the Covid 19 pandemic, the Authority is under financial pressure as a result of the current economic and cost of living pressures.

The budget is being set as the current rate of inflation in the UK is 11.1%, which has been driven by:

- The increase in energy prices, resulting from Russia's invasion of Ukraine.
- Increases in the price of products purchased from abroad
- Increases in the price of products purchased in the UK, as businesses are charging more due to an increase in their costs.

The latest quarterly Bank of England Monetary Policy Report was published on 3<sup>rd</sup> November 2022 ([Monetary Policy Report - November 2022 | Bank of England](#)). The report sets out the economic analysis and inflation projections that the Monetary Policy Committee uses to make its interest rate decisions.

The key points from the report are shown below:

- The UK inflation target remains at 2%.
- It is a very challenging time for the UK economy, which is expected to remain in recession for some time.
- CPI inflation is expected to remain elevated over 10% in the near term. From Mid-2023 inflation is expected to fall sharply.
- The interest rate has been increased in order to help inflation return to the 2% target. This has increased by 0.75% to 3%.

In 2022-23 Pay costs were budgeted on a 2% increase. In the fire sector pay is determined through negotiations with the National Joint Council (NJC).

In November 2022, a green book staff pay offer was accepted, which has resulted in an increase of every scale point by £1,925. This has created an additional financial pressure of £0.5m in the 2023-24 budget.

In October 2022, grey book (operational) staff were offered a national pay offer of 5%. This would create an additional financial pressure of £1.2m in 2023-24, and this is included within the 2023-24 budget proposals.

The FBU Executive Council recommended that this pay offer be rejected, and following a consultative ballot with its members, this pay offer was rejected on 14th November 2022. The FBU membership voted 79% in favour of rejection of the pay award, on a ballot turnout of 78%.

The FBU began a ballot on industrial action, which will run from 5th December 2022 to 23 January 2023.

In 2022-23, the Authority met its key objective to produce a balanced budget (with no use of General Reserves), that was set during the 2022-23 budget setting process. The additional financial pressures that have resulted as a result of the current economic conditions has created a financial deficit.

Non-Pay costs are also exposed to inflationary pressures, and there have been significant increases in utilities and fuel, which have created an additional pressure of £0.7m.

The current economic conditions have also created uncertainty 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.

The Local Government Finance Settlement is expected to be announced in Mid-December 2022. This may result in further amendments to the 2023-24 budget position.



The Service Leadership Team will make its final budget proposals for 2023-24 following the Local Government Finance Settlement announcement. This will be tabled at an extraordinary strategic board meeting in January 2023.

The Authority has also created a Productivity and Efficiency Board, which has an objective to monitor, review and challenge key budget areas to support the development of a balanced budget. Since 2020, the Service has driven savings of 4.0m and a further £1.1m has been identified in 2023-24 budget.

### 5. RISKS AND ASSUMPTIONS

The main risk areas associated with the budget are:

- **National Pay Settlements** – There has been no agreement reached with Grey Book Staff in respect of the 2022-23 pay award. This budget includes the costs of the 5% pay offer that was made in 2022-23. If a final agreement is made that is above the 5% offer previously made, then this would create a further unfunded year on year financial pressure.

Pay costs for 2023-24 are budgeted at 2%. Negotiations on the pay settlement will take place at the NJC and agreements made in excess of this amount would create further unfunded year on year pressures.

- **Industrial Action** – The FBU began a ballot on industrial action, which will run from 5th December 2022 to 23 January 2023. This follows the rejection of a 5% pay award. It is therefore a risk that the Service may need to fund Industrial Action contingency arrangements and in turn a larger pay award.
- **Inflation** – In addition to our Pay Costs, there are inflationary impacts and potential supply chain issues that are impacting upon Non-Pay Costs. Although the service is continuing to monitor its Non-Pay Costs closely, there are risks that ongoing pressures within the supply chain could impact future pricing.
- **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 local government finance settlement. In a recent Home Office communication, they have stated that *“We will be seeking to roll-in this grant to the Local Government Finance Settlement for 2023-24.”*

There remains uncertainty around the financial impacts resulting around the remedies on the firefighter's pension scheme (McCloud/Sergeant, which includes an increase in 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.

- **Local Government Finance Settlement** – The 2022-23 local government finance settlement was for one year. The short-term nature of this settlement means that there is uncertainty and risk in the medium term over funding levels. This uncertainty also includes whether specific grant allocations will be increased in line with inflation.

The 2023-24 local government finance settlement is expected to be announced in Mid-December 22, with the final settlement likely to be agreed in February 23.

- **Council Tax and National Non-Domestic Rate Collections** - Given the current economic pressures, there is a high risk that Business and Council tax collections will be impacted. This follows on from the Covid 19 pandemic which impacted the Collection Accounts. Furthermore, if the housing construction beings to slowdown as a result of the current economic situation, this would impact future council tax base increases.
- **Section 31 Grants** – In addition to the Pensions Top Up and Services Grant, the Authority receives a number of S31 Grants that are allocated on an annual basis. Other Grants include £0.8m New Dimensions (Urban Search and Rescue) and £1.9m Business Rates Relief Support. There has not been any indication that these grants will cease and therefore the Authority will plan to budget for these on a flat cash basis.

A recent letter from the Home Office has confirmed that the Firelink Grant (£0.5m) is to be phased out over the next 5 years.

Some New dimension assets are now coming to the end of their useful economic life and require replacement. These assets relate specifically to vehicles and equipment that help support the activities of the Urban Search and Rescue team.

The financial responsibility has previously come from Home Office, but it is unclear to the Sector if any further funding will be made available. The Authority is not making any allowances in its Capital programme to replace these assets.

- **Capital Program** – The current economic situation will impact the Capital Program, and in particular the cost of the capital projects. It will be important to keep the Capital Program under close review to ensure its affordability. In the event that further borrowing is required, changes in the interest rates could create also impact affordability.

## 6. BUDGET 2023-24 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 Figure 3a. The provisional Local Government Finance Settlement is expected in Mid-December 2022 which will include the profile of Revenue Support Grant and National Non-Domestic Rates. This will also include the principles of the council tax precept.

**Council Tax** – The budget for 2023-24 includes an increase in the precept of 1.91%. The precept payable for a Band D Council tax property will increase from £75.33 to £76.77, a change of £1.44 per year. This generates additional council tax funding of £1.62m, is reflected in Figure 3b.

This increase comprises of £0.94m from additional council tax receipts resulting from the precept increase and £0.68m 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 2023-24 council tax base has increased by 1.36% as compared to the prior year budget.

After the Authority's budget was submitted in 2022-23, there was an increase of 1,018 Band D Properties in the Districts estimates of the tax base for 2022-23, which ultimately did not get reflected in the 2022-23 budget. The tax base has increased by 1.2% if comparing the 2023-24 tax base to this revised 2022-23 tax base estimate, as outlined in Figure 3b.

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

**Specific Government Grants** - The budget for 2023-24 is £6.7m, Comparatives against the 2022-23 forecast and budget are shown in Figure 4.

**Figure 4 – Specific Government Grants**

	2022-23 Budget £'000s	2022-23 Forecast £'000s	2023-24 Budget £'000s	Budget 2023-24 to Forecast 2022-23 Variance Favourable / (Adverse) £'000s	% Variance Favourable / (Adverse)
Urban Search & Rescue	(857)	(857)	(857)	-	-
Firelink	(617)	(617)	(429)	(188)	(30%)
Business Rates Relief Support	(1,404)	(3,004)	(1,904)	(1,100)	(37%)
Services Grant	(1,154)	(1,154)	-	(1,154)	(100%)
Pension Top up	(3,517)	(3,517)	(3,517)	-	-
<b>Total Specific Government Grants</b>	<b>(7,549)</b>	<b>(9,149)</b>	<b>(6,707)</b>	<b>(2,442)</b>	<b>(27%)</b>

The 2022-23 budget included one-off services grant of £1.15m, that was announced in the 2022-23 local government finance settlement. The services grant specifically included an amount of £0.5m, which was to fund the employer's national insurance increase that come into effect in April 2022. As part of the Chancellor's Autumn Statement, the rise the employer's national insurance rates was removed, effective 6 November 2022.

The Business Rate Relief Support grant has been budgeted at £1.9m in 2023-24. Within 2022-23 the projected amount of this grant is £3.0m. This included £1.1m for specific business rate reliefs that the government have granted during 2022-23, and this will compensate the Authority for a reduction in business rates collected by the districts.

## OTHER OPERATIONAL INCOME

The budget for 2023-24 is £1.6m, comparatives against the 2022-23 forecast and budget are shown in Figure 5.

**Figure 5 – Other Operational Income**

	2022-23 Budget £'000s	2022-23 Forecast £'000s	2023-24 Budget £'000s	Budget 2023-24 to Forecast 2022-23 Variance Favourable / (Adverse) £'000s	% Variance Favourable / (Adverse)
Cycle to Work Scheme	(30)	(30)	(35)	5	16%
Childcare Vouchers	(60)	(37)	(30)	(7)	(19%)
Canteen Income	(64)	(86)	(78)	(8)	(10%)
Sale of Vehicle Spares	(25)	(78)	(90)	12	16%
Aerial Sites	(130)	(128)	(115)	(13)	(10%)
Solar Panel Income	(65)	(56)	(60)	4	7%
Hydrant Tests	(80)	(77)	(90)	13	17%
Lease Cars - Employee Contributions	(6)	(8)	(6)	(2)	(21%)
Service Charges	(1)	(1)	(0)	(0)	(13%)
Secondments	(165)	(275)	(183)	(92)	(33%)
Community Safety general	(78)	(81)	(78)	(3)	(3%)
Labour Credit	(55)	(118)	(90)	(28)	(24%)
Section 13/16	(60)	(50)	(60)	10	20%
Provision of Hire Vehicles & Equipment	0	(4)	0	(4)	(100%)
Interest Received Short Term Investments	(10)	(245)	(150)	(95)	(39%)
Events Income	(115)	(131)	(115)	(16)	(12%)
Community Safety Youth Work	0	(32)	0	(32)	(100%)
Shared Services Income	(300)	(313)	(250)	(63)	(20%)
Other Miscellaneous Income	(172)	(148)	(171)	23	16%
<b>Total</b>	<b>(1,415)</b>	<b>(1,897)</b>	<b>(1,602)</b>	<b>(295)</b>	<b>(18%)</b>

**EXPENDITURE**

**EMPLOYMENT COSTS**

Employment Costs equate to approximately 74% of the Authority’s total baseline revenue budget, with the numbers of firefighters employed being the most significant element.

Analysis of the Staff Establishment are shown in Figure 6. The budget reflects further recruitment and planned retirements of firefighters in the year. Specific analysis of the movements in Wholetime Firefighters and Support Staff being shown in Figures 7 & 8.

**Figure 6- Movements in Staff Establishment**

Staff Budget (Full Time Equivalent)	2022-23 Budget	Staff Department Changes	Movement	2023-24 Budget
Wholetime Firefighters	638	-	(10)	628
On-Call Firefighters	461	-	-	461
Control Staff	34	-	5	39
Support Staff	299	-	16	315
<b>Total</b>	<b>1,432</b>	<b>-</b>	<b>11</b>	<b>1,443</b>

**Figure - 7 Wholetime Firefighter Establishment**

Wholetime Firefighter Budget	2022-23 Budget	Staff Department Changes	Movement	2023-24 Budget
Watch Based Wholetime	480	-	-	480
Watch Based Day Crew	3	-	(3)	-
Whole Time Protection	29	-	(10)	19
Whole Time Prevention	4	-	1	5
Whole Time Operational Training	35	-	2	37
Whole Time USAR	17	-	1	18
Whole Time Other Non Watch Based	70	-	(1)	69
<b>Total Wholetime Firefighter Budget</b>	<b>638</b>	<b>-</b>	<b>(10)</b>	<b>628</b>

**Figure - 8 Support Staff**

	2022-23 Budget	Staff Department Changes	Movement	2023-24 Budget
Prevention	34	-	1	35
Protection	26	-	11	37
Operational Training	8	-	2	10
Learning & Development (Training)	4	-	-	4
Operational Policy	3	-	-	3
Technical Services	5	6	0	11
Corporate Comms	13	(1)	-	12
Emergency Planning	3	1	2	6
Human Resources	37	(3)	-	34
Workshops Engineering & Management	38	-	(1)	38
Property Services	13	-	-	13
Innovation & Change	14	-	-	14
Finance & Pay	16	1	-	17
Purchasing & Supply	11	(6)	-	5
ICT	24	-	2	26
Other Admin Support Green Book Roles	50	2	(1)	51
<b>Total Support Budget</b>	<b>299</b>	<b>-</b>	<b>16</b>	<b>315</b>

**Wholetime staff-** The proposed budget shows an increase of £0.5m in the Core budget compared to the prior year. This includes £1.6m of pay pressures (based on the pay offer made in 2022-23 and a 2% increase in 2023-24).

This is offset by savings of £0.5m relating to day crew conversions, pension costs and the reduction in employers National Insurance costs.

During 2022-23, the Authority has recruited into its Protection Department. These roles had originally been budgeted in the wholetime establishment, but following its open recruitment process the roles have been filled under the Green Book Terms and Conditions. This has resulted in a reallocation of 10 Posts from the Wholetime Firefighter Establishment into the Support Staff Establishment. This has resulted in £0.5m of cost being transferred into the Support Staff budget.

**On Call staff-** The proposed budget shows an increase of £1.0m in the Core budget compared to the prior year. This includes £0.3m of pay pressures (based on the pay offer made in 2022-23 and a 2% increase in 2023-24). This also includes additional £0.5m of training costs of which £0.2m will be funded from Earmarked Reserves.

**Control staff-** The proposed budget shows an increase of £0.3m in the Core budget compared to the prior year. There is an investment of £0.2m in 5 additional roles in Control to improve resilience and support the introduction of the new mobilising system that is due in 2023. These roles are fixed term contracts and are to be funded from Earmarked Reserves in the year. A business case around the future staffing requirements in control will be prepared in the year.

**Support staff-** The proposed budget shows an increase of £1.3m in the Core budget compared to the prior year. This includes £1.8m which relate to the following pay pressures

- £0.7m Pay pressure (the approved pay in 2022-23 and a 2% increase in 2023-24).
- £0.6m Additional Local Government Pension Scheme costs
- £0.5m 10 Protection Posts recruited (cost transferred from Wholetime staff budget)

This cost is offset by savings of £0.3m in secondary contracts, overtime, the reduction in employers National Insurance costs.

Within Support Staff costs, there are an additional 2 FTE recruited in emergency planning and these are fully funded from Essex Resilience Forum.

There are also 2 additional roles within the ICT department, which are a result of removing higher paid open vacancies, and converting these into lower paid roles, which have had a negligible cost impact.

There is also an investment in an additional 2 roles in Operational Training which are funded from Earmarked reserves.

**Firefighter Pension Schemes** - The budget for firefighters' pension costs is based on the current run rates of contribution. These average at 27.2% for whole-time firefighters and 25.5% for On-Call firefighters.

**Local Government Pension Scheme (LGPS)** – There is a continuing deficit in the LGPS pension scheme and throughout the last 3 years annual lump sum payment has been made of approximately £0.38m which has been funded from Reserves. The LGPS have advised that an annual lump sum payment is still required of £0.4m, and this has been included within the Support Staff Core Budget. In addition, the LGPS Pension contribution rate has also been uplifted to 20.6%, an increase from 18.94% in the prior year. This increase in contribution rate has created a financial pressure of £0.2m

### NON-PAY COSTS

**Non pay costs** – The proposed budgeted baseline non-pay costs for 2023-24 are £23.78m. The prior year budgeted baseline non pay cost budget were £23.17m, and therefore there is an increase of £0.61m. The key movements are:

- (£1.0m) increases in premises and equipment costs. This is driven by an increase in the costs of Gas and Electricity (£0.7m), and an increase in ICT Costs.
- £0.45m in reduction in the Financing items. This is a result of a saving in the Capital Finance Charge, as a result of a more effective use of the Authorities capital receipts reserve and a tightening on the capital programme.

## 7. MEDIUM TERM FINANCIAL STRATEGY

The MTFFS movements since that presented with the Budget setting papers in the September 22 Strategic Board are shown in the Figure 9 below.

**Figure 9 – Summary MTFFS**

MTFS as at September 2022 Strategic Board

Actuals			Medium Term Financial Strategy 2022/23-2025/26				
2019/20 £m	2020/21 £m	2021/22** £m	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	Total £m
		80.6					
		(0.6)					
		(0.6)					
78.0	80.9	80.0	83.1	85.7	87.9	90.2	346.9
0.0	0.1	1.7	1.9	0.4	0.0	0.0	2.3
(77.9)	(81.7)	(80.5)	(82.2)	(83.6)	(85.3)	(87.0)	(338.1)
0.1	(0.7)	1.2	2.8	2.5	2.6	3.2	11.1
0.0	(0.1)	(1.7)	(1.9)	(0.4)	0.0	0.0	(2.3)
(0.1)	0.8	0.5	(0.9)	(2.1)	(2.6)	(3.2)	(8.8)

MTFS as at December 2022

Actuals			Medium Term Financial Strategy 2022/23-2025/26				
2019/20 £m	2020/21 £m	2021/22** £m	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	Total £m
78.0	82.1	81.8	89.5	91.0	93.0	94.8	368.3
	(1.2)	(0.6)					
		(1.2)					
	(1.2)	(1.8)					
78.0	80.9	80.0	85.3	85.7	87.7	89.5	348.2
0.0	0.1	1.7	2.0	1.8	1.0	0.2	5.0
(77.9)	(81.7)	(80.5)	(84.0)	(82.9)	(85.1)	(86.8)	(338.8)
0.1	(0.7)	1.2	3.3	4.6	3.6	2.9	14.4
0.0	(0.1)	(1.7)	(2.0)	(2.2)	(1.0)	(0.2)	(5.4)
0.1	0.8	0.5	(1.3)	(2.4)	(2.6)	(2.7)	(9.0)

MTFS Key Movements Since September 2022

	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	Total £m
General Fund (shortfall) in September 22 MTFS	(0.9)	(2.1)	(2.6)	(3.2)	(8.8)
Favourable / (Adverse) movement in General Fund Balance	(0.4)	(0.3)	0.0	0.5	(0.2)
General Fund (shortfall) per latest MTFS Projection	(1.3)	(2.4)	(2.6)	(2.7)	(9.0)

The key movements in 2023/24 MTFS since September 2022 are:

- (£1.2m) Additional Costs of the of the Grey Book Offer that was made.
- (£0.7m) Pressure in On Call Budget primarily driven by training
- £1.1m of Cost savings identified
- £0.5m increase in the Business Rates Support Grant

### Savings

£1.1m of core revenue budget savings have been identified for 2023-24 which are:

- £0.5m Pay Costs which consists of £0.2m reduction in secondary contracts, £0.15m On Call Conversion and £0.1m due to a reduction in Pension Costs.
- £0.6m Non-Pay Costs - due to a reduction of £0.4m in the minimum revenue provision, as a result of more effective use of the Authorities Capital Receipts Reserve. A further £0.2m is a result of an increase in Interest Receivable due to more effective Treasury Management and an improvement in market rates.
- The savings that have arisen as result of the reduction in employers' national insurance have not been included within this schedule, as this was expected to be funded from a S31 grant.



## 8. CAPITAL BUDGET 2023-24

The proposed capital budget for 2023-24 is set out in Figure 10.

**Figure 10 – Capital Expenditure Budget and Programme**

2022-23 Core Funded £'000s	2022-23 Reserves Funded £'000s	2022-23 Total £'000s	Summary Capital Programme	2023-24 Core Funded £'000s	2023-24 Reserves Funded £'000s	2023-24 Total £'000s	2024-25 Core Funded £'000s	2024-25 Reserves Funded £'000s	2024-25 Total £'000s	2025-26 Core Funded £'000s	2025-26 Reserves Funded £'000s	2025-26 Total £'000s	Total Core Funded £'000s	Total Reserves Funded £'000s	Total £'000s
-	-	-	<b>New Premises</b>												
			Fleet Workshops	500	-	500	1,500	-	1,500	3,000	-	3,000	5,000	-	5,000
1,103	-	1,103	<b>Existing Premises</b>												
			Asset Protection	1,000	-	1,000	1,000	-	1,000	1,000	-	1,000	3,000	-	3,000
			OCAT Project	-	150	150	-	-	-	-	-	-	-	150	150
	1,172	1,172	<b>Asset Improvement Works</b>												
			Shoeburyness	-	-	-	-	-	-	-	-	-	-	-	-
1,136	-	1,136	Training works/BA Chambers	822	-	822	-	-	-	-	-	-	822	-	822
			Fire Training Facilities	-	500	500	-	4,750	4,750	-	4,750	4,750	-	10,000	10,000
<b>2,239</b>	<b>1,172</b>	<b>3,411</b>	<b>Total Property</b>	<b>2,322</b>	<b>650</b>	<b>2,972</b>	<b>2,500</b>	<b>4,750</b>	<b>7,250</b>	<b>4,000</b>	<b>4,750</b>	<b>8,750</b>	<b>8,822</b>	<b>10,150</b>	<b>18,972</b>
<b>442</b>	-	<b>442</b>	<b>Equipment</b>	<b>939</b>	-	<b>939</b>	<b>379</b>	-	<b>379</b>	<b>2,785</b>	-	<b>2,785</b>	<b>4,103</b>	-	<b>4,103</b>
			<b>Information Technology</b>												
267	647	914	Digital & Data Strategy	225	-	225	225	-	225	225	-	225	675	-	675
	1,179	1,179	Control Project	-	738	738	-	-	-	-	-	-	-	738	738
			Other Projects	-	450	450	-	-	-	-	-	-	-	450	450
<b>267</b>	<b>1,826</b>	<b>2,093</b>	<b>Total Information Technology</b>	<b>225</b>	<b>1,188</b>	<b>1,413</b>	<b>225</b>	-	<b>225</b>	<b>225</b>	-	<b>225</b>	<b>675</b>	<b>1,188</b>	<b>1,863</b>
			<b>Vehicles</b>												
941	-	941	New Appliances	-	-	-	2,000	-	2,000	2,000	-	2,000	4,000	-	4,000
175	-	175	Other Vehicles	720	-	720	500	-	500	500	-	500	1,720	-	1,720
<b>1,116</b>	-	<b>1,116</b>	<b>Total Vehicles</b>	<b>720</b>	-	<b>720</b>	<b>2,500</b>	-	<b>2,500</b>	<b>2,500</b>	-	<b>2,500</b>	<b>5,720</b>	-	<b>5,720</b>
<b>4,063</b>	<b>2,998</b>	<b>7,062</b>	<b>Total Capital Expenditure</b>	<b>4,206</b>	<b>1,838</b>	<b>6,044</b>	<b>5,604</b>	<b>4,750</b>	<b>10,354</b>	<b>9,510</b>	<b>4,750</b>	<b>14,260</b>	<b>19,320</b>	<b>11,338</b>	<b>30,659</b>

The most significant capital projects from 2023-24 are:

- £1.0m investment in asset protection works. This includes investment in Wholetime Station Modernisation works and essential maintenance programme of the estate.
- £0.8m investment in BA Chambers refurbishments across key stations to facilitate local training requirements. This project is entering the final stage of the works and is expected to be completed in the first quarter of the year.
- £0.7m investment in a new Control Room System. This project started in 2022-23 and has a total capital cost of £1.9m to complete in Quarter One of 2023/24.
- £0.5m investment in Fire Training Facilities. A business case is being undertaken and the costs in the Capital Program is based on internal estimates. This project is expected to start in 2023-24 and will span three years with a projected capital budget of £10m.
- A full business case is in development for the progression of a collaborative fleet workshop with Essex Police. It is planned that the FBC will be complete in Q3 of 2023/24 and initial capital spend has been allocated within 2023/24.
- Any further strategic capital investments that may arise during the year will be presented as future strategic boards.

In order to fund the capital programme, the service will utilise 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 £4.2m, which is a reduction of £0.4m in 2023-24 compared to the prior budget.

## 9. 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 is shown in Figure 11 below. The projected budget deficit in 2022-23 will result in a reduction in General Reserves to £3m. The budget deficit of £2.4m in 2023-24 would need to be funded from further savings and efficiencies to ensure that the Authority has an adequate level of general reserves for the future.

**Figure 11 - Movements in General Reserves**

	Actual 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	Projected Balance at 31 March 2026 £'000s
General Reserves - Opening Year Balance	4,351	4,341	3,056	3,056	3,056
Surplus / (Deficit) In Year	790	(1,285)	-	-	-
Transfer from / (to) Earmarked Reserves	(800)	-	-	-	-
<b>General Reserves - Closing Year End Balance</b>	<b>4,341</b>	<b>3,056</b>	<b>3,056</b>	<b>3,056</b>	<b>3,056</b>
<b>General Reserve Closing Balance as a % of Total Budget</b>	<b>5.28%</b>	<b>3.63%</b>	<b>3.49%</b>	<b>3.45%</b>	<b>3.41%</b>

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

**Figure 12 - Movements in Earmarked Reserves**

	Published 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	Forecast Addition / (Use) £000's	Projected Balance at 31 March 2025 £000's	Forecast Addition / (Use) £000's	Projected Balance at 31 March 2026 £000's
<b><u>Earmarked Contingency Reserves</u></b>									
Demand Pressures	600	0	600	0	600	0	600	0	600
Taxbase & Collection Account Reserve	200	0	200	0	200	0	200	0	200
National Non Domestic Rates Collection Reserve	1,695	(1,695)	0	0	0	0	0	0	0
Rolling Budgets Reserve	0	0	0	0	0	0	0	0	0
Risk Protection	285	0	285	0	285	0	285	0	285
Business Continuity	0	0	0	0	0	0	0	0	0
	<b>2,780</b>	<b>(1,695)</b>	<b>1,085</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	463	(48)	415	(200)	215	0	215	0	215
Invest to Save	523	0	523	(100)	423	0	423	0	423
Innovation & Transformation	3,799	(1,390)	2,409	(1,100)	1,309	(400)	909	0	909
	<b>4,785</b>	<b>(1,437)</b>	<b>3,348</b>	<b>(1,400)</b>	<b>1,948</b>	<b>(400)</b>	<b>1,548</b>	<b>0</b>	<b>1,548</b>
<b><u>Earmarked Reserve - Specific Purpose</u></b>									
Unspent Government Grant - Covid 19	525	(80)	445	(367)	78	(70)	8	0	8
Unspent Government Grant - Pension	102	(102)	0	0	0	0	0	0	0
Operational Training Reserve	837	(215)	622	(300)	322	(150)	172	0	172
Learning & Development Programme	1,230	(300)	930	(150)	780	(350)	430	(350)	80
Community Safety Programme - Sprinkler Support	472	0	472	0	472	0	472	0	472
LGPS Deficit	304	(304)	0	0	0	0	0	0	0
	<b>3,470</b>	<b>(1,001)</b>	<b>2,469</b>	<b>(817)</b>	<b>1,652</b>	<b>(570)</b>	<b>1,082</b>	<b>(350)</b>	<b>732</b>
<b>Total Earmarked Reserves</b>	<b>11,035</b>	<b>(4,133)</b>	<b>6,902</b>	<b>(2,217)</b>	<b>4,685</b>	<b>(970)</b>	<b>3,715</b>	<b>(350)</b>	<b>3,365</b>

£2.2m of Earmarked Reserves are planned to be utilised in 2023-24.

This includes investment of £1.1m from the innovation and transformation reserve which includes:

- £0.5m investment in ICT modernisation projects.
- £0.45m relating to the final year of Transitional Support required on the day crew station conversions.
- £0.1m in relation to Consultancy costs for Property transformation projects.

Other investments from Earmarked Reserves include:

- £0.3m investment in Operational Training for additional Breathing Apparatus Instructors and a digital upgrade to the Authority's OCAT suite.
- £0.2m Unspent Government Grant Reserve to invest in the resilience within the Control Room.
- £0.2m On Call Support Earmarked Reserve– To assist with the additional training costs in regard to On Call Firefighters.
- £0.15m investment in continued Learning and Development

**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

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

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

**Figure 13 - Movements in Capital Receipts Reserves**

	Actual 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	Projected Balance at 31 March 2025 £'000s
Capital Receipts Reserve - Opening Year Balance	9,669	13,152	13,254	11,415	6,665
Projected Sale of Assets	3,530	3,100	0	0	0
Utilised in Year	(47)	(2,998)	(1,838)	(4,750)	(4,750)
<b>Capital Receipts Reserve - Closing Year End Balance</b>	<b>13,152</b>	<b>13,254</b>	<b>11,415</b>	<b>6,665</b>	<b>1,915</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