



EAST SUSSEX FIRE AUTHORITY
POLICY & RESOURCES PANEL

THURSDAY 15 JANUARY 2015 at 10.30

or at the conclusion of the Scrutiny & Audit Panel meeting, whichever is the later.

MEMBERS

East Sussex County Council

Councillors Barnes, Howson, Lambert, Pragnell and Scott

Brighton and Hove City Council

Councillors Hawtree, Powell and Theobald

You are requested to attend this meeting to be held at East Sussex Fire & Rescue Service Headquarters, 20 Upperton Road, Eastbourne, at 10:30 hours, or at the conclusion of the Scrutiny & Audit Panel meeting, whichever is the later.

AGENDA

Item Page
No. No.

968. 1. In relation to matters on the agenda, seek declarations of any disclosable pecuniary interests under Section 30 of the Localism Act 2011.

969. 1. Apologies for Absence.

970. 1. Notification of items which the Chairman considers urgent and proposes to take at the end of the agenda/Chairman's business items.

(Any Members wishing to raise urgent items are asked, wherever possible, to notify the Chairman before the start of the meeting. In so doing they must state the special circumstances which they consider justify the matter being considered urgently).

971. 3. Non-confidential Minutes of the last Policy & Resources Panel meeting held on 13 November 2014 (copy attached).

972. 2. Callover.
The Chairman will call the item numbers of the remaining items on the open agenda. Each item which is called by any Member shall be reserved for debate. The Chairman will then ask the Panel to adopt without debate the recommendations and resolutions contained in the relevant reports for those items which have not been called.
973. 7. 2014/15 Revenue Budget and Capital Programme Monitoring – joint report of the Chief Fire Officer & Chief Executive and Treasurer (copy attached).
974. 19. Fire Authority Service Planning Processes for 2015/16 and beyond – draft Revenue Budget 2015/16 and Capital Programme 2015/16 to 2019/20 – joint report of the Chief Fire Officer & Chief Executive and Treasurer (copy attached).
975. 2. Exclusion of the Press and Public.
- To consider whether, in view of the business to be transacted or the nature of the proceedings, the press and public should be excluded from the remainder of the meeting on the grounds that, if the public and press were present, there would be disclosure to them of exempt information. **NOTE:** Any item appearing in the confidential part of the Agenda states in its heading the category under which the information disclosed in the report is confidential and therefore not available to the public. A list and description of the exempt categories are available for public inspection at East Sussex Fire & Rescue Service Headquarters, 20 Upperton Road, Eastbourne, and at Brighton and Hove Town Halls.
976. 67. Confidential Minutes of the last Policy & Resources Panel meeting held on 13 November 2014 (copy attached). (Exempt category under paragraph 3 of the Local Government Act 1972).

ABRAHAM GEBRE-GHIORGHIS
Monitoring Officer
East Sussex Fire Authority
c/o Brighton & Hove City Council

EAST SUSSEX FIRE AUTHORITY

Minutes of the meeting of the POLICY & RESOURCES PANEL held at East Sussex Fire & Rescue Service Headquarters, 20 Upperton Road, Eastbourne, at 10.00 hours on Thursday 13 November 2014.

Members Present: Councillors Barnes, Hawtree, Howson (Chairman), Lambert, Pragnell, Scott and Theobald.

Also present:

Mr. D. Prichard (Chief Fire Officer & Chief Executive), Mr. G. Walsh (Deputy Chief Fire Officer), Mrs. C. Rolph (Assistant Chief Officer – People & Organisational Development), Mr. D. Savage (Treasurer), Mr. W. Tricker (Head of Finance & Procurement), Mr. J. Salmon (Head of Estates), Miss L. Woodley (Deputy Monitoring Officer) and Mrs. K. Ward (Clerk).

958. **DISCLOSABLE PECUNIARY INTERESTS**

958.1 It was noted that, in relation to matters on the agenda, no participating Member had any disclosable pecuniary interest under Section 30 of the Localism Act 2011.

959. **APOLOGIES FOR ABSENCE**

959.1 There were no apologies for absence.

960. **ANY OTHER NON-EXEMPT ITEMS CONSIDERED URGENT BY THE CHAIRMAN/CHAIRMAN'S BUSINESS**

960.1 There were no urgent items for consideration.

961. **NON-CONFIDENTIAL MINUTES OF THE POLICY & RESOURCES PANEL MEETING HELD ON 11 JULY 2014**

961.1 **RESOLVED** – That the minutes of the meeting held on 11 July 2014 be approved as a correct record and signed by the Chairman. (Copy in Minute Book).

962. **CALLOVER**

962.1 Members reserved the following items for debate:

963. 2014/15 Revenue Budget and Capital Programme Monitoring

964. 2014/15 Treasury Management – Half Year Report

963. **2014/15 REVENUE BUDGET AND CAPITAL PROGRAMME MONITORING**

963.1 Members considered a joint report of the Chief Fire Officer & Chief Executive and Treasurer that reported on issues arising from the monitoring of the 2014/15 Revenue Budget and Capital Programme as at 30 September 2014. (Copy in Minute Book).

- 963.2 The Revenue Budget outturn for 2014/15 was projected to be £129,000 overspent. The Head of IMD was in the process of reviewing the IMD budget for which the current overspend forecast was £126,000. This was due to the replacement of the Wide Area Network (WAN) which would cause budgetary pressure during 2014/15 due to one off implementation costs, but would deliver significant savings in future years and provide support for the legacy mobilising system.
- 963.3 Members were informed that the additional cost incurred as a result of industrial action in 2014/15 currently stood at £121,000. The gross additional cost to the Authority did not include deductions from pay which totalled £119,000 and were part of the Operations budget. The total net cost to the Authority of the current dispute stood at £59,000 with £220,000 total additional costs off-set in part by deductions of £161,000.
- 963.4 Members were advised that the Capital Programme was subject to a variation for the Newhaven scheme. Project partners Lewes District Council and Sussex Police had agreed to contribute and a joint bid with Lewes District Council had been submitted to the 2015/16 Local Government Transformational Challenge Award. If successful, the grant would result in a grant receipt to the Authority of £663,000. A decision on the bid was hoped for around December 2014.
- 963.5 It was recommended to Members that a revised Newhaven scheme with a total gross cost be approved. It was expected that, after partner contributions of £1,002,000, the net cost to the Authority would be £2,558,000 which was a reduction of £512,000 on the original scheme total of £3,070,000.
- 963.6 **RESOLVED** – that the Panel:
- i. note the projected 2014/15 Revenue Budget outturn;
 - ii. note the projected 2014/15 Capital Budget outturn;
 - iii. note the projected use of Reserves and the creation of an earmarked reserve for sprinklers;
 - iv. note the monitoring of savings taken in 2014/15;
 - v. note that borrowing and investment activity are in line with the Treasury Management Strategy; and
 - vi. approve the variation to the Capital Programme for the revised Newhaven scheme.

964. **2014/15 TREASURY MANAGEMENT – HALF YEAR REPORT**

- 964.1 Members considered a report of the Treasurer on the half yearly report which is a requirement of the Fire Authority's reporting procedures and covers the treasury activity for the first six months of 2014/15. The report included an update on the first half year of Prudential Indicators which related to treasury activity. (Copy in Minute Book).

964.2 Councillor Barnes noted the current financial climate and approved of the prudent approach taken to date which had helped the Authority through the recent difficulties experienced by the public sector. Councillor Barnes suggested that the Authority should be asking questions about whether it was appropriate to look at capital need again and review the current policy to allow officers to look at a range of alternative options that may be available.

964.3 The Treasurer advised that work was currently being undertaken on the Capital Strategy. It was noted the reviews due to be carried out in phase 3 of the Service Prioritisation work would have an impact and, therefore, there was some uncertainty with regard to capital provision for the future. It was suggested that the Service needed to get smarter with regard to bidding for grants and in the following months may need to consider alternative, sustainable options for funding.

964.4 **RESOLVED** – That the treasury management performance for the first half year of 2014/15 be noted.

965. **EXCLUSION OF PRESS AND PUBLIC**

965.1 **RESOLVED** – That items 966 and 967 be exempt under paragraph 3 of Schedule 12A to the Local Government (Access to Information) (Variation) Order 2006 and, accordingly, are not open for public inspection on the grounds that they include information relating to the financial or business affairs of any particular person (including the Authority holding that information).

The meeting concluded at 11.40 hours.

Signed

Chairman

Dated this Day of

2014

EAST SUSSEX FIRE & RESCUE

Panel: **Policy & Resources**
Date: **15 January 2015**
Title: **2014/15 Revenue Budget and Capital Programme Monitoring**
By: **Chief Fire Officer & Chief Executive and the Treasurer**
Purpose of Report: **To report on issues arising from the monitoring of the 2014/15 Revenue Budget and Capital Programme as at 30 November 2014.**

RECOMMENDATION: The Panel is asked to note:

- i. the projected 2014/15 Revenue Budget outturn;
- ii. the projected 2014/15 Capital Budget outturn;
- iii. the projected use of Reserves;
- iv. the monitoring of savings taken in 2014/15; and
- v. that borrowing and investment activity are in line with the Treasury Management Strategy.

MAIN ISSUES

1. This is the fourth report to the Authority and its Policy & Resources Panel. As we move into the second half of the financial year the certainty of forecast outturn is increasing but there remain many elements, both internal and external, that will influence the final position.
2. The Revenue Budget outturn for 2014/15 is projected to be £132,000 underspent (previously reported as £129,000 overspent).
3. The overall Capital Programme is projected to be under budget by £43,000, (previously reported £51,000 underspend). The current year's spending profile is projected to be an underspend of £2,047,000, primarily due to the re-phasing of the Newhaven Fire Station project and a number of other property schemes, (also previously reported £51,000 underspend).
4. The Authority maintains Earmarked and General Reserves in order to assist it in managing its spending plans across financial years (Earmarked Reserves) and making provisions for the financial risks it faces (General Reserve). A summary of the current planned use of Reserves can be found at Appendix 5.
5. The savings of £2.023m already taken from the 2014/15 budget are set out in Appendix 6. The projected shortfall of £404,000 occurs in 2014/15 only (paragraph 6.1).
6. Borrowing and investment are in line with the approved Treasury Management Strategy. The performance of these budgets is reflected in the Revenue Budget see paragraph 7.

Des Prichard
Chief Fire Officer & Chief Executive
22 December 2014

Duncan Savage
Treasurer

1. **INTRODUCTION**

1.1 The financial information contained in this Report is based upon enquiries as at 30 November 2014. This Report discloses the main issues, material variances and changes to previously reported variances. All other budgets are as planned.

2. **BUDGET OUTTURN SUMMARY**

2.1 The table below summarises the 2014/15 Revenue Budget and Capital Programme positions.

	Last P & R Report	This P & R Report	Movement
	£,000	£,000	£,000
Revenue (see paragraph 3)	129	(132)	(261)
Capital (see paragraph 4)	(51)	(2,047)	(1,996)

3. **REVENUE BUDGET COMMENTARY**

3.1 The main issues to report to the Panel since the last meeting are as follows:

3.2 The Response Budget is projected to underspend by £146,000 (previously on target). The Retained Duty System pay budget is difficult to forecast, however, the current spending profile, based on the previous seven years' data, indicates this budget will underspend by £100,000. The wholtime overtime budget is projected to underspend by £31,000, also based on spend patterns and reflect the impact of industrial action and action short of strike.

3.3 The Health & Safety budget is projected to underspend by £15,000 (previously on target) due to a reduction in spend on a combination of training, travel and equipment.

3.4 The IMD budget review is on-going. Since the last report, earmarked reserves for the SCC (£191,000) have been released into the IMD budget along with corporate funding (£121,000). This will help in meeting the additional costs of extending the maintenance contract for the existing (3tc) mobilising system (£243,000), incurred as a result of the delay in the SCC go-live, and the implementation costs of the LINK WAN (£254,000). The overall position is now forecast to be on budget. We are continuing to review a number of IMD projects, including IMD Transformation, and anticipate that there will be some slippage given the loss of a number of key staff and other business pressures. Further information will be provided in the next budget monitoring report. Any underspend that occurs as a result of project slippage will be prioritised for carry forward into 2015/16 to fund the completion of those previously agreed projects.

3.5 The Operational Pay & Pension budget is forecast to be underspent by £9,000 (previously on target). The forecast underspend is made up of:

3.5.1 Operational Pay is projected to be £90,000 underspent; this takes into account the recent four days of industrial action and the soon to be implemented Business Safety structure.

- 3.5.2 The Pensions budget is projected to be underspent by £18,000, mirroring the Operational Pay underspend. Work continues to establish the one-off and on-going costs of implementing the Norman vs Cheshire judgement, for which there is provision of £540,000 and £95,000 respectively in the budget.
- 3.5.3 The Ill Health Retirements budget is projected to overspend by £99,000. This is the result of clarification of timing of payments which had previously been made in the year following an Ill Health retirement and requires an additional year's payments to be made in 2014/15 to return to the correct position. There is no change in the overall cost to the Authority.
- 3.6 The additional cost of Industrial action in 2014/15 is £150,000 (previously reported as £121,000) and includes a £20,000 provision for training and a £35,000 estimate for overtime not yet claimed. This is the gross additional cost to the Authority and does not include deductions from pay which total £219,000 (previously reported as £119,000) as these are part of the Operations budget. If the gross additional cost cannot be contained within the overall revenue budget it will be funded from General Reserves.

4. **CAPITAL BUDGET & PROGRAMME COMMENTARY**

- 4.1 The Property Strategy is projected to be on target, however, £55,000 will slip forward into 2015/16 (previously no slippage).
- 4.2 The Crowborough Refurbishment scheme is projected to underspend by £8,000 (previously reported as £16,000 underspend).
- 4.3 The Property Strategy Sustainability scheme will not now start during this financial year and funding of £140,000 will slip forward into 2015/16 (previously no slippage).
- 4.4 The Property Strategy Replacement Fuel Tanks scheme will not now start this financial year and funding of £75,000 and will slip forward into 2015/16 (previously no slippage).
- 4.5 The Newhaven Fire Station scheme start has been delayed and, as a result, it is forecast that £1,734,000 will slip forward into 2015/16 (previously no slippage). This is a scheme to replace the current Fire Station on a new site with office space to accommodate a number of public sector partners. The programme has been delayed due to a combination of factors which have included pre-commencement planning conditions; a buoyant marketplace which led to delays by the main contractor receiving final work package quotes by sub-contractors and specialists. The collaborative nature of the project has also provided some challenges for timescales in terms of receiving authorisations to proceed. The site handover took place in December 2014 with construction due to commence in January 2015. The gross build cost of the new fire station has been advised as £3.6m with contributions of £0.86m from the two partners.

5. **RESERVES**

- 5.1 £258,000 is planned to be drawn down from the Improvement & Efficiency Reserve. £158,000 has already been drawn down to cover the cost of 2014/15 redundancy payments and £100,000 is expected to be required to support the Transformation Team, but is subject to confirmation and the transfer will be delayed until the end of the financial year.
- 5.2 In addition to the planned addition of £519,000 to the Improvement & Efficiency Reserve, an additional £95,000 will be added from the remaining Maritime Reserve (subject to the approval of the recommendations elsewhere on this agenda).
- 5.3 SCC Desktop and Connectivity provision, totalling £191,000 has been transferred to the IMD budget.
- 5.4 Reserves totalling £265,000 which were planned to be used this year have not yet been draw down and are subject to further review with the relevant budget managers.

6. **MONITORING OF SAVINGS**

- 6.1 The forecast shortfall in 2014/15 has been revised to £404,000 (previously reported as £7,000) with the adverse movement due to the additional cost of extending the 3tc support contract following the delay in go-live for the new mobilising system and the delay in implementing the savings associated with locality managers in Brighton and Hastings. The shortfall is only expected to impact in 2014/15 and is being managed within the overall budget outturn.

7. **BORROWING AND INVESTMENT**

- 7.1 There has been no new external borrowing or repayment of existing loans. The total of external loan debt remains £11.123m.
- 7.2 As at 30 November 2014, the Authority held cash balances of £19.215m which were invested in accordance with the Treasury Management Strategy as set out in Appendix 7. This budget is forecast to underspend by £47,000 (previously £38,000). The transfer of some funds from overnight deposits to investment in fixed term and notice accounts has led to a forecast surplus of £38,000 on interest receipts together with a projected underspend of £4,000 on Bank Charges and £5,000 on Commission.

Appendix 1

**East Sussex Fire Authority
2014/15 Revenue Budget – Functional Analysis**

	Original Budget £'000	Revised Budget £'000	Projected Outturn £'000	Variance £'000	Variance %	Variance- last report £'000
Service Delivery Response	5,440	5,333	5,187	(146)	(2.7)	
Service Delivery Community Risk Management	675	475	475			
Service Delivery Business Safety	119	207	207			
Operational Pay & Pensions	18,295	18,503	18,494	(9)	(0.0)	
Service Delivery	24,529	24,518	24,363	(155)	(0.6)	0
Service Support Estates	1,257	1,309	1,309			
Service Support IMD	3,015	3,397	3,397			126
Service Support Fleet	1,656	1,705	1,655	(50)	(2.9)	(50)
Service Support Special Projects Team	130	139	139			
Service Support	6,058	6,550	6,500	(50)	(0.8)	76
POD HR	657	697	697			
POD L&OD	1,674	1,792	1,792			
People & Organisational Development	2,331	2,489	2,489	0	0	0
Cost of Democracy	176	176	176			
Additional cost of Industrial action	0		150	150		121
Corporate Management	1,020	954	954			
Finance & Procurement	1,849	1,918	1,898	(20)	(1.0)	(20)
Performance Management	205	205	195	(10)	(4.9)	(10)
Net Financing Costs	911	911	864	(47)	(5.2)	(38)
Central	177	75	75			
Corporate	4,338	4,239	4,312	73	1.7	53
Transfer To/From Reserves	0	(652)	(652)			
Transfer To/From Reserves	1,519	1,631	1,631			
Total Net Expenditure	38,775	38,775	38,643	(132)	0.0	129
Financed By:						
Council Tax	(22,306)	(22,306)	(22,306)			
Business Rates	(6,912)	(6,912)	(6,912)			
Revenue Support Grant	(9,051)	(9,051)	(9,051)			
S31 Grants	(230)	(230)	(230)			
Collection Fund Surplus/Deficit Council Tax	(276)	(276)	(276)			
Total Financing	(38,775)	(38,775)	(38,775)	0	0	0
Total Over / (Under) Spend	0	0	(132)	(132)	0.0	129

Appendix 2

**East Sussex Fire Authority
2014/15 Revenue Budget – Subjective Analysis**

	Original Budget £'000	Revised Budget £'000	Projected Outturn £'000	Variance £'000	Variance %	Variance - last report £'000
Salaries, Allowances and On-costs	28,246	28,500	28,499	(1)		71
Training Expenses	555	496	494	(2)	(0.4)	21
Other Employees Costs	209	399	399			14
Employee Costs	29,010	29,395	29,392	(3)		106
Repair, Maintenance and Other Costs	1,009	1,115	1,115			
Utility Costs	1,135	1,137	1,137			
Premises Costs	2,144	2,252	2,252	0	0	0
Vehicle Repairs and Running costs	930	985	916	(69)	(7.1)	(70)
Travel Allowances and Expenses	126	126	121	(5)	(4.0)	
Transport Costs	1,056	1,111	1,037	(74)	(6.8)	(70)
Equipment and Supplies	1,111	1,547	1,539	(8)	(0.6)	2
Fees and Services	1,574	1,599	1,599			
Communications and Computing	2,604	2,660	2,660			126
Other Supplies and Services	489	370	370			5
Supplies and Services	5,778	6,176	6,168	(8)		133
Minimum Revenue Provision	445	445	436	(9)	(2.0)	
Interest Payments	514	514	514			
Capital Financing	959	959	950	(9)	(0.9)	
Grants and Contributions	(433)	(433)	(433)			
Interest Received	(52)	(52)	(90)	(38)	73.1	(38)
Other Income	(1,206)	(1,612)	(1,612)			(2)
Income	(1,691)	(2,097)	(2,135)	(38)	1.8	(40)
Transfers From reserves		(652)	(652)			
Transfers To reserves	1,519	1,631	1,631			
Total Net Expenditure	38,775	38,775	38,643	(132)	0.0	129
Financed By:						
Council Tax	(22,306)	(22,306)	(22,306)			
Business Rates	(6,912)	(6,912)	(6,912)			
Revenue Support Grant	(9,051)	(9,051)	(9,051)			
S31 Grants	(230)	(230)	(230)			
Collection Fund Surplus/Deficit Council Tax	(276)	(276)	(276)			
Total Financing	(38,775)	(38,775)	(38,775)	0	0.0	0
Total Over / (Under) Spend	0	0	(132)	(132)	0.0	129

Appendix 3

East Sussex Fire Authority 2014/15 Capital Budget Monitoring

Capital Scheme	Original Budget £'000	Revised Budget £'000	Projected Outturn £'000	Variance £'000	Variance %	Variance- last report £'000
Schemes Starting in 2014/15						
Replacement Fire Appliances	240	240	205	(35)	(14.5)	(35)
Replacement Ancillary Vehicles	14	14	14			
Replacement Cars and Vans	211	211	211			
Property Strategy	115	115	60	(55)	(47.8)	
Day Crewed Plus Adaptions		218	218			
Total Schemes Starting 2014/15	580	798	763	(90)	(11.3)	(35)
Schemes Starting in Previous Years						
Replacement Cars and Vans	51	51	51			
Crowborough Refurbishment	43	43	35	(8)	(18.6)	(16)
Property Strategy Sustainability	140	140	0	(140)	(100)	
Property Strategy Replacement Fuel Tanks	75	75	0	(75)	(100)	
IMD Strategy SCC	1,158	1,158	1,158			
Newhaven Fire Station	2,972	2,364	630	(1,734)	(73.4)	
Property Strategy STC	23	23	23			
BA Classroom Maresfield	8	8	8			
Sussex Control Facility	187	187	187			
Total Schemes Starting in Previous Years	4,657	4,049	2,092	(1,957)	(48.3)	(16)
Total Capital Expenditure	5,237	4,847	2,800	(2,047)	(42.2)	(51)

Appendix 4

East Sussex Fire Authority 2014/15 – 2018/19 Capital Programme Monitoring

Capital Scheme	Original Budget £'000	Revised Budget £'000	Projected Outturn £'000	Variance £'000	Variance %	Variance- last report £'000
Schemes Starting in 2014/15						
Replacement Fire Appliances	240	240	205	(35)	(14.5)	(35)
Replacement Ancillary Vehicles	14	14	14			
Replacement Cars and Vans	211	211	211			
Property Strategy	115	115	115			
Day Crewed Plus Adaptions	0	1,855	1,855			
Total Schemes Starting 2014/15	580	2,435	2,400	(35)	(1.4)	(35)
Continuing Schemes Starting in Previous Years						
Replacement Cars and Vans	210	210	210			
Crowborough Refurbishment	1,005	1,005	997	(8)	(0.8)	(16)
Property Strategy Sustainability	420	420	420			
Property Strategy Replacement Fuel Tanks	190	190	190			
IMD Strategy SCC	2,027	2,027	2,027			
Newhaven Fire Station	3,070	3,560	3,560			
Property Strategy STC	40	40	40			
BA Classroom Maresfield	220	220	220			
Sussex Control Facility	1,100	1,100	1,100			
Total Schemes From Previous Years	8,282	8,772	8,764	(8)	(0.1)	(16)
Total Capital Expenditure	8,862	11,207	11,156	(43)	(0.4)	(51)

Note:

1. The Newhaven Fire Station scheme is the gross cost of the scheme (£3,560,000) and attracts other funding sources. There is partner funding of £860,000 reducing the net cost to the Authority to £2,700,000.

Appendix 5

Reserves Projections March 2014 to April 2015

Description	Opening Balance 01/04/14 £'000	2014/15	2014/15	2014/15	2014/15	Projected Closing Balance 31/03/15 £'000
		Original Transfers In £'000	Original Transfers Out £'000	Projected Transfers In £'000	Projected Transfers Out £'000	
Earmarked Reserves						
Improvement and Efficiency	1,757	519	(100)	519	(258)*	2,018
Budget Carry Forward	275		(275)		(275)*	0
Maritime Incident and Response Group	123		(50)		(28)*	950
Sprinklers	0			112		112
Community Safety Smoke Detectors	50		(50)			50
Insurance	249					249
Community Fire Safety	150		(65)		(65)	85
Breathing Apparatus	750					750
SCC Desktop Provision	85		(85)		(85)*	0
SCC Connectivity	106		(106)		(106)*	0
Mapping Solution	120		(120)		(51)	69
Relocation Expenses for Staff Vacating Houses	170		(70)		(55)	115
Volunteers Scheme	163		(79)		(79)	84
Total Earmarked Reserves	3,998	519	(1,000)	631	(1,002)	3,627
Capital Programme Reserve	3,443	1,000	(187)	1,000		4,443
General Fund	3,752					3,752
Total Revenue Reserves	11,193	1,519	(1,187)	1,631	(1,002)	11,822
Capital Receipts Reserve	2,639	444	(2,374)	1,934	(112)	4,461
Total Usable Reserves	13,832	1,963	(3,561)	3,565	(1,114)	16,283

**indicates where amount has been drawn down from the reserve into the revenue budget.*

**East Sussex Fire Authority
2014/15 Savings Monitoring**

	Savings agreed and taken	Savings achieved
	£'000	£'000
Facing the Challenge savings	(419)	(402)
Non Operational savings	(729)	(729)
Phase 1 Savings	(219)	(57)
Control Room Savings	(317)	(82)
Other Savings	(339)	(349)
Total Savings	(2,023)	(1,619)

**East Sussex Fire Authority
Investments as at 30 November 2014**

Counterparty	Type	Amount £'000	Term	Rate %
Lloyds/HBOS	Fixed Term	3,000	6 months	0.70
Santander	Notice	3,000	95 days	0.60
Barclays	Notice	3,000	100 days	0.65
Ignis	MMF	3,000	Overnight	Variable
JPM	MMF	1,215	Overnight	Variable
Black Rock	MMF	-	Overnight	Variable
Insight	MMF	3,000	Overnight	Variable
Deutsche Bank	MMF	3,000	Overnight	Variable
Goldman	MMF	-	Overnight	Variable
Total Current Investments		19,215		

EAST SUSSEX FIRE AUTHORITY

Panel: **Policy and Resources**

Date: **15 January 2015**

Title: **Fire Authority Service Planning processes for 2015/16 and beyond – draft Revenue Budget 2015/16 and Capital Programme 2015/16 to 2019/20**

By: **Chief Fire Officer & Chief Executive and Treasurer**

Purpose of Report: **To present the draft 2015/16 Fire Authority Revenue Budget and Capital Programme for initial consideration prior to formal consideration by the Fire Authority at its meeting on 12 February 2015.**

-
- RECOMMENDATION:** The Panel is asked to:
1. note that final information regarding the Local Government Finance Settlement, Council Tax and Business Rates bases and Collection Fund positions is still awaited and that final budget proposals may change once this is received;
 2. recommend that the Fire Authority, subject to any changes as a result of recommendation 1, either;
 - a. approve an increase in Council Tax of 1.94% (Option A) and as a result approves;
 - i. the budget proposals set out in this Report and the net budget requirement of £38.471m for 2015/16;
 - ii. the Council Tax requirement of £23.161m; and
 - iii. the Council Tax and precepts as set out in Appendix H, part 1.
 - or:
 - b. approve the acceptance of the Council Tax Freeze Grant for 2015/16 (Option B) and as a result approves;
 - i. the budget proposals set out in this Report and the net budget requirement of £38.289m for 2015/16;
 - ii. the Council Tax requirement of £22.720m; and
 - iii. the Council Tax and precepts as set out in Appendix H, part 2.
- recommend:
3.
 - a. the capital programme for the next five years and the capital budget of £5.855m for 2015/16 and the plans to use capital grant, capital receipts and revenue contributions to finance that expenditure;
 - b. the maintenance of the General Reserve at a minimum of 8% of the net revenue budget over the medium term;

- c. the transfer £95,000 from Earmarked Reserves no longer required into the Improvement & Efficiency Reserve;
 - d. the transfer of the projected revenue underspend of £0.132m for 2014/15 to the Capital Programme Reserve;
 - e. the fees and charges set out in Appendix D; and
 - f. the prudential indicators set out in Appendix F.
4. authorise the CFO & CE in consultation with the Chairman and Treasurer to make adjustments to the presentation of the budget to reflect the final Local Government Finance Settlement.

MAIN ISSUES

1. The Panel is asked to consider the draft revenue budget and capital programme. Further updates on the council tax base, business rates and surpluses and deficits on the Collection Funds will be provided, if received.
2. The final Revenue Budget and Capital Programme will be incorporated into final versions of the 2015/16 Strategic Plan and the 2015/16 Annual Plan, once the Fire Authority has approved them in February 2015, for subsequent publication.
3. The Authority has made good progress in identifying and agreeing savings proposals over the last 12 months, through its Changing the Service, Shaping our Future programme. When pre-existing programmes and other non-operational savings are taken into account the Authority has already identified £5.8m of savings for delivery by 2019/20, but will still need to find up to another £1.6m of savings over that period (depending on decisions on Council Tax). Further options for changes to operational and non-operational services (phase 3) that are expected to deliver additional savings will be developed by officers for the Authority to consider over the next 12-18 months.
4. Whilst the Medium Term Financial Plan is indicative at this stage, especially for the latter 4 years of the planning period, and will be subject to revision as better information becomes available, especially after the national election and the subsequent comprehensive spending review, the scale of the savings required must continue to be a key driver for our future financial and service planning through the Changing the Service, Shaping our Future programme.
5. The Fire Authority is statutorily required to set its precept for 2015/16 before 1 March 2015. In practice, the precept should be set at its meeting on 12 February 2015.

Des Prichard
CHIEF FIRE OFFICER & CHIEF EXECUTIVE
6 January 2015

Duncan Savage
TREASURER

1. **INTRODUCTION**

- 1.1 The report sets out the proposed Revenue Budget for 2015/16, a medium term view of service planning and resourcing as well as the proposed Capital Programme for the Fire Authority for 2015/16 to 2019/20.
- 1.2 This report sets out two scenarios for Members to consider:
- (i) Option A, increasing Council Tax by 1.94% – this would involve setting a net budget requirement of up to £38.471m, a Council Tax Requirement of £23.161m and increasing Band D Council Tax to £85.07; or
 - (ii) Option B, accepting the Council Tax Freeze Grant in 2015/16 – this would involve setting a net budget requirement of £38.289m, a Council Tax requirement of £22.720m and freezing Band D Council Tax at £83.45 i.e. 0% increase on 2014/15.
- 1.3 The proposed Revenue Budget and MTFP reflect the continuing and sustained reductions in funding for public services as the current Government seeks to reduce the national deficit and the expectation that these reductions will continue at the same level, whatever the outcome of the national elections in May 2015, until at least 2020.
- 1.4 The Authority has made good progress in identifying and agreeing savings proposals over the last 12 months, through its Changing the Service, Shaping our Future programme. The latest version of the MTFP takes into account the rolling forward of the Plan to include 2019/20, Phase 2 savings proposals approved in June 2014, pressures and other changes to spending plans and the provisional Local Government Finance Settlement (LGFS). Taken together these show that the Authority has already identified £5.8m of savings for delivery by 2019/20, but will still need to find up to another £1.6m of savings over that period depending on decisions on Council Tax. Whilst these figures are indicative at this stage, especially for the latter 4 years of the period, and will be subject to revision as better information becomes available, especially after the national election and the subsequent comprehensive spending review, they must continue to drive our future financial and service planning through the Changing the Service, Shaping our Future programme.
- 1.5 There remain a number of uncertainties for funding in 2015/16 and beyond and the Fire Authority will need to remain flexible in its planning approach especially in advance of the next Spending Review which is expected to follow the national elections in May 2015. Our current assumptions are based on the most up to date information we have available. Given that the LGFS will not be finalised until after 15 January 2015 and that final Council Tax and Business Rates information will not be confirmed until the end of January 2015, it is likely that further changes to the MTFP will need to be made before the Fire Authority makes its final decisions in February 2015.

2. **ECONOMIC OUTLOOK**

- 2.1 The general state of the economy is an important factor in setting the Fire Authority's revenue budget and MTFP over the next 5 years. The UK economy has continued to show positive growth during 2014 with economic output reaching its pre-crisis peak in July and the Office for Budget Responsibility (OBR) revising its forecast for Gross Domestic Product (GDP) growth upwards from 2.7% to 3.0% and up from 2.3% to 2.4% in 2015/16. In the medium term, GDP forecasts are down slightly at between 2.2 and 2.4% through to 2019/20. The OBR also predicts that unemployment will continue to fall to 5.3% over the same period. Meaningful real wage growth is expected to resume in 2015, although it will not reach its pre-crisis level within the next five years. The timing and strength of the return to sustained productivity growth remains uncertain. Commentators remain divided over the underlying sustainability of the recovery over the medium term. Equally the strength of the recovery remains dependent on US and EU GDP growth which remains weak.
- 2.2 Despite the policy of austerity from the Coalition Government designed to address the deficit position, public sector debt continues to grow to record levels. The Autumn Statement forecast the need for additional borrowing in 2014/15 and 2015/16 and the OBR expects Public Sector Net Debt to peak at £1.65tn in 2018/19.
- 2.3 Despite the generally more positive news for the UK economy there is unlikely to be any respite for the public sector whatever the outcome of the national elections in May 2015 with all the main political parties acknowledging that funding reductions will need to continue over the life of the next Parliament.
- 2.4 The official bank interest rate remains low at 0.5% and most commentators expect to see small but sustained increases from mid-2015.
- 2.5 Consumer Price Inflation (CPI) fell to 1.0% in October 2014 and the OBR expects it to remain below the 2% target through to 2017 and remain on target to 2019. The Retail Price Index (RPI) for the same period stood at 2.3% and is expected to drop slightly in 2015/16 and then rise to 3.6% by 2019/20. This is consistent with the Bank of England's own forecasts.

3. **NATIONAL FUNDING**

- 3.1 The Authority's net budget requirement, which represents gross expenditure less income from fees and charges, is funded from three main sources: Council Tax; Government grants (both revenue support grant and top up grant); and a share of locally retained Business Rates. As a result of the Local Government Resource Review and subsequent legislation there were significant changes to these sources of funding for 2013/14 which aimed to provide more flexibility at a local level in the way money was spent and more control over how it was collected and grown. No major changes to this system are proposed by Government for 2015/16.
- 3.2 Nationally the trend for later announcements of key finance information for local government has continued. The Chancellor's Autumn Statement was announced on 3 December and the LGFS was announced on a provisional basis on 18 December 2014 and will not be formally confirmed until after the consultation period closes on 15 January 2015.

- 3.3 Our budget modelling and the medium term financial plan have been updated to reflect the provisional LGFS as currently understood for 2015/16. For 2016/17 and beyond, we have based our assumptions on various models and announcements from Department of Communities and Local Government (DCLG) and information other bodies such as the Local Government Association, and Local Government Futures along with other professional and sector groups. This allows us to take an initial view of the funding position, but it should be noted that the funding position for these latter 4 years of the MTFP will be affected by the national elections in May 2015, the subsequent Spending Review and the extent to which the current economic recovery continues.
- 3.4 The Chancellor's Autumn Statement confirmed that local services would not face additional cuts in 2015/16. However there was a clear commitment to seek further reductions in public spending in the next parliament and the Office for Budget Responsibility's view is that based on the Treasury's figures roughly 40% of the total implied cut in day-to-day public services spending between 2009/10 and 2019/20 will have taken place in this Parliament, with roughly 60% to come in the next. The planned increase in business rates for 2014/15 which had been expected to be based on the September Retail Price Index (RPI) inflation figure of 2.3% was capped at 2.0% and a series of other measures aimed at reducing the cost of Business Rates to small businesses was announced. Government subsequently committed to compensate local authorities for any reduction in Business Rates income they experienced as a result.
- 3.5 The LGFS gave provisional funding figures for 2015/16. It confirmed that Council Tax Freeze Grant of 1% per annum would be offered for 2015/16 and would be built into the spending review baseline thereby avoiding a funding cliff edge in 2016/17 for those authorities that accept the freeze grants. The LGFS also confirmed that compensation in relation to the capping of the small business rates multiplier would be paid via a Section 31 grant and set out the indicative amount that each authority would receive.
- 3.6 There is a cost to the Authority in accepting the Council Tax Freeze Grant at 1% as opposed to adopting an increase in Council Tax at 1.94%, as previously factored into the MTFP model.
- 3.7 As part of the 2011 Localism Act, Council Tax capping in England has been abolished and has been replaced by new powers for residents to approve or veto excessive Council Tax increases through a local referendum. If the residents vote against the increase, the local authority will have to revert to a Council Tax level that is compliant with the Government's threshold.
- 3.8 The provisional LGFS confirmed that any council proposing an increase of 2% or more will need to allow local people the opportunity to approve or veto the increase in a referendum.
- 3.9 Any decision to trigger a referendum would incur a significant cost in actually carrying out the vote, and thereby acts as a disincentive to break the referendum ceiling.

4. MEDIUM TERM FINANCIAL STRATEGY

- 4.1 The Medium Term Financial Plan (Appendix A) reflects the impact of the provisional LGFS for 2015/16 and the latest information on business rates and council tax. For the period from 2016/17 there is less certainty on funding with a national election in May 2015 and uncertainty about economic performance in the medium term. However, it seems likely that the continued downward pressure on funding for public services will continue at least until 2020.
- 4.2 The MTFP reflects our initial modelling of these factors, including an assumption of a 10% reduction in Government funding each year from 2016/17, but will need to be revisited as further information becomes available. The MTFP now forecasts a net expenditure reduction of 0.8% to 2015/16, 3.1% to 2016/17, 1.3% to 2017/18 and subsequent increases of 0.1% to 2018/19 and 1.9% to 2019/20. This takes account of future provisions for increases in pay and prices, agreed savings, the factors described in paragraph 6.4 and it indicates the shortfall that will be required to be met from further savings to ensure that expenditure matches available grant, business rates income and council tax income. This future savings target will also be dependent on decisions that the Authority takes with regard to council tax increases, but in summary, it indicates a requirement to make further savings of up to £1.323m by 2019/20 with Option A, rejecting the freeze grant (£1.637m with Option B).

5. PROJECTED REVENUE POSITION 2014/15

- 5.1 The Authority has a revenue budget of £38.775m for the financial year 2014/15. Based on figures to the end of November 2014 the revenue budget is forecast to underspend by £132,000.
- 5.2 It is recommended that any forecast revenue underspend that is not required to be carried forward for specific purposes is transferred to the Capital Programme Reserve to support the funding of the Authority's Capital Programme in the light of the cessation of directly allocated capital grant after 2014/15.

6. REVENUE BUDGET 2015/16

6.1 Impact of national funding changes on local position

- 6.1.1 The Revenue Budget Summary for 2015/16 and the MTFP have been updated to reflect the provisional funding announced in the LGFS and the latest position advised by the billing authorities on Council Tax base, Business Rates base and Collection Fund surpluses and deficits (all of which may be subject to further change during January 2015). The impact of the LGFS for 2015/16 and a comparison with figures previously modelled and reported to the Fire Authority is set out below in Table 1.
- 6.1.2 In summary, the impact of the provisional LGFS is a reduction in resources in 2015/16 of £0.064m against that previously modelled. In the main, this is due to lower than expected grant support (£0.040m) of which £0.032m relates to a reduction in funding to reflect a reduction in DCLG's assessment of employer's pension contributions in 2015/16. The balance is the net impact of changes to the Top Up grant and Locally Retained Business Rates which reflect the lower level of RPI than that modelled (2.3% vs. 2.9%) and the impact of the capping of the Small Business Rates RPI multiplier at 2%. Compensation for the latter is set at £0.030m (taking the total including the 2014/15 cap to £0.103m).

6.1.3 Under the business rates retention scheme local authorities are able to come together on a voluntary basis to pool their business rates, giving them scope to generate additional growth through collaborative effort and to smooth the impact of volatility in rates income across a wider economic area. The Authority agreed to participate in the East Sussex Business Rate Pool and the submission has been approved by DCLG. There is the opportunity to withdraw from the Pool until 15 January but this would cause the whole Pool to fail. Following the analysis of the LGFS it is our intention to confirm our participation in the Pool. Based on current estimates the Authority expects to receive additional funding of £0.176m from its participation in the Pool but the position will need to be monitored during the year and is dependent on the actual level of business rate income. This additional funding is being treated as a one off in 2015/16 and has been added to the revenue budget. Under the terms of the Pooling agreement this funding must be used to support the economic regeneration of East Sussex. Officers are currently developing proposals for this.

Table 1 - Summary of Impact of Local Government Finance Settlement

	2015/16 £'000
Locally Retained Business Rates	2,660
Top Up Grant	4,729
Business Rates Baseline	7,389
Revenue Support Grant	7,514
Settlement Funding Assessment	14,903
Estimated value of Business Rates Pool included above Settlement Funding Assessment Adjustment	(176) 103
Total for comparative purposes	14,830
As reported to Policy & Resources September 2014	14,894
Increase/(decrease) in funding	(64)

Assumes rejection of CT Freeze Grant for comparative purposes.

Locally retained Business Rates is a local estimate and includes the impact of the Business Rates Pool.

6.1.4 Since the localisation of Council Tax Support Grant in 2013/14, billing authorities have been required to approve their own local Council Tax Reduction Schemes (LCTRS). Initially these schemes set out to recover the 10% reduction in national funding by reducing support for certain council taxpayers, alongside changes to existing discounts and exemptions. Brighton and Hove City Council has approved changes to its LCTRS for 2015/16 which contributes to a forecast increase in its Council Tax base of 2.8%. The East Sussex boroughs and districts are reviewing their scheme for 2016/17. Final confirmation of Council Tax bases is expected during January.

- 6.1.5 Based on the latest information provided, the Authority's Council Tax Base is calculated as £272,256.21, an increase of 1.85% on 2014/15 (£267,300.78). If the Authority were to increase its Council Tax as currently modelled by 1.94% this would provide income of £23.161m compared to £22.807m previously modelled. If the Authority were to accept the 1% Council Tax Freeze Grant then based on the indicative figure of £259,000 set out in the LGFS the total income from Council Tax (including freeze grant) would be £22.979m (£0.182m lower than the 1.94% increase).
- 6.1.6 Latest information from the billing authorities indicates that there will be a surplus of £0.269m on the Council Tax Collection Fund for distribution in 2015/16. Information on the Business Rates Collection fund indicates a surplus of £0.035m. Members should note that any Collection Fund surplus is a one off benefit only.
- 6.1.7 The latest resource position is reflected in the Revenue Budget Summary and the MTFP, however, the net movement in resources since the last report to Members is summarised below in Table 2.

Table 2 - Movement in Resources

	2015/16 Latest position	2015/16 Policy & Resources September 2014	Increase / (Decrease)
	£'000	£'000	£'000
Locally Retained Business Rates	2,660	2,499	161
Business Rates Top up	4,729	4,768	(39)
Business Rates Baseline	7,389	7,267	122
Revenue Support Grant	7,514	7,554	(40)
Settlement funding assessment	14,903	14,821	82
Council Tax Collection Fund Surplus / (Deficit)	269	0	269
Business Rates Collection Fund Surplus / (Deficit)	35	0	35
Section 31 grant Business Rates adjustment	103	73	30
Total Funding	15,310	14,894	416
Council Tax Options			
Option A – 1.94% increase			
Council Tax Requirement	23,161	22,807	354
Total Resources – Option A	38,471	37,701	770
Option B – Accept Freeze Grant			
Council Tax Requirement	22,720	22,373	347
Council Tax Freeze Grant	259	253	6
Sub total	22,979	22,626	353
Total Resources – Option B	38,289	37,520	769

6.2 Overview of current budget proposals

6.2.1 The Budget Strategy of the Fire Authority is to support the following policy priorities:

- (i) to fulfil the Fire Authority's statutory duties as a legally separate authority;
- (ii) to ensure the Fire Authority has sufficient resources to meet its statutory responsibilities, not only for the current year, but also for the investment required primarily for the replacement of assets to ensure long-term service sustainability;
- (iii) to discharge its duties, as established under the Combination Order, with regard to determining an annual budget and consulting with stakeholders of its budget proposals, as appropriate;
- (iv) to further develop and implement an Integrated Risk Management approach to our Strategic Plans and services to local communities; and
- (v) to identify sufficient savings over the medium term to ensure it has a balanced budget and sustainable medium term finance plan in the light of expected reductions in public sector funding.

6.2.2 The Authority identified a funding gap of £7.1m in July 2013 and subsequently embarked on a phased programme called 'Changing the Service, Shaping our Future' to identify and evaluate savings proposals. The Authority has since approved the programme's phase 1 and phase 2 proposals along with a range of non-operational savings and together with changes in funding these reduced the funding gap to £0.8m. Following the latest update of the MTFP to 2019/20 the funding gap stands at up to £1.6m depending on decisions on Council Tax.

6.2.3 Given the scale of the changes required to deliver the Changing the Service, Shaping our Future programme and importance of delivering the resulting savings proposals the Authority has approved the establishment of a Service Transformation Team. This team will be responsible for leading the delivery of the programme; developing detailed implementation plans for phase 1 and 2 proposals already agreed and taking forward the reviews in phase 3.

6.2.4 Precepting status means that the Revenue Budget has to be balanced within the context of the impact upon council taxpayers and demands and pressures faced by the Fire Authority in meeting its statutory obligations, commitments and requirement to maintain an effective level of Reserves & Balances. For 2015/16, the Government is once again offering a Council Tax Freeze Grant to compensate for a loss of council tax income, equivalent to an increase of 1% (using the Council Tax Base unadjusted for the LCTS grant scheme) if accepted by local authorities. Should any local authorities decide to increase council tax and reject the offer of freeze grant, they will only be able to increase council tax by certain percentage before triggering a referendum. The LGFS confirmed the 2015/16 Referendum threshold as 2%.

6.2.5 The most recent public consultation carried out in 2012/13 concluded that there was a clear indication that consultees understood the medium term benefit of rejecting the Council Tax Freeze Grant and supported the option of an increase in Council Tax below 2%. However, if the Fire Authority still considers it appropriate to accept the Council Tax Freeze Grant (to peg council tax at £83.45 rather than increase it by up to £1.62 per year for a Band D council taxpayer), then additional savings would need to be made over the period of the MTFP.

6.2.6 The 2015/16 Revenue Budget has been prepared against a background of continued reductions in funding for public services as part of the Government's continuing deficit reduction strategy. The provisional settlement for 2015/16 is marginally lower than anticipated but resources from Council Tax and Business Rates are greater than originally modelled. The Authority has also identified and approved savings of £2.991m in 2015/16 (which will grow to £5.780m by 2019/20).

6.2.7 Taken together, this means that in the short term there is some additional flexibility which allows the Authority to address the impact of the change in capital grant funding and the capital impact of phase 2 savings proposals (primarily the projected £1.855m capital cost of providing Day Crewed Plus accommodation at the Ridge and Roedean) by providing additional revenue funding for capital of £1.034m in 2015/16 and a further £1.356m in the following two years. However, the Authority must take decisions on the 2015/16 budget in the knowledge that significant further savings of up to £1.637m will need to be found in future years. Further details of the proposed draft revenue budget and capital programme are set out from paragraph 6.4 onwards.

6.3 **Consultation**

6.3.1 Extensive public consultation was carried out in 2012/13 as part of the review of the Medium Term Plan and Integrated Risk Management Plan 2013/14 – 2017/18 which included coverage of Council Tax and value for money. Summary outcomes from the independently managed 2012/13 consultation in relation to finance are set out below:

- More than four fifths (83%) of residents agreed that the current council tax charge (£81.86 per year for a Band D property) for the Fire and Rescue Service provides good value for money; 3% disagreed.
- Two fifths (40%) of residents thought that the Service should accept the Government's freeze grant offer and not increase its Council Tax in 2013/14, knowing that cuts would have to be made in 2015/16 and beyond to compensate for the loss of grant; 60% thought that the Service should not accept the Government's freeze grant offer.
- But, when asked to consider the longer term impacts on budgets, more than 9 in 10 (92%) residents thought that the Service should reject the Government's offer, and still increase Council Tax so that it helps to fund fire and services in future years when the grant ceases; 8% thought that the Service should not reject the offer.
- Just over two fifths (42%) of residents who are council tax bill payers said that they would support an increase of approximately 81p or less per year per household.
- However, when asked if they would still support a higher increase, almost three fifths (58%) of residents who are council tax bill payers said that they would support an increase of approximately £1.60 or less per year per household.

6.3.2 The Authority's savings proposals have been developed in line with the above outcomes of the 2012/13 public consultation which expressed a preference for savings to be found through changes to crewing arrangements rather than reductions in appliances or fire stations. Full public consultation was carried out prior to the consideration and approval of Phase 2 proposals in June 2014 and further consultation will be carried out as necessary for Phase 3.

6.3.3 The representative bodies including the Fire Brigades' Union, the Fire Officers' Association, the Retained Firefighters' Union and UNISON will be briefed on the 2015/16 Revenue Budget proposals. Additionally, consultation on the budget will be carried out with staff and business representative bodies and local authorities and any comments will be included in the final budget report to the Authority in February.

6.4 **Basis of Estimates**

6.4.1 2015/16 estimates have been prepared on the following basis:

- provision for pay inflation has been restricted to 1% in 2015/16 in line with the Government's intention to restrict public sector pay set out in the Autumn Statement.
- To update other costs to take account of inflation to estimated 2014/15 outturn prices at 2.5%.
- To include both increases and decreases resulting from the introduction of or removal of commitments flowing from strategic decision making, for example the Information Management Department Strategy, the expected impact of the introduction of the Modified Pension Scheme for RDS employees, expenditure on projects funded by the additional income from Business Rate Pooling and additional revenue funding to support the Capital programme in the light of the change in capital grant funding.
- The baselining of the Maritime budget, subject to the approval elsewhere on this agenda of officer's recommendations to continue provision at a reduced level.
- The inclusion of Phase 2 savings proposals for 2015/16 previously approved by the Authority in June 2014

6.4.2 The impact of these assumptions on the 2015/16 Revenue Budget is shown below in Table 3. Further detail of savings is shown in table 5 (below) and Appendix C.

Table 3 - Summary of Net Budget Requirement (Option A)

	£'000	Change %
Net Budget Requirement 2014/15	38,775	
Pay inflation	192	0.50%
Non pay inflation	210	0.54%
Changes in capital financing	(4)	(0.01%)
Commitments: see Table 4	266	0.69%
Savings: see Table 5	(968)	(2.50%)
Net Budget Requirement 2015/16	38,471	(0.78%)

Should the Authority accept the Council Tax freeze grant for 2015/16 (Option B) the budget commitments will change to £84,000 and the NBR to £38.289m. See Table 4 for more detail.

6.5 Fees and Charges

- 6.5.1 The existing policy is for fees and charges to be reviewed not less than once a year and that increases should take into account the cost of providing the service, including the effects of inflation.
- 6.5.2 Appendix D gives details of increases in fees and charges for Fire & Rescue Service activities, which are proposed for consideration by the Fire Authority at its meeting on 12 February 2015. The draft estimates assume that the current policy will be followed, i.e. that income will rise to ensure that net expenditure will increase by no more than the rate of inflation. To reflect nationally agreed increases in pay and the overall level of provision for inflation generally, it is proposed to increase fees and charges by 2.5% in 2015/16.
- 6.5.3 The Localism Act introduced by the Government allows FRAs to introduce other fees and charges subject to local consultation and this includes being able to charge for false alarm calls from persistent offenders.
- 6.5.4 Officers have investigated the opportunities to make charges and have reviewed false alarms policy and activity as well as quantifying potential income that might be derived from a change in policy for the charging for special services incidents that have hitherto not been charged. Of these, animal rescue and lift rescue are being considered as part of the savings proposals.
- 6.5.5 In the 2015/16 budget the fees and charges listed in Appendix D amount to £130,000, the remainder of the income budget is mainly income from West Sussex County Council for the Sussex Control Centre.
- 6.5.6 The Fire Authority will be kept informed of progress as part of the savings proposals and Service Transformation Team reviews.

6.6 Main Variations

- 6.6.1 The changes in commitments leading to increased or decreased provision are shown in Table 4 below:

Table 4 - Budget Commitments

Commitments	£'000
Reduction in Firefighter Pension costs based on Pension account return	(27)
Reduction in Ill Health Retirement Budget	(18)
Fleet Asset Strategy net change	(29)
Existing IMD strategy net change	(182)
IMD Transformation projects	200
Reduction in contribution to Improvement and Efficiency Reserve	(519)
Increase in Local Government Pension contribution to reflect triennial valuation	22
Reduction of one off Norman vs. Cheshire contributions	(540)
Increase in pension contribution for the Firefighter Modified Pension Scheme	233
Adjust specific grants in line with 2013 Provisional settlement	(1)
Increase in Bank interest received	(23)
One off projects funded by BR Pool income (one year only)	176
Loss of CFOA income	38
Rebasing of Maritime budget	16
Pension advice contract	19
Procurement Resource (one year only)	37
Emergency Services Mobile Communication Project Resource	30
Capital Expenditure from Revenue account	1,034
Sprinklers - one off funding removed from the base	(200)
	266

Should the Authority accept the Council Tax freeze grant for 2015/16 (Option B) the budget commitments will change to £84,000 and the NBR to £38.289m.

6.7 Savings Plan

- 6.7.1 Given the scale of the funding gap that the Authority faced from 2014/15 it agreed to fundamentally review all of its services, including Prevention, Protection and Response. This programme which we have called 'Changing the Service, Shaping our Future' is set out over three phases, and the Authority has already approved a range of proposals as part of Phases 1 and 2 which we anticipate will deliver savings of £2.495m by 2019/20 (this is £0.297m less than originally estimated due to changes in the way in which the proposals are planned to be implemented). When taken together with savings identified from non-operational services of £1.831m, the existing Facing the Challenge process and Sussex Control Centre these initiatives are expected to deliver £2.991m in 2015/16 and £5.780m by 2019/20.
- 6.7.2 Depending on the decisions that the Authority takes on Council Tax we expect that further savings of up to £1.6m will need to be identified through our Phase 3 reviews and proposals will be reported to the Authority during 2015/16. The financial situation means that difficult decisions will need to continue to be made – there is no choice but to change the way in which the Authority delivers its services

6.7.3 The Authority has previously agreed to the savings from the establishment of the Sussex Control Centre, a single mobilising and control centre for fire & rescue in Sussex in collaboration with West Sussex Fire & Rescue. The annual savings from the Project remain at £0.475m and these are expected to be delivered in full in 2015/16 following a delay in implementation during 2014/15.

6.7.4 All these savings are summarised in the Table 5 below and have now been included in the Revenue Budget. A full listing is included in Appendix C.

Table 5 - Savings

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
	£'000	£'000	£'000	£'000	£'000	£'000
Total Facing the Challenge Savings	(419)	(419)	(494)	(567)	(567)	(567)
Sussex Control Centre Savings	(316)	(474)	(474)	(474)	(474)	(474)
Total Deferred Savings	(339)	(339)	(339)	(339)	(339)	(339)
Total approved for 2015/16 budget	(1,074)	(1,232)	(1,307)	(1,380)	(1,380)	(1,380)
Total Phase 1 Savings	(219)	(893)	(1,065)	(1,065)	(1,065)	(1,065)
Total Phase 2 Savings	0	0	(1,430)	(1,430)	(1,430)	(1,430)
Total Additional non-Operational Savings	0	(74)	(74)	(74)	(74)	(74)
Total non-Operational Savings	(730)	(792)	(1,282)	(1,658)	(1,831)	(1,831)
Total savings	(2,023)	(2,991)	(5,158)	(5,607)	(5,780)	(5,780)

6.8 Revenue Budget Summary

6.8.1 Table 6 below summarises the two Options presented for the 2015/16 Original Estimate compared with that for 2014/15.

Table 6 - Revenue Budget

	2014/15	2015/16	2015/16
	Original Estimate	Option A Estimate	Option B Estimate
	£'000	£'000	£'000
Net budget requirement	38,775	38,471	38,289
Sources of funding	38,775	38,471	38,289
Surplus	0	0	0

6.8.2 Table 6 above presents the Revenue Budget decreasing by 1.3% should Members choose to accept the Council Tax Freeze Grant of 1% for 2015/16 (option B). Option A shows the position should Members choose to set a Council Tax increase of 1.94% as previously modelled. Under Option A this would provide up to an additional £0.182m of revenue funding to support the capital programme.

7. **CAPITAL PROGRAMME**

7.1 **Capital Programme 2015/16 to 2019/20 (base year 2014/15)**

- 7.1.1 The Medium Term Capital Strategy has been developed in line with the Authority's vision and aims and Integrated Risk Management Plan. It aims to provide a sustainable and affordable level of investment to support our service provision to the communities of East Sussex and the City of Brighton and Hove. In the light of the need to deliver substantial revenue savings over the next five years, the Authority is reviewing all of its operational and support services through the Changing the Service, Shaping our Future programme. Where decisions have already been taken to change the service, which have capital investment implications these are reflected in this Strategy. It is likely that further changes to this Strategy will be needed as further service reviews are carried out.
- 7.1.2 Should the Authority approve Option B and accept the Council Tax Freeze Grant then the revenue contribution to the Capital Programme will be reduced by £0.182m in 2015/16 and £0.651m in total. In this event the same amounts will be drawn down from the Capital Programme Reserve to fund the Capital Asset Strategy.
- 7.1.3 Details of the Medium Term Capital Asset Strategy and its funding over the 5 year period are shown in Appendix E and summarised in the following Table:

Table 7 - Revenue Impact of Capital Programme 2015/16 to 2019/20

	Total resource	2015/16	2016/17	2017/18	2018/19	2019/20
	£'000	£'000	£'000	£'000	£'000	£'000
Fleet	7,130	690	2,140	1,070	1,290	1,940
Property	7,614	5,165	644	575	780	450
IMD	0	0	0	0	0	0
Total Gross Cost	14,744	5,855	2,784	1,645	2,070	2,390
Revenue implication	4,697	955	945	943	927	927
Previously forecast revenue implication	4,697	955	945	943	927	927
Total Revenue Cost (Saving)	0	0	0	0	0	0

8. **PRUDENTIAL INDICATORS**

- 8.1 This information is not yet available and will be added prior to the Authority meeting in February.

9. **RESERVES & BALANCES**

- 9.1 Reserves are an essential part of good financial management. They help authorities cope with unpredictable financial pressures and plan for their future spending commitments.

9.2 The Authority's Reserves Policy set out in Appendix G states that in considering the general level of reserves the Treasurer will have regard to:

- the strategic legislative, operational and financial risk contexts within which the Authority will be operating through the medium-term;
- the overall effectiveness of governance arrangements and the system of internal control;
- the robustness of the financial planning and budget-setting process; and
- the effectiveness of the budget monitoring and management process.

9.3 Specifically, the Authority is required to maintain general reserves sufficient to cover the key financial risks that it faces. The annual review of the robustness of reserves and balances is set out in Appendix G and summarised in Table 9 below.

TABLE 8 – Summary of Reserves and Balances

	31/03/2014 Balance £'000	2014/15 Projected Movements £'000	31/03/2015 Projected Balance £'000	2015/16 Projected Movements £'000	31/03/2016 Projected Balance £'000
Capital Programme Reserve	3,443	1,000	4,443	1,000	5,443
Other Earmarked Reserves	3,998	(386)	3,612	(1,175)	2,437
Total Earmarked Reserves	7,441	614	8,055	(175)	7,880
General Fund	3,752	0	3,752	0	3,752
Capital Receipts Reserve	2,639	1,820	4,459	(1,432)	3,027
Total Useable Reserves	13,832	2,434	16,266	(1,607)	14,659

10. CHIEF FINANCE OFFICER STATEMENT

10.1 In the view of the Treasurer in line with the requirements set out in Section 25 of the Local Government Act 2003, the estimates used for the purposes of calculating the budget, revenue and capital, have been produced in a robust and transparent way and the proposed financial reserves are consistent with Fire Authority policy and are prudent and necessary. Given the continuing reductions in funding for public services, which are likely to continue until 2020, the significant scale of savings required as a result and the nature of its business as an emergency service, the Authority needs to recognise that risks, financial and otherwise, and their consequent impact on the budget and reserves, may change during the year and will need to be continually monitored and reviewed in line with the Authority's policies.

Des Prichard
CHIEF FIRE OFFICER AND CHIEF EXECUTIVE

6 January 2015

Duncan Savage
TREASURER

MEDIUM TERM FINANCIAL PLAN 2015/16 - 2019/20

**OPTION A - REJECT FREEZE GRANT AND INCREASE COUNCIL TAX BY 1.94%
EACH YEAR**

	2015/16	2016/17	2017/18	2018/19	2019/20
	£'000	£'000	£'000	£'000	£'000
Gross Revenue Service Budget	37,552	36,767	37,005	37,538	38,266
Less					
Specific grants	(211)	(190)	(171)	(154)	(138)
Other income	(1,784)	(1,827)	(1,873)	(1,922)	(1,970)
Total income	(1,995)	(2,017)	(2,044)	(2,076)	(2,108)
Net Service Budget	35,557	34,750	34,961	35,462	36,158
Capital financing costs less interest receivable	880	870	868	852	852
Capital expenditure from the Revenue Account	1,034	899	457	0	0
Transferred to Balances	1,000	750	500	500	500
Total Net Expenditure	38,471	37,269	36,786	36,814	37,510

Net Budget brought forward	38,775	38,471	37,269	36,786	36,814
Unavoidable cost pressures					
Pay inflation	192	480	472	478	484
Price inflation	210	206	201	201	204
Total inflation	402	686	673	679	688
Changes in Capital Financing	(4)	(10)	(2)	(16)	0
Budget commitments	266	289	(705)	(462)	8
Savings approved	(968)	(2,167)	(449)	(173)	0
Total Net Expenditure	38,471	37,269	36,786	36,814	37,510

Appendix A (option A)

Sources of Funding	2015/16	2016/17	2017/18	2018/19	2019/20
	£'000	£'000	£'000	£'000	£'000
Locally Retained Business Rates	2,660	2,546	2,610	2,675	2,742
Business Rate Top Up	4,729	4,847	4,968	5,093	5,220
Business Rates Baseline	7,389	7,393	7,578	7,768	7,962
Revenue Support Grant	7,514	6,171	4,948	3,833	2,813
Start Up Funding Assessment	14,903	13,564	12,526	11,601	10,775
Section 31 Grant Business Rates adjustment	103	0	0	0	0
2015/16 Council Tax Freeze Grant	0				
Council Tax Collection Fund Surplus	269				
Business Rates Collection Fund Surplus	35				
Council Tax Requirement	23,161	23,705	24,260	24,829	25,412
Total Resources Available	38,471	37,269	36,786	36,430	36,187
Additional Savings Required	0	0	0	384	1,323

MEDIUM TERM FINANCIAL PLAN 2015/16 - 2019/20

OPTION B- ACCEPT COUNCIL TAX FREEZE GRANT IN 2014/15 AND INCREASE

COUNCIL TAX BY 1.94% pa

THEREAFTER

	2015/16	2016/17	2017/18	2018/19	2019/20
	£'000	£'000	£'000	£'000	£'000
Gross Revenue Service Budget	37,552	36,767	37,005	37,538	38,266
Less					
Specific grants	(211)	(190)	(171)	(154)	(138)
Other income	(1,784)	(1,827)	(1,873)	(1,922)	(1,970)
Total income	(1,995)	(2,017)	(2,044)	(2,076)	(2,108)
Net Service Budget	35,557	34,750	34,961	35,462	36,158
Capital financing costs less interest receivable	880	870	868	852	852
Capital expenditure from the Revenue Account	852	681	206		
Transferred to Balances	1,000	750	500	500	500
Total Net Expenditure	38,289	37,051	36,535	36,814	37,510

Net Budget brought forward	38,775	38,289	37,051	36,535	36,814
Unavoidable cost pressures					
Pay inflation	192	4806	472	478	484
Price inflation	210	206	201	201	204
Total inflation	402	686	673	679	688
Changes in Capital Financing	(4)	(10)	(2)	(16)	0
Budget commitments	84	253	(738)	(211)	8
Savings approved	(968)	(2,167)	(449)	(173)	0
Total Net Expenditure	38,289	37,051	36,535	36,814	37,510

Appendix A (option B)

Sources of Funding	2015/16	2016/17	2017/18	2018/19	2019/20
	£'000	£'000	£'000	£'000	£'000
Locally Retained Business Rates	2,660	2,546	2,610	2,675	2,742
Business Rate Top Up	4,729	4,847	4,968	5,093	5,220
Business Rates Baseline	7,389	7,393	7,578	7,768	7,962
Revenue Support Grant	7,514	6,405	5,158	4,021	2,983
Start Up Funding Assessment	14,903	13,798	12,736	11,789	10,945
Section 31 Grant Business Rates adjustment	103	0	0	0	0
2015/16 Council Tax Freeze Grant	259	0	0	0	0
Council Tax Collection Fund Surplus	269				
Business Rates Collection Fund Surplus	35				
Council Tax Requirement	22,720	23,253	23,799	24,357	24,928
Total Resources Available	38,289	37,051	36,535	36,146	35,873
Additional Savings Required	0	0	0	6689	1,637

Appendix B

Revenue Budget Subjective Summary

	2014/15 Original Estimate £'000	2015/16 Original Estimate Option A £'000	2015/16 Original Estimate Option B £'000
Salaries, Allowances and On-costs	28,246	27,606	27,606
Training Expenses	555	523	523
Other Employees Costs	209	84	84
Employee Costs	29,010	28,213	28,213
Repair, Maintenance and Other Costs	1,009	1,047	1,047
Utility Costs	1,135	1,161	1,161
Premises Costs	2,144	2,208	2,208
Vehicle Repairs and Running costs	930	956	956
Travel Allowances and Expenses	126	138	138
Transport Costs	1,056	1,094	1,094
Equipment and Supplies	1,111	1,243	1,243
Fees and Services	1,574	1,600	1,600
Communications and Computing	2,604	2,613	2,613
Other Supplies and Services	489	581	581
Supplies and Services	5,778	6,037	6,037
Sums set aside from revenue	445	1,479	1,297
Interest Payments	514	510	510
Capital Financing	959	1,989	1,807
Grants and Contributions	(433)	(440)	(440)
Interest Received	(52)	(75)	(75)
Other Income	(1,206)	(1,555)	(1,555)
Income	(1,691)	(2,070)	(2,070)
Transfers From reserves			
Transfers To reserves	1,519	1,000	1,000
Total Net Expenditure	38,775	38,471	38,289
Financed By:			
Council Tax	(22,306)	(23,161)	(22,720)
Business Rates	(6,912)	(7,389)	(7,389)
Revenue Support Grant	(9,051)	(7,514)	(7,514)
S31 Grants	(230)	(103)	(103)
Council Tax Freeze Grant			(259)
Collection Fund Surplus/Deficit Council Tax	(276)	(304)	(304)
Total Funding	(38,775)	(38,471)	(38,289)

**SAVINGS
(cumulative)**

APPENDIX C

Ref.	Service		2014/15 £,000	2015/16 £,000	2016/17 £,000	2017/18 £,000	2018/19 £,000	2019/20 £,000
		Facing the Challenge Savings						
		GIS Data Controller post	(36)	(36)	(36)	(36)	(36)	(36)
		Reduction L & D external training budget	(40)	(40)	(40)	(40)	(40)	(40)
		DFS post (net)	(50)	(50)	(50)	(50)	(50)	(50)
		Project Officer post following RCC cutover	(35)	(35)	(35)	(35)	(35)	(35)
		Visual Imaging Technician	(34)	(34)	(34)	(34)	(34)	(34)
		Graphics Designer	(36)	(36)	(36)	(36)	(36)	(36)
		Fifth floor admin support	(16)	(16)	(16)	(16)	(16)	(16)
		Insurance Portfolio	(30)	(30)	(30)	(30)	(30)	(30)
		ICS Review	(68)	(68)	(143)	(216)	(216)	(216)
		Removal of Aerial Ladder Platform and pumping appliances from Eastbourne Fire Station and replace with a Combined Aerial Rescue Platform	(74)	(74)	(74)	(74)	(74)	(74)
		Total Facing the Challenge Savings	(419)	(419)	(494)	(567)	(567)	(567)
		Sussex Control Centre Savings	(316)	(474)	(474)	(474)	(474)	(474)
		Deferred Savings						
		Reduction in Transitional Costs provision not taken in 2013/14	(174)	(174)	(174)	(174)	(174)	(174)
		Relocation Expenses	(20)	(20)	(20)	(20)	(20)	(20)

**SAVINGS
(cumulative)**

APPENDIX C

Ref.	Service		2014/15 £,000	2015/16 £,000	2016/17 £,000	2017/18 £,000	2018/19 £,000	2019/20 £,000
		Hydrants	(15)	(15)	(15)	(15)	(15)	(15)
		Uniform	(30)	(30)	(30)	(30)	(30)	(30)
		Insurance portfolio	(50)	(50)	(50)	(50)	(50)	(50)
		Fuel	(50)	(50)	(50)	(50)	(50)	(50)
		Total Deferred Savings	(339)	(339)	(339)	(339)	(339)	(339)
		Non Operational Savings						
	Non operational	Cleaning – review of current specification	(50)	(53)	(53)	(53)	(53)	(53)
	Non operational	Security – anticipated saving through contract re-procurement	(8)	(8)	(8)	(8)	(8)	(8)
	Non operational	Electricity Consumption Savings (premises wide) – as a result of Solar PV installation	(3)	(7)	(10)	(10)	(10)	(10)
	Non operational	FireLink Contract – review of budget against actual costs	(86)	(86)	(86)	(86)	(86)	(86)
	Non operational	Increase in income from mast rentals	(10)	(10)	(10)	(10)	(10)	(10)
	Non operational	Fuel – based on reducing trends in fleet mileage	(20)	(20)	(20)	(20)	(20)	(20)
	Non operational	Operational Equipment (Breathing Apparatus) – reduction in provision for ad hoc replacement - to be managed within equipment replacement budget	(33)	(33)	(33)	(33)	(33)	(33)

**SAVINGS
(cumulative)**

APPENDIX C

Ref.	Service		2014/15 £,000	2015/16 £,000	2016/17 £,000	2017/18 £,000	2018/19 £,000	2019/20 £,000
	Non operational	Various reductions in Health and Safety budget to reflect changes in working practices	(1)	(5)	(10)	(14)	(18)	(18)
	Non operational	Advertising budget – reflects lower level of recruitment advertising	(32)	(32)	(32)	(32)	(32)	(32)
	Non operational	Interview Expenses – reflects lower level of actual spend	(5)	(5)	(5)	(5)	(5)	(5)
	Non operational	HR Restructuring completed 2013/14	(8)	(8)	(8)	(8)	(8)	(8)
	Non operational	Reduction in Skills Refresher courses as a result of overall reduction in operational posts	0	(3)	(7)	(7)	(7)	(7)
	Non operational	Reduce L&OD course administration team by 1 fte as part of team relocation to STC.	(24)	(24)	(24)	(24)	(24)	(24)
	Non operational	Establish a visiting instructor rate of pay to replace over-time payments	(25)	(30)	(30)	(30)	(30)	(30)
	Non operational	Incorporate ASK refresher training into 4 day operational skills refresher course	0	0	(50)	(50)	(50)	(50)
	Non operational	Closer collaboration through to joint training function	0	(52)	(103)	(103)	(103)	(103)

**SAVINGS
(cumulative)**

APPENDIX C

Ref.	Service		2014/15 £,000	2015/16 £,000	2016/17 £,000	2017/18 £,000	2018/19 £,000	2019/20 £,000
	Non operational	Information Management, Health & Safety, Technical Fire Safety and Human Resources training – prioritisation of training bids	(78)	(78)	(78)	(78)	(78)	(78)
	Non operational	Development budget - Reflects reduction in operational posts and Incident Command review.	(60)	(60)	(45)	(30)	(30)	(30)
	Non operational	External audit – reduction in fees following Audit Commission outsourcing	(15)	(15)	(15)	(15)	(15)	(15)
	Non operational	Car allowances/Travel – reflects reduction in spend	(2)	(2)	(2)	(2)	(2)	(2)
	Non operational	Uniform – based on proposals to reduce operational posts	0	0	0	0	(44)	(44)
	Non operational	Car Allowances	(4)	(4)	(4)	(4)	(4)	(4)
	Non operational	External Printing and Copying – reflects impact of on line Council Tax leaflets	(6)	(21)	(21)	(21)	(21)	(21)
	Non operational	Advert & Publicity (Cost of Democracy)	(21)	(21)	(21)	(21)	(21)	(21)
	Non operational	Members Allowances – reflects cessation of Standards Panel / Independent Members	(15)	(15)	(15)	(15)	(15)	(15)

**SAVINGS
(cumulative)**

APPENDIX C

Ref.	Service		2014/15 £,000	2015/16 £,000	2016/17 £,000	2017/18 £,000	2018/19 £,000	2019/20 £,000
	Non operational	Contribution to Reserves - General balances are currently above the minimum level set out in Reserves and Balances Policy.	(200)	(200)	(200)	(200)	(200)	(200)
	Non operational	Contribution to Capital Programme Reserves.	0	0	(250)	(500)	(500)	(500)
	Non operational	Reduce provision for pay increases from 2% to 1.5% from 2016/17.	0	0	(118)	(241)	(366)	(366)
	Non operational	Various reductions in corporate budgets to reflect reduced actual spend	(24)	0	(24)	(38)	(38)	(38)
		Total non-Operational Savings	(730)	(792)	(1,282)	(1,658)	(1,831)	(1,831)

		Phase 1 Savings						
	Protection	We have endorsed five key prevention activities, namely: Home Safety, leading on Road Safety Co-ordination, Schools Education, Intervention and Incident Reduction and the promotion of sprinklers in domestic and commercial properties.	* See Commitment s					
2	Prevention	We are reviewing the number of Home Safety visits carried out annually, targeting the most vulnerable in our community and, as a result of the reduction in incidents, a greater proportion to be undertaken by operational personnel.	(57)	(57)	(114)	(114)	(114)	(114)
5	Response	Consult on the introduction of Locality Managers in Hastings and Brighton.	(162)	(324)	(324)	(324)	(324)	(324)
3	Prevention	We have removed the Arson & Incident Reduction Manager reducing establishment by one Station Manager A (42). The work to reduce incidents is continuing within the Service.	0	(50)	(50)	(50)	(50)	(50)

4	Protection	It was agreed the existing 6 Borough Fire Safety offices are combined to form 2 larger Business Safety offices. These will be the City and Lewes (based at Hove) and Rother, Hastings, Wealden and Eastbourne (based at Eastbourne) and will be centrally co-ordinated and managed through a service level agreement with Borough Commanders.	0	(38)	(153)	(153)	(153)	(153)
6	Response	Amend the current two-watch duty system on day crewed duty system fire stations to a one-watch system across a seven day week.	0	(424)	(424)	(424)	(424)	(424)
		Total Phase 1 Savings	(219)	(893)	(1,065)	(1,065)	(1,065)	(1,065)
		Phase 2 Savings						
1		Remove 1 firefighting appliance from The City.	0	0	(932)	(932)	(932)	(932)
2A revised		Convert Battle Fire Station from day crewed to new one watch system, providing additional response to Hastings,	0	0	(107)	(107)	(107)	(107)
3		Introduce day crewed plus at Roedean and The Ridge fire stations.	0	0	(391)	(391)	(391)	(391)
		Total Phase 2 Savings	0	0	(1,430)	(1,430)	(1,430)	(1,430)

		Additional Savings						
		Performance Management staffing	0	(10)	(10)	(10)	(10)	(10)
		Fuel	0	(50)	(50)	(50)	(50)	(50)
		Special Projects staffing	0	(14)	(14)	(14)	(14)	(14)
		Total Additional Savings	0	(74)	(74)	(74)	(74)	(74)
		Total cumulative savings	(2,023)	(2,991)	(5,158)	(5,607)	(5,780)	(5,780)

FEES AND CHARGES

WITH EFFECT FROM 1 APRIL 2015

Fee	Existing Fees	New Fees
	2014/15 £	2015/16 £
1 The hiring of a major pumping appliance with crew per hour	272	279
2 The hiring of other pumping vehicles with crew per hour	218	224
3 The hire of hydraulic platforms or turntable ladders with crew per hour	293	301
4 Dry Riser: Subsequent test at the owner's request		
First Dry Riser	201	207
Additional Dry Risers	131	135
5 Interviews: *		
Insurance Co Etc	131	135
After two hours	85	88
6 Copy of Petroleum Licences *	31	32
7 Copy plans *	36	37
8 Standby at Venue	272	279
9 Fire Investigation Report	292	300
10 Chemical Protection Suit	151	155
11 Commercial Training One day course (per person)	172	177
Commercial Training Customers Site (per Session)	587	602
Commercial Training Fire Talk (per session)	350	359
13 Inspection of Plans for Marriage Act 1994 *	111	114
14 Environmental search fees	106	109

All fees and charges will have VAT added except those marked with “ * ”

DRAFT MEDIUM TERM CAPITAL STRATEGY 2015/16-2019/20**Overview**

The Medium Term Capital Strategy has been developed in line with the Authority's vision and aims and Integrated Risk Management Plan. It aims to provide a sustainable and affordable level of investment to support our service provision to the communities of East Sussex and the City of Brighton and Hove. In the light of the need to deliver substantial revenue savings over the next five years, the Authority is reviewing all of its operational and support services through the Changing the Service, Shaping our Future programme. Where decisions have already been taken to change the service, which have capital investment implications these are reflected in this strategy. It is likely that further changes to this strategy will be needed as further service reviews are carried out.

The main areas covered within the strategy are summarised below.

Property – Major Schemes

The Authority has had a programme of major property schemes identified through its Property Asset Management Plan which involve either major refurbishment of existing sites or schemes for new build. In the current Strategy these include:

- **Newhaven Fire Station** – this is a scheme to replace the current Fire Station on a new site with office space to accommodate a number of public sector partners. The programme has been delayed due to a combination of factors which have included; pre-commencement planning conditions, a buoyant marketplace which led to delays by the main contractor receiving final work package quotes by sub-contractors and specialist and also the collaborative nature of the project has provided some challenges for timescales in terms of receiving authorisations to proceed. The site handover took place in December 2014 with construction commencing January 2015. The gross build cost of the new fire station has been advised as £3.6m with contributions of £0.835m from the two partners.
- **Preston Circus** - The option to build a new fire station at a new location in Brighton has proved difficult due to the extremely limited land availability in the required risk and response area. The Service has been working with the Brighton & Hove City Council and other partners to maximise the practical use at the current site and this work is on-going with a variety of options still to be considered and costed. Consequently, there remains the need to budget approximately £0.4m over the next five years, within the General Property Strategy, to maintain existing facilities and services. A large proportion of these costs relate to major plant, heating distribution and electrical system replacements.

- **Day Crewed Plus** – as part of the Changing the Service Shaping our Future programme the Authority has agreed to implement day crewed plus at Roedean and the Ridge Fire Stations. This will require the construction of new accommodation blocks at each site at a total estimated cost of £1.855m during 2015/16.
- **Sussex Control Centre** – a part of a joint project with West Sussex Fire and Rescue Service part of Haywards Heath fire Station has been refurbished to accommodate a pan Sussex Control Centre. This scheme, has been led by WSFRS, and has now completed and a final contribution towards its cost will be made in 2014/15.

Property – General Schemes

This Strategy seeks to achieve property maintenance and improvements as identified by the most recent property condition survey undertaken in 2013. This informs us of the overall cost prioritisation of work and ensures that the building stock can be sustained in effective working order on a long term basis. It also reflects the capacity of the Estates Team to deliver the required day to day services effectively. This Strategy has identified that significant progress has been achieved with the previously identified investment schemes. Consequently, there have been changes to the current Capital Programme and changes to schemes starting in 2014/15 and beyond.

Complementary to the Property Condition surveys are evaluations taking place to assess future operational requirements within the context of the Integrated Risk Management Planning process, the Carbon Trust survey of energy usage, the Local Development Frameworks and Core Strategies for each of the planning authority areas, as well as the legal responsibilities of the Equality Act and other legislation such as the Control of Asbestos Regulations.

Information Management

The Information Management Strategy is currently undergoing a major review as the Authority seeks to implement a new model for its service delivery. There is only one existing IMD capital scheme within this Strategy for the new mobilising system and other IT requirements within the Sussex Control Centre, which is a joint scheme with West Sussex Fire and Rescue Service and is expected to be completed during 2014/15. The capital elements of this scheme are funded by a capital grant from DCLG.

Fleet and Equipment

The Authority has a rolling programme of replacing its vehicle fleet in line with its agreed lifing policy. This encompasses fire appliances (generally 3 each year), aerial appliances, ancillary vehicles and the light fleet (cars and vans). The current IRMP Review of Prevention, Protection and Response will consider the volume and type of incidents across the Service area and map the prominent life and property risks with the type of equipment needed on front line appliances. This will include consideration of smaller appliances and a review of our 2 remaining aerial ladder platforms (ALP) which will include an option to introduce combined aerial rescue pumps (ARPs). Any outcomes from the Review will be reflected in future versions of this Strategy.

Most equipment replacement is funded through our revenue budget, however, schemes can be considered for capital funding where they meet certain criteria. A need to replace our current Breathing Apparatus and upgrade it to include telemetry has been identified and is included within the Strategy for 2016/17. Funding of £0.75m is provided from an existing earmarked reserve. Detailed strategies for Property, IMD and Fleet and Engineering are available as separate documents.

Funding

The Capital Strategy is funded from a number of sources which are described below. In order to ensure the Strategy is sustainable and affordable we aim to maximise external funding, where it is available, so as to reduce the pressure on our own resources. This is becoming increasingly important in the light both of pressures on our revenue budget and the ending of general capital grant from central government.

- Capital Grant

General capital grant allocations from central government for fire authorities end in 2014/15 and grant funding thereafter is on a wholly bid for basis. The Authority has submitted bids for 2015/16 into two separate Government funds to support the following capital schemes:

- a) Day Crewed Plus (Roedean and The Ridge) – FRA Transformation Fund 2015/16 – bid amount = £1.602m; and
- b) Newhaven Fire Station – Local Government Transformation Challenge Award 2015/16 – bid amount = £0.565m

The Authority has been notified that both bids were unsuccessful.

Additionally, the Authority submitted a joint (syndicated) bid with blue light partners in Sussex and Surrey to introduce a Joint Transport Function, this bid was successful and £5.96m has been allocated to progress this project to detailed business case and full implementation, dependent upon investment value and return on investment for each of the partners. If this progresses then implementation will begin in April 2015 and may require further capital funding from partners beyond that provided through grant. At this stage this Strategy makes no provision for any capital contribution towards this project.

The Authority was awarded £3.6m of grant funding, jointly with West Sussex Fire and Rescue Service, for the Sussex Control Centre project and £2.027m of this has been allocated to fund capital expenditure on the IT aspects of the scheme.

- Partner Contributions

The Authority is increasingly engaged in collaborative working with other public sector partners, particularly other emergency services. This includes capital projects, and where the Authority is lead body for a scheme this may lead to partners making contributions towards the capital costs. The Newhaven Fire Station Scheme aims to deliver a community hub with office space with our partners, Lewes District Council and Sussex Police contributing £0.835m to the cost of the scheme.

- **Capital Receipts**

Receipts from the disposal of existing capital assets may only be used to fund expenditure on new capital assets. The disposal of a number of the Authority's assets including all remaining service housing (as a result of the Rural Review in 2010) and the site of the current Newhaven Fire Station (estimated at £0.515m in 2016/17) will be used to fund the capital asset strategy. As at 31 March 2015 it is estimated that there will be unapplied capital receipts of £4.459m (Capital Receipts Reserve) with a further £2.937m expected during 2015/16 and 2016/17.

- **Revenue Contributions**

The Authority can make revenue contributions to the cost of its capital expenditure either direct from its revenue budget or from reserves earmarked for capital schemes. As at 31 March 2015 it is estimated that there will be a balance of £4.443m in the Capital Programme Reserve (CPR) and £0.75m in the BA Reserve. For a number of years there has been provision in the revenue budget to pay £1.0m each year into the CPR. As part of the savings proposals agreed in February 2014 this will reduce to £0.75m in 2016/17 and £0.5m in 2017/18. It is also proposed to make additional revenue contributions to the Capital Programme of £2.39m between 2015/16 and 2017/18.

- **Prudential Borrowing**

The Authority can use prudential borrowing to fund capital expenditure spreading the cost over the life of the asset. Overall our total borrowing must be sustainable and affordable. Borrowing commits the Authority to a long term cost which has implication for our revenue budget. Broadly speaking every £1m of additional borrowing would add £85,000 of financing costs to the Authority's revenue budget. The Authority is not currently planning any new external borrowing during the life of this Strategy but will continue to use internal borrowing as set out in its Treasury Management Strategy.

MEDIUM TERM CAPITAL STRATEGY 2015/16-2019/20
SCHEME SUMMARY AND FUNDING

	Total Budget	Total Previous Year's Spend	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	Remaining Budget Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Property – Major Schemes									
Crowborough Fire Station	1,005	962	35						35
Newhaven Fire Station	3,560	98	630	2,783	49				3,462
Sussex Control Centre	1,100	913	187						187
Day Crewed Plus – Roedean & the Ridge	1,855		218	1,637					1,855
Service Training Centre – BA Classroom	220	212	8						8
Sub Total	7,740	2,185	1,078	4,420	49	0	0	0	5,547
Property – General Schemes									
General Schemes	2,595		60	345	490	470	780	450	2,595
Replacement Fuel Tanks	190		0	190					190
Service Training Centre	40	17	23						23
Sustainability	420		0	210	105	105			420
Sub Total	3,245	17	83	745	595	575	780	450	3,228
Information Management									
Sussex Control Centre	2,027	869	1,158						1,158

Fleet & Equipment									
Fire Appliances	3,835		205	480	720	720	960	750	3,835
Aerial Appliances	680							680	680
Ancillary Vehicles	1,044		14	30	490	150	80	280	1,044
Cars & Vans	1,461	159	262	180	180	200	250	230	1,302
BA & Ancillary Equipment	750				750				750
Sub Total	7,770	159	481	690	2,140	1,070	1,290	1,940	7,611
Total Expenditure	20,782	3,230	2,800	5,855	2,784	1,645	2,070	2,390	17,544

Funding

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2014/15 to 2019/20 funding total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Grants							
General Capital Grant	931						931
Sussex Control Grant	1,158						1,158
Transformation Grant							0
Sub Total	2,089	0	0	0	0	0	2,089
Partner Contributions							
Newhaven – Lewes DC	108	477	8				593
Newhaven – Sussex Police	44	195	3				242
Sub Total	152	672	11	0	0	0	835
Capital Receipts Reserve	114	3,854	685	949	1,639	269	7,510
Capital Programme Reserve						1,690	1,690
Other Earmarked reserves			750				750
Sub total	114	3,854	1,435	949	1,639	1,959	9,950
Revenue Contributions	0	1,034	899	457	0	0	2,390
Internal Borrowing	445	295	439	239	431	431	2,280
Total funding	2,800	5,855	2,784	1,645	2,070	2,390	17,544

Funding – Use of Reserves

	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000
Capital Receipts Reserve						
Opening Balance	2,639	4,459	3,027	2,857	1,908	269
Transfers In	1,934	2,422	515			
Transfers Out	114	3,854	685	949	1,639	269
Closing Balance	4,459	3,027	2,857	1,908	269	0
Capital Programme Reserve						
Opening Balance	3,443	4,443	5,443	6,193	6,693	7,193
Transfers In	1,000	1,000	750	500	500	500
Transfers Out	0	0	0	0	0	1,690
Closing Balance	4,443	5,443	6,193	6,693	7,193	6,003
BA Reserve						
Opening Balance	750	750	750	0	0	0
Transfers In						
Transfers Out			750			
Closing Balance	750	750	0	0	0	0

Prudential indicators for 2015/156

This information is not yet available and will be added prior to the Authority meeting in February.

Reserves and Balances Policy**Background**

This policy sets out the Authority's approach to reserves and balances. The policy has regard to LAAP Bulletin 77 'Local Authority Reserves and Balances', issued in November 2008.

Section 26 of the Local Government Act 2003 gives the Secretary of State power to set a minimum level of reserves for which an Authority must provide in setting its budget. The Secretary of State indicated that "the provisions are a fallback against circumstances in which an Authority does not act prudently, disregards the advice of its Chief Finance Officer and is heading for serious financial difficulty".

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

In reviewing medium-term financial plans and preparing annual budgets, the Authority will consider the establishment and maintenance of reserves for the general fund. There is no statutory minimum or maximum level of reserves. The nature and level of reserves will be determined formally by the Authority, informed by the judgement and advice of the Treasurer. This will be based on an assessment of what is appropriate and necessary in the light of the circumstances facing the Authority.

Types of reserve

The Authority will maintain the following reserves:

- general reserve: to manage the impact of uneven cash flows and unexpected events or emergencies;
- earmarked reserves: sums set aside to meet known or predicted specific requirements.

Earmarked reserves will be maintained as follows:

- Improvement and Efficiency reserve: to enable the Authority to develop its collaborative approach to service delivery and respond to priority areas for service improvement;
- Insurance Reserve: to enable to effective financial management of the cost of uninsured losses;
- Service reserves: funds set aside for specific purposes in respect of individual service business cases;
- Capital Programme Reserve: to support the provision of the capital infrastructure required to deliver the Authority's service priorities; and
- Capital Receipts Reserve: capital receipts not yet applied to capital expenditure.

The Authority will also maintain a number of other reserves that arise out of the interaction between legislation and proper accounting practices. These reserves, which are not resource-backed, will be specified in the annual Statement of Accounts.

Principles to assess the adequacy of reserves

The Treasurer will advise the Authority on the adequacy of reserves. In considering the general reserve, the Treasurer will have regard to:

- the strategic legislative, operational and financial risk contexts within which the Authority will be operating through the medium-term;
- the overall effectiveness of governance arrangements and the system of internal control;
- the robustness of the financial planning and budget-setting process;
- the effectiveness of the budget monitoring and management process

Having had regard to these matters, the Treasurer will advise the Authority on the monetary value of the required general reserve.

In considering specific reserves, the Treasurer will have regard to matter relevant in respect of each reserve, and will advise the Authority accordingly.

Service reserves

The process for the determination of Service reserves will be based upon the principles of effective operational and financial risk management. Service Directorates will be asked to submit business cases in respect of any planned under-utilisation of the agreed budget, which they would wish to carry forward to apply in future years. Businesses cases will be considered by the Corporate Management Team and will be subject to the final approval of the Treasurer.

Use of reserves

Members, as part of agreeing the budget, will agree the policy for drawdown of reserves on the advice of the Treasurer.

The Treasurer will monitor the drawdown of specific reserves in accordance with the agreed policy, and keep Members advised, through normal monitoring reports.

Risk assessment to determine the adequacy of the General Reserve

Authorities need reserves so that they can deal with unforeseen calls on resources, without disrupting service delivery. It is the responsibility of each authority to set its level of reserves based on local conditions, but taking into account national factors. Although advice can be sought from the external auditors, it is not their responsibility to prescribe the appropriate level. In setting the level, the Authority should take into consideration the advice of their Treasurer, taking into account all local relevant circumstances.

Members will be aware that the working reserves provide protection against unforeseen events that could impact on the authority. Reserves have to be used carefully. They can be used only once. Decisions to use reserves to fund on-going spending or hold down Council Tax increases can only apply for one year. In the following year, either additional budget reductions have to be made or additional Council Tax increases are required. There is a significant risk of future financial instability if significant levels of reserves are used to fund on-going spending or reductions in Council Tax. This is will impact on Council Tax rises in future years to pay for one-off use of balances.

As a general rule, the Authority should only plan to use reserves to fund one-off spending where the reserves exceed the recommended level. Where the Authority decides to use such reserves to fund on-going spending or reductions in Council Tax, they should indicate how they plan to make up the budget shortfall in future years. All Members must be mindful of their stewardship responsibility to the Authority.

A full review of reserves, as in the past, has taken place as part of the budget setting process. The main risks identified and their potential financial impacts are set out below and these have been used as the basis for determining the level of general reserves required.

- **Operational incident performance failure:** Non-insured costs of HSE and other investigations following a serious incident with serious implications for ESFRS, project team, ancillary costs and putting right the organisation (£1m).
- **Abnormal weather conditions:** A long hot summer, flooding in autumn and winter and heath land fires in the spring have all occurred in previous years resulting in excessively high operational costs. A prolonged seasonal problem could easily generate additional costs of £200,000 in retained pay, overtime and other support costs. In worst-case scenarios for civil emergencies, the Bellwin Scheme funding is available to support qualifying expenditure in excess of 2% of Revenue Budget (£0.8m).
- **Pensions costs:** Review adequacy of pension provision as part of the revenue budget process – this provision relates to additional ill health pensions not predicted at budget preparation. Continue to monitor age profile of workforce and expenditure forecasting. In addition there is a lack of clarity on the impact of the new firefighters pension scheme to be introduced in 2015 and a risk that employer's contributions could increase in the short term (£0.6m).
- **Staff severance and redundancy provisions:** In order to achieve the level of strategic financial savings required in future years, it may be appropriate to agree additional business case savings in advance and, as a consequence, incur additional severance payments paid to staff that exceed the sums already put by in earmarked reserves (£0.25m).
- **Funding volatility resulting from Local Government Resources Review:** as a result of the Local Government Resource Review, including the Localisation of Council Tax Support Grant the Authority is exposed to potential increased volatility in two key income streams, business rates and Council Tax (the latter both through the tax base itself and the likelihood of a deficit on the Collection Fund) (£0.75m)
- **Unanticipated business or economic pressures:** The Authority has a wide range of contractual arrangements which could see a financial loss in the event of the bankruptcy of a supplier. Equally the Authority has a number of key ICT systems which were they to fail could require urgent external support or replacement equipment at short notice which could be costly for the Authority. There is also a risk of additional costs as a result of industrial action (£1m).
- **Inflationary increases:** provision has been made for anticipated increases in pay and prices within the budget. However, national pay restraint is based on an average of 1% and so actual increases within different services may vary. The Authority is also global inflationary pressures particularly in relation to oil based and other natural resources (£0.2m)
- **Legal and employment issues:** as a service provider and an employer the Authority faces the potential that legal action could be taken against it on a range of grounds, including equal pay, discrimination, unfair dismissal and corporate negligence / manslaughter. Awards and legal costs in such cases can be significant so a provision within balances is prudent (£0.5m)

- **Savings plans:** the Authority is developing its savings plans for the next 5 years and has already agreed a range of measures for implementation. However it is possible that implementation may take longer than anticipated or savings may be less than originally estimated leading to an in year budget pressure (£0.4m)
- **Provision of services:** the Authority has taken on delegated responsibility for the delivery of mobilisation and control functions for West Sussex Fire Service under a S16 agreement. Failure to provide the service to the agreed performance levels could result in additional costs for the Authority (£0.25m)
- **Loss of income:** income targets are set within the budget for a number of functions, for example commercial and service training, and the Authority also receives income from the investment of its cash balances where rates achieved continue to decline. Although the amounts involved are small relative to the overall budget they continue to present a risk in year (£0.1m)

Proposal for the level of General Reserves

The assessment gives a preliminary figure of £5.85m (15.2%) on the net budget requirement of £38.471m in 2015/16. Although it would be unlikely for all areas of risk to impact at the same time, it is conceivable for a number of them to be interlinked, for example a major incident could impact on operational performance and result in damage to assets and insurance losses.

Taking into account the current economic climate and pressure on budgets, it would seem appropriate to continue to maintain the minimum level of general reserves at 8% in line with the Authority's existing policy. This equates to £3.1m. As the current general balances (reserves) provision is projected above this level at £3.752m, then the minimum level can be maintained without further contributions as the net budget requirement reduces in the medium term.

Review of earmarked reserves

Since the Authority became a precepting body, Members have agreed, in principle, to the establishment of a number of earmarked reserves. Each year, the relevance of these is reconsidered as part of the service planning process and Members are informed of the latest plans for the balances held in such reserves. As the Authority has developed its response to the reduction in government funding and the need to deliver savings through different ways of working, Members have approved the establishment of a number of key reserves to support this process – the Improvement and Efficiency Reserve and also the Capital Programme Reserve (which along with the Capital Receipts Reserve supports the funding of the Authority's capital programme). Through careful budget management, the Authority has also established a range of Service Reserves to support the delivery of specific initiatives.

A commentary on the purpose and planned use of each of the existing earmarked reserves is detailed below:

- **Improvement & Efficiency reserve:** This reserve is to enable the Authority to develop its collaborative approach to service delivery, support changes to services that will deliver savings and respond to priority areas for service improvement. This includes support for the Authority's Transformation Programme and any costs that may arise from it including redundancy payments. Collaborative projects are also being progressed with a number of potential partners many of which may require proportionate pump priming funding to realise future financial savings for all partners involved.

- Insurance Reserve: ESFRS has always sought to be risk adverse in managing its insurance risks and has approached the insurance market accordingly. However, the high cost of premiums required ESFRS to accept higher excess limits on fleet insurance and pay for the additional costs incurred up to the higher excess levels. This has actually proven to be financially beneficial and a similar review is now taking place for property excesses. The savings made are placed in this reserve to help offset years when higher claims may occur which have to be paid for internally.
- Capital Programme Reserve: to support the provision of the capital infrastructure required to deliver the Authority's service priorities. Given that there could be potential additional capital implications from phase 2 and 3 savings proposals and that Government Capital Grant funding is shifting from pro rata apportionment to "bid for" basis then it is important that this source of funding is maintained in the short to medium term. As part of the non-operational savings proposals the Authority has agreed to reduce the base budget contribution to this reserve to £500,000 per annum by 2018/19; and
- Budget Carry Forward – this reserve is to allow the carry forward of underspends into the following financial year where projects have slipped or there are other outstanding financial commitments to be met.

Service reserves: funds set aside for specific purposes in respect of individual service business cases:

- Maritime Incident Response Group: This reserve is no longer required following a review of Maritime Provision which determined to permanently retain a reduced capability but for this to be fully funded through the revenue budget. It is proposed to transfer the unspent balance of £95,000 into the Improvement & Efficiency reserve.
- Community Fire Safety Database: This provision is for the purchase and implementation of an extension to the Technical Fire Safety Database, currently being implemented. The scheme is expected to be completed in 2015/16.
- Breathing Apparatus: The renewal of breathing apparatus is on a life cycle basis, and significant costs are incurred at lifecycle replacement, due in 2016/17. Following a review this project has been included in the Capital Asset Strategy and this reserve will be used to fund it.
- Mapping Solution a reserve to meet specific IT infrastructure for both ESFRS and the Sussex Control Centre which are not funded from the DCLG grant, and is expected to fully drawn down during 2015/16.
- Relocation expenses for staff vacating service housing: The Authority has agreed to dispose of its entire day crewed housing stock over a four year period. Staff have been offered relocation support in order to achieve this overall objective over the remaining period. The current assumption is that the remaining costs will fall in 2015/16.
- Volunteers Scheme: provision to support the volunteers scheme for a further year before a business case is made for its future
- Sprinklers – as part of the 2014/15 budget the Authority approved £200,000 of funding to match fund the retrofitting of sprinklers in high risk / high rise residential premises. The unspent balance of this budget has been transferred into a reserve to fund projects planned for 2015/16.
- Capital Receipts Reserve: capital receipts not yet applied to capital expenditure.

The planned movement on each of the earmarked reserves is shown in the following table:

	31/03/2014 Balance £'000	2014/15 Projected Movements £'000	31/03/2015 Projected Balance £'000	2015/16 Projected Movements £'000	31/03/2016 Projected Balance £'000
Earmarked Reserve					
Improvement and Efficiency	1,757	356	2,113	(700)	1,413
Budget carry forward	275	(275)	0		0
Maritime Incident Response Group	123	(123)	0		0
Sprinklers	0	112	112	(112)	0
Community Safety Smoke Detectors	50		50	(25)	25
Insurance	249		249		249
Community Fire Safety Database	150	(65)	85	(85)	0
Breathing Apparatus	750		750		750
SCC Desktop Provision	85	(85)	0		0
SCC Connectivity	106	(106)	0		0
Mapping Solution	120	(51)	69	(69)	0
Relocation Expenses for Staff vacating service housing	170	(70)	100	(100)	0
Volunteers Scheme	163	(79)	84	(84)	0
Total earmarked reserves	3,998	(386)	3,612	(1,175)	2,437
Capital Programme reserve	3,443	1,000	4,443	1,000	5,443
General Fund	3,752		3,752		3,752
Total Revenue reserves	11,193	614	11,807	(175)	11,632
Capital Receipts Reserve	2,639	1,820	4,459	(1,432)	3,027
Total useable reserves	13,832	2,434	16,266	(1,607)	14,659

EAST SUSSEX FIRE AUTHORITY: PRECEPT FOR 2015/16
REF: S43 LOCAL GOVERNMENT FINANCE ACT 1992
OPTION A

APPENDIX H

	£	£
NET BUDGET REQUIREMENT		38,471,000.00
Forecast Business Rates retained	2,660,000.00	
Top Up grant	4,729,000.00	
Total Base Line funding	<u>7,389,000.00</u>	
Add Revenue Support Grant	7,514,000.00	
Total Grant funding (excluding transitional/freeze grant)	<u>14,903,000.00</u>	
Section 31 Grant Business Rates adjustment	103,000.00	
Council Tax Freeze Grant	0.00	
Previous Year's Surpluses/(Deficits)	304,000.00	
Total Council Tax required		<u>23,161,000.00</u>
Tax base	272,256.21	
Basic Council Tax (Band D equivalent)		85.07
Basic Council Tax from above calculation		<u>Council Tax</u>
Band A	6/9	56.71
Band B	7/9	66.17
Band C	8/9	75.62
Band D	9/9	85.07
Band E	11/9	103.97
Band F	13/9	122.88
Band G	15/9	141.78
Band H	18/9	170.14
	<u>Tax Base</u>	<u>Precept</u>
Brighton and Hove	83,633.50	7,114,702
Eastbourne	32,558.90	2,769,786
Hastings	24,281.00	2,065,585
Lewes	34,870.00	2,966,391
Rother	35,708.31	3,037,706
Wealden	61,204.50	5,206,667
	272,256.21	23,160,836

EAST SUSSEX FIRE AUTHORITY: PRECEPT FOR 2015/16
REF: S43 LOCAL GOVERNMENT FINANCE ACT 1992
OPTION B

APPENDIX H

	£	£
NET BUDGET REQUIREMENT		38,289,000.00
Forecast Business Rates retained	2,660,000.00	
Top Up grant	4,729,000.00	
Total Base Line funding	<u>7,389,000.00</u>	
Add Revenue Support Grant	7,514,000.00	
Total Grant funding (excluding transitional/freeze grant)	<u>14,903,000.00</u>	
Section 31 Grant Business Rates adjustment	103,000.00	
Settlement Funding Assessment Adjustment	259,000.00	
Previous Year's Surpluses/(Deficits)	304,000.00	
Total Council Tax required		<u>22,720,000.00</u>
Tax base	272,256.21	
Basic Council Tax (Band D equivalent)		83.45
Basic Council Tax from above calculation		<u>Council Tax</u>
Band A	6/9	55.63
Band B	7/9	64.91
Band C	8/9	74.18
Band D	9/9	83.45
Band E	11/9	101.99
Band F	13/9	120.54
Band G	15/9	139.08
Band H	18/9	166.90
	<u>Tax Base</u>	<u>Precept</u>
Brighton and Hove	83,633.50	6,979,216
Eastbourne	32,558.90	2,717,040
Hastings	24,281.00	2,026,249
Lewes	34,870.00	2,909,902
Rother	35,708.31	2,979,858
Wealden	61,204.50	5,107,516
	272,256.21	22,719,781

Establishment and payroll budget

Staff Group	Establishment at 31 March 2016	2015/16 Associated payroll cost budget
	Full time or whole equivalent	£'000
Principal officers	4.0	597,759
Wholetime Firefighter	399.0	16,549,041
Retained Firefighter	242.0	2,238,500
Mobilising staff	39.0	1,967,100
Support staff	135.8	5,107,100
Total	819.8	26,459,500