



Essex Police, Fire and Crime Commissioner Fire and Rescue Authority

Decision Report

Report reference number: 007-24 Government security classification Not protectively marked
Title of report: Reserves Strategy 2024-25
Area of county / stakeholders affected: Countywide
Report by: Austin Page (Financial Accounting and Compliance Manager) Date of report: 15 March 2024 Enquiries to: Neil Cross (Chief Financial Officer)

1. Purpose of the report

The Authority is required to publish a reserves strategy on its website. The purpose of this paper is to approve the attached Reserves Strategy 2024-25 for publication. This sets out the Authority's level of reserves and what it intends to use them for to support the priorities in the Fire and Rescue Plan.

2. Recommendations

The Commissioner is asked to approve the Reserves Strategy 2024-25 (Appendix 1) with the key points of the strategy being:

- The level of General Reserves is projected to fall to £3.3m by 31 March 2024, which equates to 4% of budget.
- The expected position on Earmarked Reserves for the year ending 31 March 2024 is £5.068m.
- The level of Earmarked Reserves is projected to reduce to £3.438m in the three years ending 31 March 2026.
- The Capital Receipts Reserve will support capital expenditure outside of the baseline funding, subject to business cases.
- That the projected level of Capital Receipts Reserves is forecast to reduce to £0.7m by 31 March 2027.

3. Benefits of the proposal

- To demonstrate that the Authority has regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget and medium-term financial planning requirements.
- To enable the service to manage a reasonable level of unexpected financial pressures that may arise.
- To set out the position on reserves in a way that is transparent and understandable for members of the public.

4. Background and proposal

Sections 31A, 32, 42A and 43 of the Local Government Finance Act 1992 require billing and precepting authorities to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement.

Both the Fire and Rescue National Framework and the Financial Management Code of Practice published by the Home Office require the Authority to publish a reserves strategy.

The Reserves Strategy attached at Appendix 1 addresses these requirements.

5. Alternative options considered and rejected

Setting the level of General and Earmarked Reserves at a lower level would present too much risk for the Service.

Setting General and Earmarked Reserves at a higher level would result in holding back required expenditure.

6. Strategic priorities

Reserves are an integral part of the Authority's overall strategic financial planning and help to inform and support its Medium-Term Financial Strategy. 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, which includes making best use of our resources and being transparent.

7. Operational implications

The Reserves Strategy enables the service to manage a reasonable level of unexpected financial pressures that may arise and therefore allows operations to be unaffected by and supported through these.

There are specific earmarked reserves set aside to improve operational capability. These will facilitate investment in operational training and support the on-call development programme, specifically by targeting improvements in recruitment and retention initiatives within this duty system. In addition, there are specific earmarked reserves to support innovation and transformation within the service.

8. Financial implications

The level of reserves is set at an appropriate level to manage unforeseen financial pressures, whilst at the same time allowing for innovation and transformational improvements.

It is expected that the level of general reserves will be £3.3m by 31 March 2024, which equates to 4% of budget. The Authority deems that holding a 3% to 5% level of General Reserves is adequate. If the General Reserve falls below 3%, the Authority would look to make appropriate

plans in order to be replenish the level of the General Reserve in the following year. The National Framework requires that any General Reserve above 5% should be justified in the strategy document. In this context, the Authority plans to continue to operate within the 5% requirement.

The strategy also ensures that appropriate funding is available to the service to allow it to make best use of its resources.

9. Legal implications

The Reserves Strategy has been prepared in line with Sections 31A, 32, 42A and 43 of the Local Government Finance Act 1992 and the Fire and Rescue National Framework published by the Home Office.

10. Staffing implications

Any staffing implications that may arise from using the reserves will be covered in the specific business cases for approval.

11. Equality and Diversity implications

The service will ensure that its Reserves Strategy is managed in an equitable and fair manner which does not unduly impact on any particular group.

The actions being taken will not have a disproportionate impact on individuals with protected characteristics (as defined within the Equality Act 2010), when compared to all other individuals, and will not disadvantage people with protected characteristics.

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

A clear reserves strategy is an important control measure in ensuring medium-term financial plans are affordable and sustainable. It will enable the service to manage a reasonable level of unexpected financial pressures that may arise. It will also ensure that the service is able to continue with innovation and transformational improvement whilst at the same time ensuring that expenditure is not withheld unnecessarily.

13. Governance Boards

This Reserves Strategy was presented to the following boards:

- Service Leadership Team on 16th February 2024.
- Strategic Board on 6th March 2024.

14. Background papers


Appendix 1 – Reserves Strategy 2024/25

Decision Process

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:.....15/03/2024

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: P. Brent-Isherwood

Date: 21 March 2024

Chief Finance Officer

Sign: 

Print:Neil Cross

Date: ... 15/03/2024

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)

None

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:

N/A

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: 22/03/2024