



Essex County
Fire & Rescue Service

Essex County Fire and Rescue Service Proposed Budget 2024-25

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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 2024-25.

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 2024/25 which includes a budget deficit of £1.788m.

The current budget position reflects a council tax precept increase of by £2.34 (2.91%). This is an increase in the precept payable for a Band D Council tax property from £80.28 to £82.62. Total council tax receipts will increase by £2.13m which is a result of:

- £1.55m from additional council tax receipts resulting from the precept increase
- £0.58m from an increase in the council tax base.

The Commissioner defers any decision on council tax precept levels until the Local Government Finance settlement is announced in Mid-December 2023.

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 2024.

3. FINANCIAL TABLES

Figure 1 – 2024-2025 Budget Summary Vs Prior Year Budget

	2024-25 Core Budget	2024-25 Earmarked Reserve	2024-25 Total Budget	2023-24 Core Budget	2023-24 Earmarked Reserve	2023-24 Total Budget	Total Budget Variance Favourable / (Adverse)	Total Budget Variance % Favourable / (Adverse)	Core Budget Variance Favourable / (Adverse)	Core Budget Variance % Favourable / (Adverse)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	%	£'000	%
Wholetime Firefighters	39,523	0	39,523	37,501	490	37,991	(1,533)	(4.0%)	(2,023)	(5.4%)
On-Call Firefighters	9,630	0	9,630	8,579	0	8,579	(1,051)	(12.3%)	(1,051)	(12.3%)
Control	2,326	0	2,326	1,957	0	1,957	(369)	(18.9%)	(369)	(18.9%)
Support Staff	19,737	71	19,808	18,200	70	18,270	(1,537)	(8.4%)	(1,536)	(8.4%)
Employment Costs	71,216	71	71,287	66,237	560	66,797	(4,490)	(6.7%)	(4,979)	(7.5%)
Ill Health Pension costs	2,581	0	2,581	2,184	0	2,184	(397)	(18.2%)	(397)	(18.2%)
Ill Health Pension Costs	2,581	0	2,581	2,184	0	2,184	(397)	(18.2%)	(397)	(18.2%)
	0	0	0	0	0	0				
Total Employment Costs	73,797	71	73,868	68,421	560	68,981	(4,887)	(7.1%)	(5,376)	(7.9%)
Support Costs	1,884	250	2,134	1,674	250	1,924	(210)	(10.9%)	(210)	(12.5%)
Premises & Equipment	11,978	374	12,352	11,284	550	11,834	(517)	(4.4%)	(693)	(6.1%)
Other Costs & Services	3,462	431	3,893	3,194	100	3,294	(599)	(18.2%)	(268)	(8.4%)
Financing Items	5,699	150	5,849	5,447	150	5,597	(252)	(4.5%)	(252)	(4.6%)
Non Pay Costs	23,023	1,205	24,228	21,600	1,050	22,650	(1,578)	(7.0%)	(1,423)	(6.6%)
	0	0	0	0	0	0				
Gross Expenditure	96,820	1,276	98,096	90,021	1,610	91,631	(6,068)	(6.6%)	(6,402)	(7.1%)
Operational income	(2,059)	0	(2,059)	(1,602)	0	(1,602)	457	28.5%	457	28.5%
Total Operational Income	(2,059)	0	(2,059)	(1,602)	0	(1,602)	457	28.5%	457	28.5%
	0	0	0	0	0	0				
Net Expenditure	94,761	1,276	96,036	88,419	1,610	90,029	(5,611)	(6.2%)	(5,946)	(6.7%)
	0	0	0	0	0	0				
Government Grants	(9,818)	0	(9,818)	(8,343)	0	(8,343)	1,475	17.7%	1,475	17.7%
Revenue Support Grant	(10,319)	0	(10,319)	(9,671)	0	(9,671)	648	6.7%	648	6.7%
National Non-Domestic Rates	(17,137)	0	(17,137)	(17,137)	0	(17,137)	0	0.0%	0	0.0%
Council Tax Collection Account	(300)	0	(300)	0	0	0	300	0.0%	300	0.0%
Council Tax	(55,398)	0	(55,398)	(53,267)	0	(53,267)	2,131	4.0%	2,131	4.0%
Total Funding	(92,972)	0	(92,972)	(88,418)	0	(88,418)	4,554	5.2%	4,554	5.2%
Contributions to/(from) Earmarked Reserves	0	(1,276)	(1,276)	0	(1,610)	(1,610)	(334)	(20.8%)	0	0.0%
Contributions to/(from) General Reserves	0	0	0	0	0	0	0	0.0%	0	0.0%
	0	0	0	0	0	0				
General Fund Deficit / (Surplus)	1,788	0	1,788	0	0	0	(1,788)		(1,788)	

Figure 2 – 2024-25 Budget Summary Vs Current Year Latest Projection

	2024-25 Core Budget	2024-25 Earmarked Reserve	2024-25 Total Budget	2023-24 Forecast	Variance Favourable / (Adverse)	Variance % Favourable / (Adverse)
	£'000	£'000	£'000	£'000	£'000	%
Wholetime Firefighters	39,523	0	39,523	38,764	(759)	(2.0%)
On-Call Firefighters	9,630	0	9,630	9,797	167	1.7%
Control	2,326	0	2,326	1,904	(422)	(22.1%)
Support Staff	19,737	71	19,808	18,576	(1,231)	(6.6%)
Employment Costs	71,216	71	71,287	69,042	(2,246)	(3.3%)
Ill Health Pension costs	2,581	0	2,581	2,508	(73)	(2.9%)
Ill Health Pension Costs	2,581	0	2,581	2,508	(73)	(2.9%)
Total Employment Costs	73,797	71	73,868	71,549	(2,319)	(3.2%)
Support Costs	1,884	250	2,134	2,263	129	5.7%
Premises & Equipment	11,978	374	12,352	11,742	(609)	(5.2%)
Other Costs & Services	3,462	117	3,579	3,750	171	4.6%
Financing Items	5,699	150	5,849	5,504	(345)	(6.3%)
Non Pay Costs	23,023	891	23,914	23,260	(654)	(2.8%)
Gross Expenditure	96,820	962	97,782	94,809	(2,973)	(3.1%)
Operational income	(2,059)	0	(2,059)	(3,070)	(1,011)	(32.9%)
Total Operational Income	(2,059)	0	(2,059)	(3,070)	(1,011)	(32.9%)
Net Expenditure	94,761	962	95,723	91,739	(3,984)	(4.3%)
Government Grants	(9,818)	0	(9,818)	(9,032)	787	8.7%
Revenue Support Grant	(10,319)	0	(10,319)	(9,670)	648	6.7%
National Non-Domestic Rates	(17,137)	0	(17,137)	(17,137)	0	0.0%
Council Tax Collection Account	(300)	0	(300)	(500)	(200)	(40.0%)
Council Tax	(55,398)	0	(55,398)	(53,201)	2,197	4.1%
Total Funding	(92,972)	0	(92,972)	(89,540)	3,432	3.8%
Contributions to/(from) Earmarked Reserves	0	(962)	(962)	(1,604)	(642)	(40.0%)
Contributions to/(from) General Reserves			0	0	0	0.0%
General Fund Deficit / (Surplus)	1,788	0	1,788	595	(1,193)	

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

Core Funding	2024-25 Budget	2023-24 Budget	Variance Favourable / (Adverse)	% change
	£'000	£'000s	£'000s	
Government Grants	9,818	8,343	1,475	17.68%
Revenue Support Grant	10,319	9,671	648	6.70%
National Non-Domestic Rates	17,137	17,137	0	0.00%
Council Tax Collection Account	300	0	300	-
Council Tax Precepts	55,398	53,267	2,131	4.00%
Total	92,972	88,418	4,554	5.15%

Figure 3b –Reconciliation in Council Tax Funding

Council Tax Precept	2024-25 Budget	2023-24 Budget	Variance Favourable / (Adverse)	% change
	£'000s	£'000s		
Tax Base	670,520	663,521	6,999	1.05%
Council Tax (Band D)	£ 82.62	£ 80.28	£ 2.34	2.91%
Total Council Tax	£ 55,398,333	£53,267,466		4.00%

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 Strategy.

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 areas for 2024-2025:

Service Delivery

ECFRS is making good progress on delivering against the Fire and Rescue Plan priorities and associated improvement activities within the IRMP. Both of which are in the final year and work has already begun on identification of the improvement and investment areas for 2025- 2029.

Within the context of closing out the activity required to make the improvements detailed in our current plans the Service is focussed upon the following priority areas.

The Service has over the past 3 years invested heavily in the resources, skills and competencies required to ensure it can meet increases in demand on legislative fire safety. The Service has a **commitment to embed the investment made in Fire Protection** to ensure it has sufficient resources to meet the needs of the Risk Based Inspection Programme, support business and take proportionate enforcement action where required.

The Service continues to increase **the amount of prevention activity** it undertakes, specifically the number of home safety checks it delivers to the most vulnerable by operational crews. This activity is likely to increase over the course of 2024-25 in response to the risk within the County.

To 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. This has resulted in the Service **making better use of the resources it has at its disposal on a risk basis**. This movement of appliances has an increased cost to the Service.

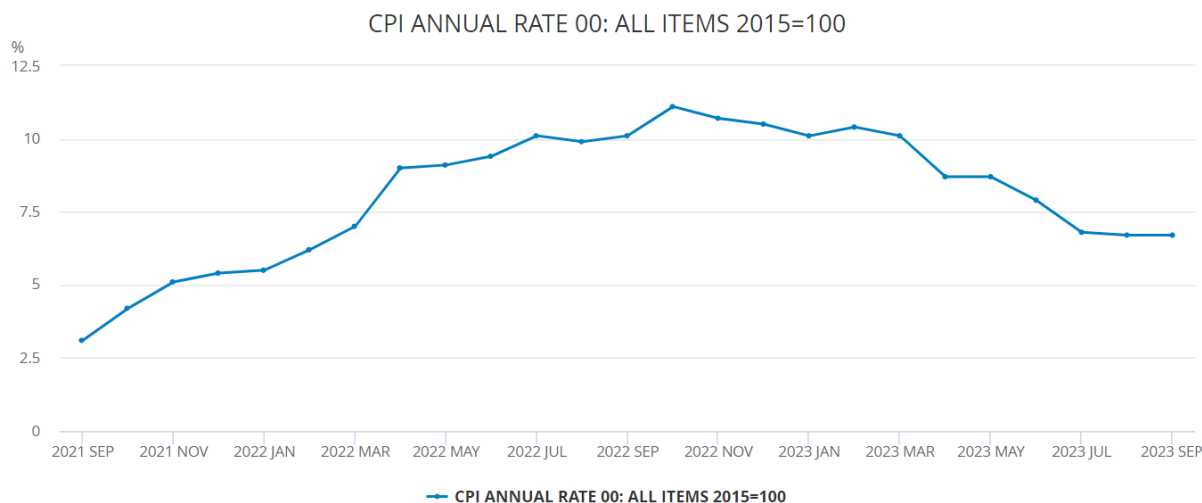
Resourcing this demand is key. The current economic situation alongside planned retirements create a pressure on the Service to be able to recruit ahead of time, and then have sufficient time to develop the skills of new staff to replace those that have been lost. The Service is required to **recruitment of around 150 firefighters** in the

next year. Recruitment is a significant pressure in terms of cost and time. The skills and risk critical specialisms of our emergency responders can take years to train for and can be costly to develop. As those officers may apply to any other Service's in the Country, we need to work hard to be an employer of choice to attract and retain in this field. As a result, the Service is investing an additional resource to support this process.

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 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. This is expected to progress to full business case within 2024-25. In addition, changes to the Firefighters pension scheme is resulting in a growing demand for the Service to respond to and deal with changes in legislation. This is resulting in the need to invest another role in our pensions team to respond.

The service will **continue the delivery of its Digital and Data Strategy**. This investment in systems and hardware will improve productivity and connectivity. There are some cost pressures arising within the year which resulted from this transformation program, which relate to additional licensing and costs associated with using modern technology. Given the scale of the data and digital transformation in recent years, it is deemed a service priority to invest in 3 additional ICT roles.

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 during a period when there has been a continued period of high inflation in the UK, which is reflected in the table below.



Source: ONS – CPI Annual Rate Sept 21:to Sept 23

The latest quarterly Bank of England Monetary Policy Report was published on 2nd November 2022 ([Monetary Policy Report - November 2023 | 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:

- Inflation has fallen from a peak of 11% in 2022 to 6.7% in September 2023
- The UK inflation target remains at 2% and is ben targeted by the end of 2025.
- The interest rate remains at 5.25% and these higher rates are reducing inflation.

The Authority produced a balanced budget for 2023/24, which included the funding the following pay costs:

- 5% Pay Award for 2022/23 for Operational Staff.
- £1,925 Scale Point Award for 2022/23 for Non Operational Staff.
- 4% Pay Award for 2023/24 for all staff.

Within the 2023/24 financial year, the Authority has been faced with a £1.5m pressure on its pay budget, which is a result of the final agreed pay award for both it's Operational and Non Operational staff.

The following Operational pay award agreement was reached on 6th March 2023.

- 7% pay award for 2022/23 (backdated to 1st July 2022)
- 5% pay award for 2023/24.

The following pay agreement was reached on 1 November 2023 for Non Operational Staff of:

- £1,925 (pro rata for part-time employees) on NJC Scale pay points 2 to 43 inclusive (backdated to 1st April 2023)
- An increase of 3.88% per cent on NJC Scale pay points above 43.

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.

5. RISKS AND ASSUMPTIONS

The main risk areas associated with the budget are:

- **National Pay Settlements** – Pay cost for 2024-25 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.
- **Service Delivery** – Any in year decisions to reduce the current budgetary gap outside of a new CRMP, has the potential to impact on Service Delivery.
- **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. A letter from the Home Office last year stated that *"We will be seeking to roll-in this grant to the Local Government Finance Settlement for 2023-24."* This was not part of the final local government settlement last year and it is unclear whether this will be included within the upcoming financial settlement.

There remains uncertainty around the financial impacts (i.e. The Employer Contribution Rates) resulting from the recent McCloud/Sergeant pension remedy.

It is anticipated that the employer's contribution rate is expected to increase to take account of the cost of remedy. The next adjustment is expected in April 2024, in line with the latest actuarial valuation. At present no information has been made available in regard to this but it is anticipated that additional funding would be available as in previous valuation.

- **Local Government Finance Settlement** – The 2023-24 local government finance settlement was for two years. The short-term nature of this settlement means that there is uncertainty and risk in the medium term over funding levels.

Despite being a 2 year settlement, there was a lack of information.

and certainty given over funding in 2024/25. The budget proposal includes an increase in the Revenue Support Grant based on the September's CPI inline

with the prior year settlement. The proposal also includes a continuation of the Service's Grant.

The 2024-25 provisional local government finance settlement is expected on 19th December 23 and is expected to be finalised in February 24. It is anticipated that the Department for Levelling Up, Housing and Communities (DHLUC) will release a policy statement in advance of 19th December which will provide details of the precept referendum limits.

- **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 begins to slowdown as a result of the current economic situation, this would impact future council tax base increases.
- **Section 31 Grants** – These Grants are allocated on an annual basis and there is currently no longer term commitments that have been given on the continuation of such grants.

The government has provided an annual S31 grant of £3.5m to cover most of the cost pressure faced from the 2019 revaluation of the firefighter's pension scheme.

It was announced in the 2021-22 local government finance settlement agreement that from 2022-23, the pensions grant would be incorporated into baseline funding. This has not yet come to fruition.

Despite, the local government finance settlement being for 2 years, there was a lack of information given of funding in 2024-25 in relation to the business Rates Support Relief Grant (£4.2m) and the Services Grant (£0.6m).

Other S31 Grants include:

- £0.8m Urban Search and Rescue Capability - In the year the Service has received confirmation that this will continue for financial years 2023/24 and 2024/25. A further decision around the continuation of funding will be made in 2024/25 which is also expected to include a decision on the funding of the capital refresh associated with USAR assets.
- £0.3m Firelink - A letter from the Home Office in 2022-23 confirmed that this is being phased out by 2026-27. This is being phased out by equal instalment each year.
- **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. As part of this budget cycle, the Authority are looking to prepare a longer term Capital Projection. In the event that further borrowing is required, changes in the interest rates could create also impact affordability.

6. BUDGET 2024-25 FINANCIAL COMMENTARY

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

CORE FUNDING

Local Government Finance Settlement – The Revenue Support Grant has been increased inline with September 23 CPI inflation, which is consistent with the prior year. The remaining budget remains on a flat cash basis. The provisional Local Government Finance Settlement is expected on 19th December, which will include the profile of Revenue Support Grant and National Non-Domestic Rates. This amounts of the Revenue Support Grant and National Non-Domestic Rates (NNDR) set out in the settlement are set out in Figure 4.

Figure 4 – Local Government Finance Settlement

	2024-25 Budget	2023-24 Budget	Variance Favourable / (Adverse)	% change
	£'000	£'000s	£'000s	
Revenue Support Grant	10,319	9,671	648	6.70%
National Non-Domestic Rates	17,137	17,137	0	0.00%
Local Government Finance Settlement	27,456	26,808	648	2.42%

Council Tax - The current budget position reflects a council tax precept increase of by £2.34 (2.91%). This is an increase in the precept payable for a Band D Council tax property from £80.28 to £82.62. Total council tax receipts will increase by £2.13m which is a result of:

- £1.55m from additional council tax receipts resulting from the precept increase
- £0.58m 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 2024-25 council tax base has increased by 1.10% as compared to the prior year budget. All tax base information has been based on the latest information provided by the districts.

Specific Government Grants - The budget for 2024-25 is £9.8m, Comparatives against the 2023-24 budget are shown in Figure 5.

Figure 5 – Specific Government Grants

	2024-25 Budget	2023-24 Budget	Variance Favourable / (Adverse)	% change
	£'000	£'000s		
Business Rates Relief and Compensation from Multiplier Freeze	4,267	2,900	1,367	47.14%
Pensions Top Up	3,517	3,517	0	0.00%
Urban Search & Rescue	825	857	(32)	(3.71%)
Services Grant	668	640	28	4.38%
Firelink	293	380	(87)	(22.89%)
Protection Uplift	196	49	147	297.46%
Other Grants	52	0	52	-
Total Specific Government Grants	9,818	8,343	108	17.68%

The Business Rate Relief Support grant has been budgeted at £4.2m in 2024-25. This has increased by £1.3m from the 2023-24 budget. This takes into account unbudgeted income of £0.5m received in 2023/24 relating to the government compensating the Authority for freezing the business rate multiplier. It also includes an estimate of additional income expected in 2024/25 of £0.7m, which is relates to the expected impact of freezing of the business rate multiplier as announced in the Autumn Statement on 22nd November 2023.

Proposed Budget 2024-25

Other Operational Income - The budget for 2024-25 is £2.0m, comparatives against the 2023-24 budget are shown in Figure 6.

Figure 6 – Other Operational Income

	2024-25 Budget	2023-24 Budget	Variance Favourable / (Adverse)	% change
	£'000	£'000s		
Cycle to Work Scheme	36	35	1	1.57%
Childcare Vouchers	30	30	0	0.00%
Canteen Income	119	78	41	52.83%
Sale of Vehicle Spares	95	90	5	5.56%
Aerial Sites	127	115	12	10.41%
Solar Panel Income	60	60	0	0.00%
Hydrant Tests	106	90	16	17.78%
Lease Cars - Employee Contributions	0	6	(6)	(100.00%)
Secondments	179	183	(4)	(2.40%)
Community Safety general	35	78	(44)	(55.63%)
Labour Credit	120	90	30	33.33%
Section 13/16	111	60	51	84.79%
Interest Received Short Term Investments	500	150	350	233.33%
Events Income	0	115	(115)	(100.00%)
Community Safety Youth Work	50	0	50	-
Shared Services Income	377	250	127	50.89%
Other Miscellaneous Income	115	171	(57)	(33.22%)
Total Operational Income	2,059	1,602	457	28.51%

EXPENDITURE

EMPLOYMENT COSTS

Employment Costs equate to approximately 77% 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 7. 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 8 & 9.

Figure 7- Movements in Staff Establishment

Staff Budget (Full Time Equivalent)	2023-24 Budget	Movements in 2023-24	2024-25 Additional Roles	2024-25 Budget
Wholetime Firefighters	640	(9)	1	632
On-Call Firefighters	461	-	-	461
Control Staff	39	4	-	43
Support Staff	318	9	7	335
Total	1,458	4	8	1,471

Figure - 8 Wholetime Firefighter Establishment

Wholetime Firefighter Budget	2023-24 Budget	Movements in 2023-24	2024-25 Additional Roles	2024-25 Budget
Watch Based Wholetime	480	0	0	480
Watch Based Day Crew	0	0	0	0
Whole Time Protection	19	0	0	19
Whole Time Prevention	5	1	0	6
Whole Time Operational Training	40	0	0	40
Whole Time USAR	18	1	0	19
Whole Time Other Non Watch Based	78	(10)	0	68
Total Wholetime Firefighter Budget	640	(8)	0	632

Figure - 9 Support Staff

	2023-24 Budget	Movements in 2023-24	2024-25 Additional Roles	2024-25 Budget
Prevention	36	3	-	39
Protection	37	3	-	40
Human Resources	36	-	1	37
Workshops Engineering and Management	37	-	1	38
ICT	26	-	3	29
Finance and Pay	18	-	1	19
Operational Training	10	2	-	12
Performance & Improvement	10	3	-	13
Property Services	13	-	-	13
Station Group Management	11	3	-	8
Innovation & Change	14	-	-	14
Technical Services	12	-	-	12
Water Services	9	-	-	9
Emergency Planning	6	-	-	6
Procurement	5	-	-	5
Operations	3	1	1	5
Police Collaboration	4	-	1	5
Other Admin Support Green Book Roles	32	1	-	33
Total Support Budget	318	10	8	336

Wholetime staff- The proposed budget shows an increase of £2.0m in the Core budget compared to the prior year. This includes:

- £1.6m of pay pressures (impact of unbudgeted pay award from 2023-24 and a 4% pay increase in 2024-25).
- (£0.3m) reallocation of resources into other cost headings.
- £0.7m in On Costs resulting from pay pressures

On Call staff- The proposed budget shows an increase of £1.0m in the Core budget compared to the prior year. This includes £0.4m of pay pressures, £0.3m of additional training costs and £0.3m investment in the response model.

Control staff- The 2024-25 budget shows an increase of £0.3m in the Core budget compared to the prior year. This includes £0.1m in regard to pay pressure and £0.15m relating to resources that had previously been budgeted under Wholetime Staff.

Support staff- The proposed budget shows an increase of £1.5m in the Core budget compared to the prior year which comprises of:

- £0.7m Pay pressure (impact of 2023-24 pay award and a 4% pay increase in 2024-25).
- £0.25m investment in the following areas:
 - 3 roles within the ICT Team to support the digital transformation that undergone within the Service.
 - 1 role within the recruitment team to support the delivery of the workforce management plan.
 - 1 role within the Pensions team to ensure resourcing is available to meet the growing demands in this area and to provide sufficient resilience within the team.
- £0.1m resulting from an increase in secondary contract rates.
- £0.4m in On Costs resulting from pay pressures

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) – The LGPS Pension contribution rate is based on the current run rate of contribution, which is 20.6%.

NON-PAY COSTS

Non pay costs – The proposed budgeted baseline non-pay costs for 2024-25 are £23.02m. The prior year budgeted baseline non pay cost budget were £21.60m, and therefore there is an increase of £1.42m. The key movements are:

- (£0.6m) increases in premises and equipment costs. This includes a £0.25m in ICT Systems and Licensing and £0.2m inflationary increases from the recharge of Firelink costs from the Home Office. This also includes £0.15m resulting from an increase in property maintenance costs and property rates.
- (£0.2m) increase in Support Costs which is driven by a £0.16m in Operational Training.
- (£0.25m) increase in other costs and services. This includes £0.1m in External Audit and Consultancy Costs and £0.07m in insurance costs.
- (£0.25m) increase in the Financing items, which is a result from the investment in the capital programme.

7. MEDIUM TERM FINANCIAL STRATEGY

The latest Medium Term Financial Strategy is laid out in Figure 10a. The MTFs presented at the September Strategic Board is presented in Figure 10b.

Figure 10a –Medium Term Financial Strategy at December 2023

Actual / Forecast			Medium Term Financial Strategy 2024/25 to 2028/29					
2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	5 Year Total
£m	£m	£m	£m	£m	£m	£m	£m	£m
83.3	86.3	91.1	96.8	96.7	98.9	101.2	103.4	497.1
(2.9)	(2.0)	(1.6)	(1.3)	0.0	0.0	0.0	0.0	(1.3)
80.4	84.4	89.5	95.6	96.7	98.9	101.2	103.4	495.8
(1.1)	(2.2)	(1.1)	(0.8)	(0.5)	(0.5)	(0.5)	(0.5)	(2.8)
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
79.3	82.2	88.4	94.8	96.2	98.4	100.7	102.9	493.0
(79.3)	(82.2)	(88.4)	(93.0)	(95.1)	(97.3)	(99.3)	(101.3)	(486.0)
0.0	0.0	0.0	(1.8)	(1.1)	(1.1)	(1.4)	(1.6)	(7.0)

Figure 10b –Medium Term Financial Strategy at September 2023

Actual / Forecast			Medium Term Financial Strategy 2024/25 to 2028/29					
2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	5 Year Total
£m	£m	£m	£m	£m	£m	£m	£m	£m
83.3	86.3	91.1	92.2	93.6	95.8	98.0	100.3	479.8
(2.9)	(2.0)	(1.6)	0.0	0.0	0.0	0.0	0.0	0.0
80.4	84.4	89.5	92.2	93.6	95.8	98.0	100.3	479.8
(1.1)	(2.2)	(1.1)	(0.7)	0.0	0.0	0.0	0.0	(0.7)
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
79.3	82.2	88.4	91.5	93.6	95.8	98.0	100.3	479.0
(79.3)	(82.2)	(88.4)	(91.5)	(93.6)	(95.8)	(97.7)	(99.7)	(478.2)
0.0	0.0	0.0	0.0	0.0	0.0	(0.3)	(0.6)	(0.8)

The MTFs has moved to a deficit of £1.7m, compared to the break even position at September 2023. This increase in the deficit is made up of a number of updates and revised assumptions that have arisen since the September 2023 Strategic Board.

These key movements are:

- (£2.6m) Pay Pressures resulting from moving to a 4% Pay Award and Prior Year Pressures.
- (£0.9m) increase in Contractual Non-Pay Costs

Proposed Budget 2024-25

- (£0.4m) Inflationary increases on Firefighter III Health pensions
- (£0.3m Investment in On Call training and response model
- (£0.2m) Investment in additional resources
- £1.5m increase in government funding relating to NNDR S31 Grant and Protection Uplift Funding.
- £0.4m increase in the Revenue Support Grant
- £0.4m increase in savings identified

The table at figure 10c shows the latest detail of the MTFFS and the impact of the changes since the September 2023 EPFCP.

Figure 10c –Detailed of Medium Term Financial Strategy since September 23 Strategic Board

Medium Term Financial Strategy 2024/25 to 2028/29							2024/25	2024/25
	2024/25	2025/26	2026/27	2027/28	2028/29	5 Year total	(reduction) / increase	(reduction) / increase
	£m	£m	£m	£m	£m	£m	£m	£m
Opening net budget requirement	88.4	94.8	96.2	98.4	100.7	478.5	0.0	0.0
Pay Pressures	4.2	1.4	1.5	1.5	1.5	10.0	3.0	2.6
Investment in On Call	0.6	0.0	0.0	0.0	0.0	0.6	0.6	0.3
Investment in New Resources	0.2	0.0	0.0	0.0	0.0	0.2	0.2	0.2
Non Pay Pressure - Support Costs	0.2	0.0	0.0	0.0	0.0	0.4	0.2	0.1
Non Pay Pressure - Premises & Equipment	0.8	0.2	0.2	0.2	0.2	1.8	0.8	0.5
Non Pay Pressure - Other Costs & Services	0.4	0.1	0.1	0.1	0.1	0.7	0.4	0.3
Firefighters' Pension Scheme Pressure	0.4	0.1	0.1	0.1	0.1	0.6	0.4	0.4
Revenue Impact of Capital Programme	0.3	0.1	0.9	0.9	0.9	3.0	0.2	0.1
Net budget requirement (before savings and efficiencies)	95.6	96.7	98.9	101.2	103.4	495.8	5.8	4.5
Savings and efficiencies (cashable - recurring)	(0.8)	(0.5)	(0.5)	(0.5)	(0.5)	(2.8)	(0.8)	(0.4)
Savings and efficiencies (cashable - one-off)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net budget requirement (after savings and efficiencies)	94.8	96.2	98.4	100.7	102.9	493.0	5.0	4.1
One Off Investment through Earmarked Reserves	1.3	0.0	0.0	0.0	0.0	1.3	1.3	1.3
Net budget requirement	96.0	96.2	98.4	100.7	102.9	494.3	6.3	5.3
Opening funding	(88.4)	(93.0)	(95.1)	(97.3)	(99.3)	(473.1)	(0.0)	0.0
Government funding	(1.5)	0.4	(0.2)	0.0	0.0	(1.3)	(1.5)	(1.5)
Revenue Support Grant	(0.6)	(0.2)	(0.2)	(0.2)	(0.2)	(1.5)	(0.6)	(0.4)
Additional Non Domestic Rates	(0.0)	0.0	0.0	0.0	0.0	(0.0)	(0.0)	(0.0)
Municipal Tax Collections	(2.1)	(2.3)	(1.8)	(1.8)	(1.8)	(9.8)	(0.7)	0.0
Collection fund	(0.3)	0.0	0.0	0.0	0.0	(0.3)	(0.3)	(0.3)
Total funding	(93.0)	(95.1)	(97.3)	(99.3)	(101.3)	(486.0)	(3.2)	(2.2)
Contributions (from) Earmarked Reserves	(1.3)	0.0	0.0	0.0	0.0	(1.3)	(1.3)	(1.3)
Annual (shortfall)/surplus	(1.8)	(1.1)	(1.1)	(1.4)	(1.6)	(7.0)	(1.8)	(1.8)

Savings

The budget for 2024-25 includes £0.8m of cost savings, which is in addition to £4.1m of cost savings that have been driven out since 2021-22.

The £0.8m of cashable savings within the 2024-25 budget relate to £0.5m of additional Operational Income £0.2m reduction in Non Pay costs and £0.1m reduction in Pay Costs.

The amount of annual cashable savings remains in excess of the NFCC Sector Commitment target.

The Medium Term Financial Strategy includes annual cashable savings of £0.5m for each future year which are yet to be identified.

8. CAPITAL BUDGET 2024-25

The proposed capital budget for 2024-25 is set out in Figure 11.

Figure 11 – Capital Expenditure Budget and Programme

2023-24 Core Funded	2023-24 Reserves / Grant Funding	2023-24 Total	Summary Capital Programme	2024-25 Core Funded	2024-25 Reserves Funded	2024-25 Total	2025-26 Core Funded	2025-26 Reserves Funded	2025-26 Total	2026-27 Core Funded	2026-27 Reserves Funded	2026-27 Total	2027-28 Core Funded	2027-28 Reserves Funded	2027-28 Total	2028-29 Core Funded	2028-29 Reserves Funded	2028-29 Total	Total Core Funded	Total Reserves Funded	Total 2024 25 to 2028-29
£'000s	£'000s	£'000s		£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
-	-	-	New Premises	-	250	250	-	2,500	2,500	2,250	-	2,250	-	-	-	-	-	-	2,250	2,750	5,000
-	-	-	Service Workshops	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
950	-	950	Existing Premises	807	150	957	1,000	-	1,000	1,000	-	1,000	1,000	-	1,000	1,000	-	1,000	4,807	150	4,957
-	-	-	Asset Protection	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	1,628	1,628	Asset Improvement Works	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
837	-	837	Shoeburyness	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	Training works/BA Chambers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	Fire Training Facilities	-	250	250	-	4,250	4,250	494	5,006	5,500	-	-	-	-	-	-	494	9,506	10,000
1,787	1,628	3,414	Total Property	807	650	1,457	1,000	6,750	7,750	3,744	5,006	8,750	1,000	-	1,000	1,000	-	1,000	7,551	12,406	19,957
1,344	-	1,344	Equipment	1,070	-	1,070	1,515	-	1,515	1,080	-	1,080	1,560	-	1,560	120	-	120	5,345	-	5,345
-	-	-	Information Technology	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
391	-	391	Device Refresh	160	-	160	198	-	198	330	-	330	468	-	468	198	-	198	1,352	-	1,352
98	2,114	2,212	Other Projects	950	-	950	500	-	500	-	-	-	-	-	-	-	-	-	1,450	-	1,450
489	2,114	2,603	Total Information Technology	1,110	-	1,110	698	-	698	330	-	330	468	-	468	198	-	198	2,802	-	2,802
-	-	-	Vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
233	-	233	New Appliances	4,000	-	4,000	-	-	-	4,095	-	4,095	2,671	-	2,671	-	-	-	10,766	-	10,766
81	737	818	Other Vehicles	746	-	746	936	-	936	2,920	-	2,920	1,781	-	1,781	912	-	912	7,295	-	7,295
314	737	1,051	Total Vehicles	4,746	-	4,746	936	-	936	7,015	-	7,015	4,452	-	4,452	912	-	912	18,061	-	18,061
3,934	4,479	8,413	Total Capital Expenditure	7,733	650	8,383	4,149	6,750	10,899	12,168	5,006	17,174	7,480	-	7,480	2,229	-	2,229	33,759	12,406	46,165
-	4,133	4,133	As Funded By:	-	500	500	-	6,750	6,750	-	5,006	5,006	-	-	-	-	-	-	-	12,406	12,406
-	-	-	Capital Receipts Reserve	-	150	150	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	Earmarked Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	346	346	Grant Funding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3,934	3,934	3,934	Capital Finance Requirement	7,733	-	7,733	4,149	-	4,149	12,168	-	12,168	7,480	-	7,480	2,229	-	2,229	33,759	-	33,759
3,934	4,479	8,413	Total	7,733	650	8,383	4,149	6,750	10,899	12,168	5,006	17,174	7,480	-	7,480	2,229	-	2,229	33,759	12,406	46,165

The most significant capital projects from 2024-25 are:

- £4.0m investment in 12 new fire appliances. These appliances were originally scheduled to be delivered over the period 2024-25 to 2025-26. These appliances will be the first of the fleet to have Breathing Apparatus out of the cab which allows for a clean cab environment. This further supports the service in protecting our people against contaminants. There are also a number of other improvements such as a specific air conditioning module to keep firefighters cool during extreme heat exposure. It is expected that full delivery can now be taken in 2024-25 which has resulted in a saving of £0.2m
- £1.1m investment in Information technology. This includes £0.95m for the replacement of Station End Equipment end of life and MDT's which are now approaching end of life status. This will form part of the control room phase 2 project. The replacement of this critical equipment is key to ensuring that our 999 mobilising infrastructure is modern and able to deliver the increasing data requirements and security protection against cyberattacks. Furthermore, it is essential that firefighters have critical risk information at their fingertips to assist in keeping both themselves and the communities of Essex safe.
- £1.0m investment in operational equipment, which includes £0.75m of the first of a 3 year programme for the rollout of new hydraulic cutting equipment. With the global developments in battery technology, Fire and Rescue services are rapidly transitioning from fossil fuel, generator driven equipment to lithium battery operated equipment. This is helping the service drive down its carbon emissions footprint and reduce servicing and maintenance due to simplified engineering.
- £0.8m investment in asset protection works. This includes investment in Wholetime Station Modernisation works and an essential maintenance programme of the estate. There are a number of areas across our Wholetime Stations that require improvements. These include aspects such as clean/dirty areas to support protecting our people against contaminants, single private wellbeing spaces, updated BA servicing areas, training rooms, community areas that support local stakeholder engagement and air conditioning to support the ability to cooldown post heat exposure.
- Any further strategic capital investments that may arise during the year will be presented at 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, with the Minimum Revenue Provision (MRP) being set at £4.45m. This is an increase of £0.25m in 2024-25 compared to the prior year 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 12 below.

Figure 12 - Movements in General Reserves

	Actual Balance at 31 March 2022 £'000s	Actual 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	Projected Balance at 31 March 2027 £'000s
General Reserves - Opening Year Balance	4,351	4,341	3,882	3,287	3,287	3,287
Surplus / (Deficit) In Year	790	(459)	(595)	-	-	-
Transfer from / (to) Earmarked Reserves	(800)	-	-	-	-	-
General Reserves - Closing Year End Balance	4,341	3,882	3,287	3,287	3,287	3,287

*Per Unaudited Financial Statements

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

Figure 13 - Movements in Earmarked Reserves

	Actual Balance at 31 March 2022 £000's	Forecast Addition / (Use) £000's	Actual 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
Earmarked Contingency Reserves									
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	(1,462)	233	0	233	0	233	0	233
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
	2,780	(1,462)	1,318	0	1,318	0	1,318	0	1,318
Earmarked Reserve - Productivity									
On Call - Support	463	(70)	393	0	393	0	393	0	393
Invest to Save	523	0	523	0	523	(100)	423	0	423
Innovation & Transformation	3,799	(1,379)	2,420	(1,763)	657	(657)	0	0	0
	4,785	(1,449)	3,336	(1,763)	1,573	(757)	816	0	816
Earmarked Reserve - Specific Purpose									
Unspent Government Grant - Covid 19	525	(142)	383	(217)	166	(133)	33	(5)	28
Unspent Government Grant - Pension	102	(98)	4	(4)	0	0	0	0	0
Operational Training Reserve	837	(348)	489	0	489	(235)	254	0	254
Learning & Development Programme	1,230	(72)	1,158	(51)	1,107	(150)	957	(350)	607
Community Safety Programme - Sprinkler Support	472	(52)	420	0	420	0	420	0	420
LGPS Deficit	304	(304)	0	0	0	0	0	0	0
	3,470	(1,016)	2,454	(272)	2,182	(518)	1,664	(355)	1,309
Total Earmarked Reserves	11,035	(3,927)	7,108	(2,035)	5,073	(1,275)	3,798	(355)	3,443

*Per Unaudited Financial Statements

£1.27m of Earmarked Reserves are planned to be utilised in 2024-25.

This includes investment of £0.65m from the innovation and transformation reserve which includes:

- £0.3m investment in implementation of the Finance System and in the Data and Digital Strategy.
- £0.3m for the next delivery phase relating to the progression of a combined fleet workshop with Essex Police.
- £0.1m in relation to Consultancy costs for Property transformation projects.

Other investments from Earmarked Reserves include:

- £0.15m a digital upgrade to the Authority's OCAT suite (rephased from 2023/24)
- £0.15m investment in continued Learning and Development
- £0.1m in relation to Consultancy costs for Property transformation projects.

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 14 shows the current and future planned level of the Capital Receipts Reserve, which takes into account the funding of the Capital programme per Figure 11.

Figure 14 - Movements in Capital Receipts Reserves

	Actual Balance at 31 March 2022 £'000s	Actual 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	Projected Balance at 31 March 2027 £'000s
Capital Receipts Reserve - Opening Year Balance	9,669	13,152	15,740	12,256	11,756	5,006
Projected Sale of Assets	3,530	2,920	649	0	0	
Utilised in Year	(47)	(332)	(4,133)	(500)	(6,750)	(5,006)
Capital Receipts Reserve - Closing Year End Balance	13,152	15,740	12,256	11,756	5,006	(0)

*Per Unaudited Financial Statements