



Essex County
Fire & Rescue Service

**Essex County Fire and Rescue Service
Medium Term Financial Strategy June
2024 Update**

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1. Background

The 2024/25 budget was set during a period when there has been a continued period of high inflation in the UK and challenging financial environment.

The latest quarterly Bank of England Monetary Policy Report was published on 1st February 2024. [Monetary Policy Report - February 2024 | Bank of England](#)

The current rate of inflation in the UK is 3.2% and the UK inflation target remains at 2%.

At the time of finalising the 2024/25 budget, no pay offer had been made by the National Joint Council (NJC) to Operational Staff (Grey Book) or Non Operational Staff (Green Book).

A 3% pay assumption for all staff was included within the 2024/25 budget.

On 24th April 2024, a pay offer was made to Operational Staff (Grey Book), which included:

- A 4.0 per cent increase on all basic pay rates and Continual Professional Development payments with effect from 1 July 2024.
- A proposal to restructuring to the Grey Book retainer fee for those on the Retained Duty System (On-Call) effective from 1 January 2025.

The annual retainer for an employee providing full cover (which is defined as cover of at least 120 hours per week) is 15% of the appropriate annual basic pay.

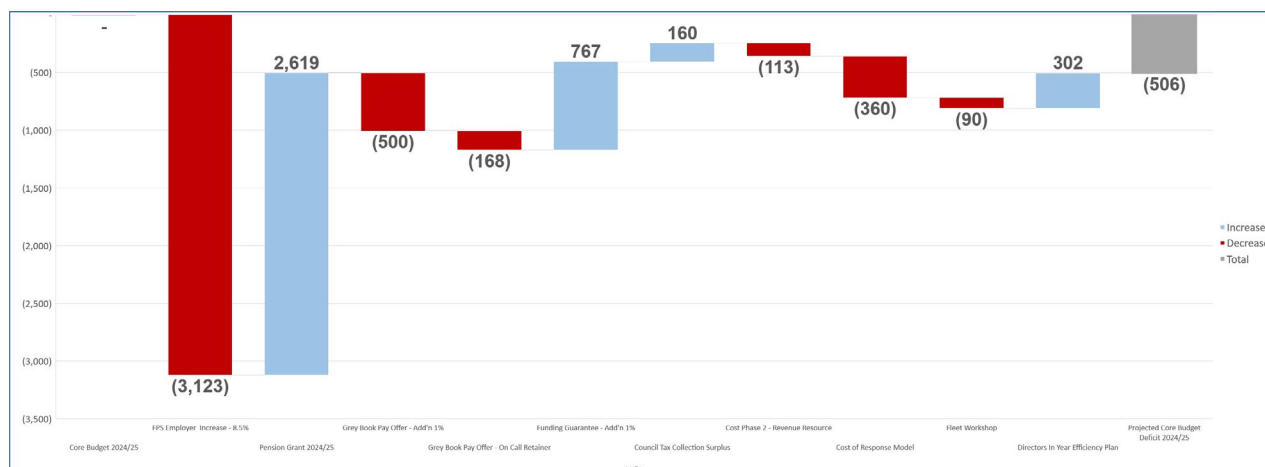
Where an employee provides cover for less than 120 hours per week the following bands may be applied:

- Up to and including 30 hours per week 5%
- from 31 hours per week and up to and including 60 hours per week 7.5%
- from 61 hours per week and up to and including 90 hours per week 10%
- from 91 hours per week and up to and including 119 hours 12.5%

A proposal to improve occupational maternity pay to 26 weeks at full pay (inclusive of all allowances and CPD) followed by 13 weeks at SMP. Our current maternity policy in is inline with this so there would be no further impact.

2. Current Year Projection - 2024/25

The latest projection for 2024/25 shows a deficit of £0.5m and is shown in the waterfall chart below.



The key financial movements are:

- (£3.1m) Estimated impact of the increase in Employer Contributions (8.5%) to the Firefighter Pension Scheme
- £2.6m* – Pension Grant announced to compensate for the increase in Employer Contributions to the Firefighter Pension Scheme
- (£0.68m) – Cost Pressure that results from the Grey Book Pay offer made.
- £0.7m One off funding relating to the Funding Guarantee announced as part of the final Local government finance settlement.
- (£0.3m) – Cost of Response Model for a 6 month period before returning to budget.
- £0.3m – In Year Directors Efficiency Plan developed

*The Home Office have advised that there maybe an opportunity to get additional funding as a Sector to cover gaps shortfalls in the Pension Grant. Any further grant funding would be distributed inline with the previous distribution formula.

3. Medium Term Financial Strategy

The latest Medium Term Financial Strategy is shown below and also shows the key movements since that presented in the March 2024 Strategic Board.

Per March 24 Strategic Board

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	4 Year Total
£m	£m	£m	£m	£m	£m	£m	£m	£m
83.3	86.3	91.1	95.7	96.1	98.1	99.7	101.8	395.7
(2.9)	(2.0)	(1.6)	(1.3)	(0.4)	0.0	0.0	0.0	(0.4)
80.4	84.4	89.5	94.5	95.8	98.1	99.7	101.8	395.4
(1.1)	(2.2)	(1.1)	(0.8)	(0.5)	(0.8)	(0.4)	(0.4)	(2.1)
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
79.3	82.2	88.4	93.7	95.3	97.3	99.3	101.4	393.2
(79.3)	(82.2)	(88.4)	(93.7)	(95.3)	(97.3)	(99.3)	(101.4)	(393.2)
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Per June 24 Strategic Board

Actual / Forecast				Medium Term Financial Strategy 2025/26 to 2028/29					
2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	5 Year Total
£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
83.3	86.3	91.1	95.7	100.1	100.7	102.4	104.5	106.3	513.9
(2.9)	(2.0)	(1.6)	(1.3)	0.0	0.0	0.0	0.0	0.0	0.0
80.4	84.4	89.5	94.5	100.1	100.7	102.4	104.5	106.3	513.9
(1.1)	(2.2)	(1.1)	(0.8)	(2.2)	(0.8)	(0.5)	(0.5)	0.0	(3.9)
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
79.3	82.2	88.4	93.7	97.9	99.9	101.9	104.0	106.3	510.0
(79.3)	(82.2)	(88.4)	(93.7)	(97.9)	(99.9)	(101.9)	(104.0)	(106.3)	(510.0)
0.0	0.0	0.0	0.0	(0.0)	(0.0)	0.0	0.0	(0.0)	0.0

The key movements in the MTFS for 2025-26 since the previous version presented at the March 2024 Strategic Board are as follows:

- (£3.1m) Impact of the increase in Employer Contributions (8.5%) to the Firefighter Pension Scheme
- £2.5m Pension Grant announced to compensate for the increase in Employer Contributions to the Firefighter Pension Scheme, which is based on the grant received in 2024/25. There is currently no commitment that this funding will continue into 2025-26.
- (£1.1m) additional pay pressure relating to the 2024/25 Operational Staff Pay Offer made which comprises:
 - £0.6m full year effect of unbudgeted changes in the Retained Duty System Retainer rates

- £0.5m pay pressures resulting from impact of unbudgeted Operational Staff Pay Offer

These key movements in 2025/26 is resulting in an additional savings of £1.7m being required.

The detail of the movements in the MTFFS is shown in the table below:

Published Budget	Medium Term Financial Strategy 2024/25 to 2028/29						Changes since the MTFFS at March 24	Explanation of changes since December 2023 Strategic Board	
	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m	5 Year total £m		2025/26 (reduction) / increase £m
88.4	Opening net budget requirement	93.7	97.9	99.8	101.9	104.0	481.7	0.0	
3.5	Pay Pressures	2.6	1.5	1.5	1.5	1.5	8.6	1.2	Impact of 2024/25 Pay Offer
0.6	Investment in On Call	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
0.1	Investment in New Resources	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
0.0	Firefighters' Pension Scheme -Employer Contribution Impact	3.1	0.0	0.0	0.0	0.0	3.1	3.1	Impact of FPS Employer Contribution Increase
0.4	Firefighters' Pension Scheme Pressure	0.2	0.1	0.1	0.1	0.1	0.4	(0.0)	
0.2	Non Pay Pressure - Support Costs	0.0	0.0	0.1	0.0	0.2	0.5	0.0	
0.8	Non Pay Pressure - Premises & Equipment	0.2	0.2	0.2	0.3	0.3	1.2	0.0	
0.4	Non Pay Pressure - Other Costs & Services	0.0	0.0	0.0	0.0	0.0	0.0	0.1	
0.0	Revenue Impact of Capital Programme	0.3	0.9	0.2	0.2	0.0	1.5	(0.0)	
0.0	Finance Costs resulting from Capital Program	0.0	0.1	0.5	0.5	0.2	1.2	0.0	
1.3	One Off Investment through Earmarked Reserves	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
(1.3)	Contributions (from) Earmarked Reserves	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
94.5	Net budget requirement (before savings and efficiencies)	100.1	100.7	102.4	104.5	106.3	498.3	4.3	
(0.8)	Savings and efficiencies (cashable - recurring)	(2.2)	(0.9)	(0.5)	(0.5)	0.0	(4.0)	(1.7)	
0.0	Savings and efficiencies (cashable - one-off)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
93.7	Net budget requirement (after savings and efficiencies)	97.9	99.8	101.9	104.0	106.3	494.3	2.6	
(88.4)	Opening funding	(93.7)	(97.9)	(99.8)	(101.9)	(104.0)	(481.7)	0.0	
2.2	Government funding	(1.7)	0.1	0.0	0.0	0.0	(1.6)	(2.6)	Pension Grant Funding based on 2024/25 rate
(4.2)	Revenue Support Grant	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(1.4)	0.0	
(0.8)	National Non Domestic Rates	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
(0.6)	Tax base increase	(0.6)	(0.6)	(0.6)	(0.6)	(0.6)	(3.0)	0.0	
(1.5)	Council Tax - Precept increase	(1.6)	(1.1)	(1.2)	(1.2)	(1.3)	(6.5)	(0.0)	
(0.3)	Collection fund change	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
0.0	Annual (shortfall)/surplus	0.0	0.0	(0.0)	(0.0)	0.0	0.0	0.0	

Savings

The 2024/25 budget included £0.8m of cashable efficiencies which will be tracked through the Productivity and Efficiency Board.

The Directors are working through a further In Year plan and have identified a further £0.3m which is reflected within the 2024/25 projection mentioned above. A summary of the plan is included within Appendix 1.

4. Risks

The main risk areas associated with the MTFS are:

- **National Pay Settlements** – There has been no agreement reached with Green Book Staff in respect of the 2024/25 pay award. Any pay settlement agreed in excess of 3% would result in an additional unfunded year on year financial pressure.

The MTFS has been updated to reflect the recent 2024/25 Operational Staff Pay Award. Any further changes to the offer made, could result in further unfunded year on year financial pressures.

- **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 (Funding)** – The employer contribution rates for firefighters' pension schemes increased by 8.5% to 37.6% of pensionable pay with effect from 1st April 2024. This is expected to create an in year financial pressure of £3.1m. A pension grant of £2.6m has been awarded to fund the increase in Employer Contributions. The Home Office have advised that there maybe an opportunity to get additional funding as a Sector to cover gaps the shortfall in the Pension Grant. Any further grant funding would be distributed inline with the previous distribution formula. There is currently no commitment that this funding will continue into 2025-26 however this has been included within the MTFS given both magnitude of the impact of the employer pension rate increase and that funding was provided following the change in employer contribution rates in 2019.

These employer contribution rates are expected to be set for the period 1 April 2024 to 31 March 2027.

- **Local Government Finance Settlement** – The latest provisional finance settlement covers 2024-25. The short-term nature of this settlement means that there is uncertainty and risk in the medium term over funding levels.

- **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. Regular communication and meetings are held with the Districts, so should any key collections issues arise then the Authority is informed early of such events.

- **Section 31 Grants** – The Funding Guarantee and Services Grant totalling £0.7m which were announced in the latest finance settlement, have been treated as one off income for 2024/25 and have been removed from future years within the MTFS. In addition, the Firelink Grant has been phased out inline with the 2022/23 Home Office communication.

All other grants are included in the MTFS have been included on a flat cash basis. If the specific grants for Urban Search and Rescue and Protection Uplift totalling £1m

were to be cease, then the Authority will need to review its capability / resources in these areas to which this grant funding was specifically assigned, to ensure that there was no financial impact on the service.

- **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.
- **Exceptional Cost Incurred**

The Authority maintains an adequate level of general reserves to meet an exceptional one off cost. The Authority also has some Earmarked Reserves available that relate to Contingencies, which is outlined in the Reserve Strategy.

In the event that there are any unexpected exceptional costs arise, then such Reserves may be needed to provide short term funding. This would also allow some time for the Productivity and Efficiency Board to determine and implement a savings plan fund should any exceptional cost pressure.

Appendix 1 - Summary of Directors 2024/25 In Year Cashable Savings Plan

						£301,717
Responsible Owner	Dept	Pay / Non Pay	Existing Process Overview	Proposed Productivity & Efficiency Improvement	Timeframe for Implementation	2024-25 In Year Saving
Director of Corporate Services	ICT	Non-Pay	The Service currently subscribe to "Workplace" for its internal communication Channel.	Remove the Use of "Workplace" and use Viva Engage (formerly Yammer) as this product is included within the existing Microsoft 365 licensing.	30-Nov-24	£13,000
Director of Corporate Services	ICT	Pay-Operational	Currently use manual decision process for the movement of resources to Strategic Stations	Implement Dynamic Resource Movement Software that best determines availability built on a pre-determined rule set and historic data	31-Dec-24	£37,500
Director of Corporate Services	Information Governance	Non-Pay	SARs Redaction by IGS	By training Information Governance Officers MW and RW to redact SARs instead of paying IGS for the same task.	30-Sep-24	£5,000
Director of Corporate Services	Property	Non-Pay	Currently use fluorescent lighting across all sites and no visibility of energy usage	Swap out of fluorescent tube lighting to LED Lighting and new LASER report that identifies key Energy Use Metrics to target Energy Consumption	1-Oct-24	£20,000
Director of Corporate Services	Fleet	Non-Pay	Realignment to the ECFRS HR System – with the withdrawal of the clocking system at fleet	Alignment to current HR System	30-Sep-24	£5,000

Director of Corporate Services	Property	Non-Pay	ECFRS Pay for costs of new Statutory Hydrant Installations	Following a meeting with all Water Company's across Essex it was determined that ECFRS should not be paying for whole cost	1-Oct-24	£50,000
Director of Corporate Services	Fleet	Non-Pay	Currently use Truck tyre for repairs and replacement	Invest in Commercial tyre changer and training to bring in-house and avoid costly contractor fees and mark up.	1-Oct-24	£5,000
Director of Corporate Services	Fleet	Non-Pay	Ad-Blue is only available at 3 sites across Essex	Changes to how Ad-Blue is accessed and available. Better Strategically placed locations	1-Oct-24	£5,000
Director of Corporate Services	Fleet	Non-Pay	PPE not returned from service leavers results in a charge	Ensure process is in more robust in ensuring costs are not lost	30-Sep-24	£5,000
Director of Corporate Services	Property	Pay - Support	Out of Hours Contract - There is a rota for team members to provide cover.	Calls allocated by Control	31-Dec-24	£3,500
Director - Operations	Control	Pay-Operational	Acting up paid to Crew Manager in Fire Control every shift, effectively meaning to watch managers always on duty.	Remove acting-up when a watch manger is on duty	30-Sep-24	£9,000
Director - Operations	WT Staff	Pay-Operational	There are 4 Area Managers in the budgeted establishment.	Following a retirement, 1 AM role will be kept open for a period of approx. 6 months	Implemented	£50,000

Director - People Services	L&D	Non-Pay	People Development courses currently run by an external provider and/or supported by an external consultant.	Uplift to an existing L&D role to include internal training delivery. Funded by reserves (decision sheet 016-24).	30-Jun-24	£21,480
Director - People Services	L&D	Non-Pay	People Development courses within Hydra currently run by an external provider and/or supported by an external consultant.	Re-evaluate apprenticeship and LRS role and extend temporary role.	30-Jun-24	£5,000
Director - People Services	Recruitment	Non-Pay	Contracts for Recruitment Advisors (1 permanent 0.6 FTE and 1 fixed term 0.6 FTE)	Maintain contracts in order to deliver ATS benefits.	30-Jun-24	£5,000
Director - People Services	Training	Non-Pay	OTD Animal Rescue 3 course currently hosted in Hampshire.	Host course at KP	31-Jul-24	£7,000
Director - People Services	Support Staff Pay	Pay - Support	Team have considerably reduced time to hire in recent years. Now stands at 85 days.	Elongating vacancy periods for roles generates cashable savings although potentially impacts other efficiencies.	30-Jun-24	£50,000
AD - Media Comms and Brand	Employee Engagement	Non-Pay	At Long Service and Good Conduct Awards we present recipients with a 6x4 branded ECFRS photo frame.	Cancel the 6x4 LSGC branded ECFRS photo frame as this is a dated gift - people take photos and keep them on their own phones/gadgets.	30-Sep-24	£402
AD - Media Comms and Brand	Employee Engagement	Non-Pay	At the Long Service and Good Conduct Awards, partners get presented with a bouquet of flowers which cost £28 each.	Change the LSGC flowers at £28 per bouquet to a £20 gift voucher instead. This would be a more useful gift and doesn't make anyone who doesn't have a partner/or female partner feel awkward.	30-Sep-24	£360

AD - Media Comms and Brand	Employee Engagement	Non-Pay	LSGC event- alcohol (drink on arrival)	No longer offer first alcohol drink	30-Sep-24	£800
AD - Media Comms and Brand	Employee Engagement	Non-Pay	People Awards pin badge/one team (boxed) £3.54 per head given to each person nominated for a People Award.	Do not give our pin badges at the event.	31-Mar-24	£885
AD - Media Comms and Brand	Employee Engagement	Non-Pay	Special Performance scheme award winners receive a pin badge.	Stop giving out pin badges and give a certificate instead (they already receive a voucher.)	30-Jun-24	£75
AD - Media Comms and Brand	Employee Engagement	Non-Pay	Printed programmes at internal events	Stop printing programmes for events such as IWD and IMD and just have online versions. People Awards, Pass out and LSGC will still have printed programmes.	30-Jun-24	£265
AD - Media Comms and Brand	Employee Engagement	Non-Pay	Long Service and Good Conduct Awards	Stop giving out awards for 20 year colleagues as they receive a medal. This was only brought in recently due to delay in obtaining medals from the Royal Mint.	30-Sep-24	£2,100
AD - Media Comms and Brand	Employee Engagement	Non-Pay	Merchandise at internal events	Stop producing merchandise for internal events.	30-Jun-24	£350