



**Essex Police, Fire and Crime Commissioner Fire and Rescue Authority**

## **Decision Report**

**Please ensure all sections below are completed**

**Report reference number:** 006-23

**Government security classification** Not protectively marked

**Title of report:** ECFRS Budget 2023/24

**Area of county / stakeholders affected:** Service wide.

**Report by:** Neil Cross, Chief Financial Officer

**Date of report:** 10<sup>th</sup> February 2023

**Enquiries to:** Neil Cross, Chief Financial Officer

### **1. Purpose of the report**

The purpose of this report is to seek formal approval from the Police, Fire and Crime Commissioner, to formally approve the Budget for Essex County Fire and Rescue Service (ECFRS) for 2023-24.

### **2. Recommendations**

Approval is sought for the Essex County Fire and Rescue Service budget for 2023-24, with the key points being:

- The Authority is setting a balanced budget for 2023-24.
- Total funding is increasing by £6.2m which is largely driven by
  - £3.9m increase in council tax collection. The precept payable for a Band D Council Tax property will increase by £4.95 (6.57%) from £75.33 to £80.28. This was approved by the Essex Police, Fire and Crime Panel Meeting on the 7<sup>th</sup> February 2023.
  - £2.3m increase in National Non Domestic Rates, Revenue Support Grant and Government Grants. These increases were all resulting from the Local Government Finance Settlement for 2023-24.
- £1.1m of savings has been built into the 2023/24 budget.

- There are £5.0m of Pay Pressures which are driven by:
  - The unbudgeted pay pressures from 2022/23. This includes a 5% pay Award to Operational Staff and the flat rate £1,925 (5.6% equivalent) award to Non Operational Staff. 2% was budgeted for all staff in 2022/23.
  - A 4% Pay Award for all staff in 2023/24
  - The creation of a local pay allowance (subject to the budgeted pay awards not being exceeded).
  - Investment in On Call Training
- There are £1.1m Non Pay Pressures which are primarily driven by the increase in the cost of utilities (£0.8m) and in ICT (£0.3m).
- There are £1.1m of funding priorities being made which includes investing in Breathing Apparatus, Driver and On Call Training, Control Room resilience, On Call Liaison Officers and the Resource Management Unit.

### 3. Benefits of the 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 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 Strategy 2023-2026.

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 areas for 2023-2024:

- **Fire protection** – In the aftermath of the Grenfell Tower tragedy, ECFRS has seen demand on legislative fire safety increase. There are 80,000 businesses in Essex, with a risk-based inspection programme covering 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.

This will allow for improvements in speed and agility alongside more flexible use of Service resources. In support of this work and to support Control colleagues being able to access continual professional development, the Service is seeking to enhance resilience in Fire Control through an additional operator being placed on each watch.

- **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.

The skills and risk critical specialisms of our senior emergency responders can take years to train for and can be costly to develop. As those officers may apply to any other Service in the Country, we need to work hard to be an employer of choice to attract and retain in this field.

The Service has piloted the use of On Call Liaison Officers (OCLO's) to assist in supporting the recruitment and retention of on call colleagues and it is the Service intention to substantiate these five posts in the establishment for 2023-24. 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 this creates an additional pressure of £0.5m per annum. To assist in the support of staff to obtain and maintain operational competence additional resources are being secured in the form of Breathing apparatus and driving instructors.

- **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. This investment is crucial to remaining an employer of choice.
- **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 which will deliver crucial safety critical, specialist training.

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

#### **4. Background and proposal**

The budget is being set during a challenging economic landscape, where the current rate of inflation in the UK 10.7%. The latest quarterly Bank of England Monetary Policy Report was published on 3<sup>rd</sup> November 2022 and is available on the Bank of England Website. 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.

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.

On 19 December 2022, the Government announced the provisional local government finance settlement agreement for 2023-24 and 2024-25. The headlines from this announcement were:

- Fire and Rescue Authorities will be able to increase council tax bills by up to £5 without the need to hold a referendum for 2023-24.
- The Services Grant that was created in 2022-23 and will continue into 2023-24 albeit at a reduced amount. The Services Grant will reduce from £1.1m in 2022-23 to £0.6m in 2023-24. Part of the Services Grant was to originally compensate Authorities for the increase in National Insurance Contributions in 2022-23. As there is no longer an increase in National Insurance Contributions, the level of the Service Grant has been reduced.
- The Settlement Funding Assessment will be £26.8m for 2023-24 (compared with £25.29m for 2022-23). This increase of £1.50m is a result of:
  - An inflationary increase being applied to the Revenue Support Grant. This results in an increase of £0.98m, resulting in the Revenue Support Grant being £9.76m in 2023-24.
  - An increase in the Baseline National Non Domestic Rates (NNDR) funding of £0.62m, resulting in the Baseline Funding level being set at £17.1m in 2023-24.

The Authority has also established 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 £3.9m and a further £1.1m has been identified in 2023-24 budget.

There continues to be alignment between the whole-time firefighter headcount budget for 2023-24 and the agreement around crewing levels in the Dispute Resolution Agreement (2017) with the FBU.

## **5. Alternative options considered and rejected**

Various budget scenarios have been considered throughout the budget setting process and these have been communicated and were presented at the Strategic Board on 8 June 22, 7 September 22 and 7 December 22, The budgets have evolved accordingly as more information has come to light.

## **6. Strategic priorities**

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

## **7. Operational implications**

The budget process has involved the Service Leadership Team and direct budget holders working alongside finance business partners to determine the staffing and resource requirements for 2023-24.

## **8. Financial implications**

The Authority has set a balanced budget for 2023-24.

The analysis of the key income and expenditure headings for the Authority's budget are laid out within the budget paper for 2023-24. This paper also shows the Capital Programme and expected use of Reserves.

## **9. Legal implications**

There is a legal requirement for the Commissioner to set a balanced budget by 1st March, for the following year.

## **10. Staffing implications**

Staffing and resource requirements for 2023-24 have been considered whilst setting the budget. Additional priority investments in Breathing Apparatus, Driver and On Call Training, Control Room resilience, On Call Liaison Officers and the Resource Management Unit have been identified for 2023-24, with business cases being prepared.

## **11. Equality and Diversity implications**

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

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 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 an unfunded year on year financial pressure.

Pay cost for 2023-24 are budgeted based on a 4% pay award. 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.

Included within the 2023-24 budget is £0.4m for the creation of a local cost of living allowance. If the national pay settlements exceed the budgeted amounts, this would impact upon the affordability of being able to offer any specific local cost of living allowance.

**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,"* however this was not mentioned in the Provisional Finance Settlement announced on 19 December 2022.

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 2023-24 local government finance settlement is for two years. 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 (e.g. Services Grant) will continue into 2024-25, as there was no specific mention of this.

The 2023-24 local government finance settlement is expected to be finalised 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** – These Grants total £8.3m and are allocated on an annual basis. The provisional local government finance settlement has confirmed the Business Rates Relief grant of £2.9m and the Service Grant of £0.6m. A recent letter from the Home Office has confirmed that the Firelink Grant (£0.5m) and also that this is being phased out over a 5 year period.

All other grants are expected to continue but no formal confirmation has yet been received.

**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.

**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.

### **13. Governance Boards**

Extraordinary Strategic Board on 13<sup>th</sup> January 2023.

Essex Police Fire and Crime Panel on 7<sup>th</sup> February.

### **14. Background papers**

Appendix 1 – Essex County Fire and Rescue Budget 2023/24

**Decision Process (006)**

**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:.....16/2/23.....

**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 Monitoring Officer

Date: 2/3/2023 .....

Chief Finance Officer

Sign:  .....

Print: .....Neil Cross.....

Date: ... 15/2/23 .....

**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: 14th March 2023

I do not agree the recommendations to this report:

Sign: ..... (PFCC / DPFCC)

Print: ..... Date signed: .....