



EAST SUSSEX FIRE AUTHORITY
POLICY & RESOURCES PANEL
THURSDAY 6 JULY 2017 at 10:00

MEMBERS

East Sussex County Council

Councillors Barnes, Dowling, Elford, Scott and Tutt

Brighton and Hove City Council

Councillors O'Quinn and Theobald

You are requested to attend this meeting to be held at County Hall, St Anne's Crescent, Lewes, East Sussex BN7 1UE, at 10:00 hours.

AGENDA

Item No.	Page No.	
056.	1	In relation to matters on the agenda, seek declarations of interest from Members relating to items to be considered at the meeting, in accordance with the provisions of the Fire Authority's Code of Conduct for Members.
057.	1.	Election of Chairman.
058.	1	Apologies for Absence.
059.	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).
<u>060.</u>	3	Non-confidential Minutes of the last Policy & Resources Panel meeting held on 27 April 2017 (copy attached).

Item No.	Page No	
061.	2	<p>Callover.</p> <p>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.</p>
<u>062.</u>	9	Provisional Revenue Budget & Capital Programme Outturn 2016/17 - report of the Assistant Director – Resources / Treasurer (copy attached).
<u>063.</u>	23	Revenue Budget & Capital Programme Monitoring 2017/18 - report of the Assistant Director – Resources / Treasurer (copy attached).
064.	2	<p>Exclusion of the Press and Public.</p> <p>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.</p> <p>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.</p>
<u>065.</u>	35	Confidential Minutes of the last Policy & Resources Panel meeting held on 27 April 2017 (copy attached).
<u>066.</u>	37	Sussex Control Centre – Progress Update – confidential report of the Interim Assistant Chief Fire Officer (copy attached). (Exempt category under paragraph 3 of the Local Government Act 1972).
<u>067.</u>	043	Sussex Control Centre Relocation Allowance Overpayments - confidential report of the Assistant Director – HR and Organisational Development (copy attached). (Exempt category under paragraph 1 of the Local Government Act 1972).

ABRAHAM GHEBRE-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 County Hall, St. Annes Crescent, Lewes, East Sussex at 11:30 hours on Thursday 27 April 2017.

Members Present: Councillors Barnes, Howson (Chair), Lambert, Pragnell and Theobald.

In attendance:

Ms. D. Whittaker (Interim Chief Fire Officer), Mr. M. O'Brien (Interim Assistant Chief Fire Officer), Ms. E. Woodley (Deputy Monitoring Officer), Mr. D. Savage (Assistant Director Resources / Treasurer), Mr. D. Drummond (Interim IT Manager) and Mrs. K. Ward (Clerk).

045. **DISCLOSABLE PECUNIARY INTERESTS**

045.1 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.

046. **APOLOGIES FOR ABSENCE**

046.1 Apologies for absence were received from Councillor Scott and Mr. M. Andrews (Interim Deputy Chief Fire Officer).

047. **NOTIFICATION OF ITEMS WHICH THE CHAIRMAN CONSIDERS URGENT / CHAIRMAN'S BUSINESS**

047.1 There were none.

048. **NON-CONFIDENTIAL MINUTES OF THE POLICY & RESOURCES PANEL MEETING HELD ON 19 JANUARY 2017**

048.1 **RESOLVED** – That the minutes of the meeting held on 19 January 2017 be approved as a correct record and signed by the Chairman. (Copy in Minute Book).

049. **CALLOVER**

049.1 Members reserved the following items for debate:

- 050. Revenue Budget and Capital Programme Monitoring 2016/17
- 051. East Sussex Fire & Rescue Service IT Strategy
- 052. Fire Reform and the Adrian Thomas Review

050. **REVENUE BUDGET AND CAPITAL PROGRAMME MONITORING 2016/17**

050.1 The Panel considered a joint report of the Assistant Director Resources/Treasurer that reported on issues arising from the monitoring of the 2016/17 Revenue Budget and Capital Programme as at 31 March 2017. (Copy in minute book).

- 050.2 The Treasurer advised Members that the Revenue Budget was forecast to be underspent by £558,000 which equated to 1.4% of the total revenue budget. This would provide the Authority with the opportunity to establish an earmarked reserve to fund the one off costs of wholetime firefighter recruitment during 2017/18 and 2018/19.
- 050.3 The overall Capital Programme was projected to be £31,000 underspent although the current year's Capital programme was projected to be underspent by £694,000. Despite a review, there was continued slippage in the Property General budget into 2017/18, although it had been assessed to have no immediate impact on operational service delivery.
- 050.4 Overall, the year-end balance was forecast to be £21.119m which was £5.223m higher than planned, primarily due to slippage in the Capital Programme, delayed contractual milestone payments relating to the IMD Transformation project slipping from 2016/17 into 2017/18 and additional specific grants received from central government which would be spent in 2017/18. All forecast savings were expected to be achieved.
- 050.5 The Treasurer advised Members of an amendment to the table shown within the report at paragraph 1.1. The revenue budget reported to the last Policy & Resources Panel should have read £528,000, this Policy & Resources £558,000 with movement of £30,000.
- 050.6 Interim Chief Fire Officer Whittaker reassured Members that the underspend would be utilised, particularly now firefighter recruitment was underway. Officers had been working in collaboration with the Police in the processing of the applications by using their specialised recruitment software.
- 050.7 **RESOLVED** –That the report be noted, particularly in relation to the:
- (i) projected Revenue Budget underspend;
 - (ii) projected underspend in the Capital Programme;
 - (iii) variation to the Capital Programme;
 - (iv) planned use of reserves;
 - (v) monitoring of savings taken in 2016/17; and
 - (vi) current years investments

051. **EAST SUSSEX FIRE & RESCUE SERVICE IT STRATEGY**

- 051.1 The Panel considered a report of the Assistant Director Resources / Treasurer which provided the IT strategy for East Sussex Fire & Rescue Service which builds upon work previously carried out by Spirit Acuity and is a documented form of the power point presentation provided to Corporate Management Team at the end of December 2016. (Copy in minute book).

- 051.2 The strategy aimed to provide the Service with a long term view of how the underlying IT of the Fire Service could be adapted and flexed to satisfy business need. Formulation of the IT Strategy concentrated on establishing a direction of travel across key technology areas mapped to a solid framework of activity that would incrementally unlock desired business outcomes.
- 051.3 Existing funding of £7m would not be sufficient to fully support the forecast cost of £8.8m which would need the Fire Authority to identify the funding through the budget setting process for 2018/19. Funding would always pose a challenge, which was why the strategy aimed to put in realistic funding requirements and not overly hedging ambition.
- 051.4 The IT strategy would need to be integrated into business and programme planning. The Service had recently appointed Telent as its IT delivery partner which would help ensure that IT became a key enabler to support change at the business pace required.
- 051.5 The Assistant Director Resources / Treasurer informed Members that the Strategy was one part of the Service's IMD Transformation Programme. It sat alongside the outsourcing of service delivery to telent Technology Services Ltd, the delivery of a number of transformation milestones to improve our IT infrastructure, the establishment of a strong client side team and new governance structures. The Strategy had been subject to extensive consultation with service managers to ensure it met the needs of the business and projects had been prioritised by the Corporate Management Team.
- 051.6 Councillor Lambert asked about staffing of the client side. The Treasurer advised that a development plan had been put in place to support the staff who had taken on roles in the new client side (known as the Information Technology Group or ITG) to ensure they had the necessary skills.
- 051.7 Councillor Barnes highlighted the point that it was the IT systems and support that brought the Service together and that with an external business partner providing our systems, there would be a more imaginative grasp on the digital aspect of business. Councillor Barnes highlighted the importance of having IT systems that worked together, both internally and with other external agencies.
- 051.8 Dan Drummond Interim IT Manager advised that integration of systems internally and sharing of data with partners was reflected in the Strategy. ITG staff would have the business intelligence to know how IT would be best utilised and telent would source to the Services needs.

- 051.9 **RESOLVED** – That
- (i) the Fire Authority be recommended to approve the IT Strategy 2017-22 including the use of existing funding of £7m for its delivery; and
 - (ii) Subject to a satisfactory business case, further funding be identified through the budget setting process and review of the Capital Asset Strategy for 2018/19.

052. **FIRE REFORM AND ADRIAN THOMAS REVIEW**

- 052.1 The Panel considered a report of the Interim Chief Fire Officer which provided Members with an update on the Government's reform agenda for Fire and Rescue Services and outlined the progress made by ESFRS in relation to the expectations. (Copy in minute book).
- 052.2 Interim Chief Fire Officer Whittaker reported that the Government had set out three pillars of reform for the fire and rescue service which included accountability and transparency, efficiency and collaboration and workforce reform. Members were advised that the outcomes of the review together with the release of the Adrian Thomas review and its 45 recommendations would mean a considerable pace of reform over the next year for the Local Government Association (LGA), National Joint Council (NJC) and Fire & Rescue Services.
- 052.3 The Minister for Policing and the Fire Service, Brandon Lewis had given his vision for the fire sector earlier in the year. He had noted that reform had been taking place, but didn't feel Services were doing enough and not at a quick enough pace.
- 052.4 To aid Accountability and Transparency, it was announced that there would be a new inspectorate for the fire service that will determine how effective each service is to prevent and respond to incidents; whether the Service provides value for money; whether the Service understands its demands and future risk; and its leadership, training, diversity, values and culture. The inspectorate will also undertake an inspection regime.
- 052.5 A national website would also be created which would contain information provided by all fire & rescue services, such as Chief Officer pay, workforce composition, expenditure, etc so the public could scrutinise and ascertain the performance of their local service against others.
- 052.6 In relation to Efficiency and Collaboration, the Fire Minister had commented on the procurement of goods by fire services and differences paid for similar items. The Chief Fire Officers Association created a new commercial strategy to deal with the comments made and identified categories of high expenditure where savings could be made by collaborating. The duty to collaborate was now a statutory duty under the Act and the Service was expected to keep collaboration opportunities under review.
- 052.7 Members were advised that to aid workforce reform, there would be the establishment of a new professional standards body which would set standards on issues such as leadership, workforce development, equality and diversity and classify effective practice.

- 052.8 The Adrian Thomas Review identified initial priorities: Culture and Trust; Retained Duty System; Conditions of Service and role maps and duty systems. These were then broken down into five main themes: the working environment; documented conditions of Service; industrial relations; retained duty system; and management of fire & rescue Services. Members were advised that work was underway to develop the gap analysis into a formal action plan.
- 052.9 Councillor Barnes made reference to the good progress already made by the Service in relation to collaboration and in particular, ethnicity.
- 052.10 **RESOLVED** – That the report be noted.
053. **EXCLUSION OF PRESS AND PUBLIC**
- 053.1 **RESOLVED** – That item 054 and 055 be exempt under paragraph 3 of Schedule 12A to the Local Government (Access to Information) (Variation) Order 2006 and, accordingly, is not open for public inspection on the grounds that it includes information relating to the financial or business affairs of any particular person (including the Authority holding that information).

The meeting concluded at 12:37 hours.

Signed

Chairman

Dated this day of 2017

EAST SUSSEX FIRE & RESCUE SERVICE

Panel: Policy & Resources

Date: 6 July 2017

Title of Report: Provisional Revenue Budget and Capital Programme Outturn 2016/17

By: Assistant Director Resources / Treasurer

Lead Officer: Warren Tricker, Finance Manager

Background Papers: Revenue Budget and Capital Programme Monitoring 2016/17; Policy & Resources Panel meeting 27 April 2017

Appendices:

- Appendix 1: 2016/17 Revenue Budget – Objective Analysis
- Appendix 2: 2016/17 Revenue Budget – Safer Communities
- Appendix 3: 2016/17 Capital Budget Monitoring
- Appendix 4: 2016/17 to 2020/21 Capital Budget Monitoring
- Appendix 5: 2016/17 Reserves Projections
- Appendix 6: Monitoring of Savings 2016/17 - 2018/19
- Appendix 7: Investment as at 31 March 2017
- Appendix 8: Carry forward bids

Implications:

CORPORATE RISK		LEGAL	
ENVIRONMENTAL		POLICY	
EQUALITY IMPACT		POLITICAL	
FINANCIAL	✓	OTHER (please specify)	
HEALTH & SAFETY		CORE BRIEF	
HUMAN RESOURCES			

PURPOSE OF REPORT: To advise the Panel on the provisional outturn position for 2016/17.

EXECUTIVE SUMMARY

This report contains the provisional revenue budget and capital programme outturn for 2016/17 along with an updated analysis of reserves and balances. The draft accounts have been prepared, signed and published and have been passed to the external auditor. The audited accounts must then be approved by the Fire Authority and published by 30 September 2017.

The Revenue Budget outturn is underspent by £464,000 (previously forecast £558,000 underspent). This is 1.2% of the total revenue budget and reflects a combination of successful achievement of key savings, identification of further savings in-year and some delays in sourcing additional capacity that have now been addressed.

The main variations are:

- **Safer Communities** (£363,000 underspend) – this is due to a review of the staffing establishment and successful achievement of the Riding at Standard post reductions for 2016/17 without the need to fully utilise the flexibility built into the budget, alongside a review of pensions funding which has identified an underlying saving of £250,000;
- **OSR** (£235,000 overspend) – the majority of the overspend is due to the SCC, with a number of budget pressures have been identified relating to staffing and services, and where these are ongoing have been addressed through the 2017/18 budget setting process;
- **Planning & Improvement** (£259,000 underspend) – delays in appointment to the Programme Management Office and re-phasing of consultation plans underpin this underspend.
- **Non Delegated costs** (£172,000 overspend) – overspends on Ill health retirements, redundancies, (there is an earmarked reserve for this, but the current year underspend has been used) and the Cycle to Work scheme, which will be recovered in 2017/18.

The Authority has previously agreed in principle that any underspend be transferred into an earmarked reserve to fund the costs of planned Wholetime Firefighter Recruitment. This report recommends that the full £464,000 underspend is transferred into this reserve. Whilst the costs of the recruitment exercise are still to be finalised it is expected that this would cover the one off costs of recruitment and selection, training and supernumerary salaries for four cohorts of 8 recruits (32 in total).

The overall Capital Programme is projected to be £31,000 underspent (as previously reported). The current year's Capital Programme is projected to be underspent by £694,000 (as previously reported). Although the Programme was reviewed as part of the budget report to Fire Authority in February 2017 there has continued to be slippage in the Property General Schemes into 2017/18 (Appendices 3 and 4). None of this slippage is assessed to have any immediate impact on operational service delivery. Paragraph 4.2 show the slippage that will be carried forward into 2017/18.

The Authority maintains Earmarked and General Reserves in order to assist it in managing its spending plans across financial year (Earmarked Reserves) and making provisions for the financial risks it faces (General Reserves). A summary of the provisional year end position is set out in Appendix 5 and is expected to be £21.076m which is £5.180m higher than planned, primarily due to slippage in the capital programme, delayed contractual milestone payments relating to the IMD Transformation project slipping from 2016/17 into 2017/18 and additional specific grants received from central government which will be spent in 2017/18.

A summary of the savings – £1,864,000 – already taken from the 2016/17 budget, is set out in Appendix 6. All of these savings have been achieved.

RECOMMENDATION:

The Panel is asked to note:

- (i) The provisional 2016/17 revenue budget outturn;
- (ii) The provisional 2016/17 capital programme outturn;
- (iii) The use of reserves; and
- (iv) The capital programme slippage (paragraph 5.10).

The Panel is asked to approve:

- (v) The transfer of the revenue underspend into a earmarked reserve to fund the additional cost of Wholetime Firefighter Recruitment;
- (vi) The transfer of the Mapping Solution and the Community Fire Safety earmarked reserves to the IMD Transformation reserve (paragraph 6.5),

1. INTRODUCTION

- 1.1 This report is based upon the year end position, prior to audit. The report discloses the main issues and material variances and changes to previously reported variances.

	Last report	This report	Movement
	£'000	£'000	£'000
Revenue (see paragraph 2)	(558)	(464)	94
Capital in year (see paragraph 5)	(694)	(694)	n/a

- 1.2 This is the fifth monitoring report for 2016/17, the fourth to Policy & Resources (P & R) following an initial report to Fire Authority.

2. REVENUE BUDGET COMMENTARY

- 2.1 **Safer Communities:** This directorate has underspent by £363,000 (previously £378,000 underspend) (see detail in Appendix 2). The £16,000 movement is the result of various running costs budgets overspending.
- 2.2 **Operational Support and Resilience:** The budget has overspent by £235,000 (previously £174,000 overspent). The majority of the overspend (£158,000) and the reason for the increase relates in the main to increased spending on SCC.
- 2.3 **Training and Assurance:** The directorate has underspent by £22,000 (previously on target). The underspend relates to the staffing budget, primarily as a result of delays in recruiting the Health and Safety manager.
- 2.4 **Resources/Treasurer:** The directorate has underspent by £71,000 (previously an overspend of £5,000). The main changes are due to overestimated spend on consultancy budgets and the contract for the provision of financial services with ESCC of £118,000, underspend in utilities £35,000, overspend in legal fees of £14,000 and overspending in IMD of £64,000 (non-transformational). As previously agreed, the corporate contingency has been used to support the cost of IMD Transformation. As a result of this and the slipping of key contract milestone payments, of significant value, from 2016/17 into 2017/18 there is no requirement to draw down funds from the IMD Transformation Reserve.
- 2.5 **Planning and Improvement:** The budget has underspent by £259,000 (previously £238,000 underspend). A number of small underspends in various areas have materialised, the forecasted underspends in IRMP and PMO have proven reliable.
- 2.6 **Human Resources and Organisational Development:** The budget has overspent by £2,000 (previously £45,000 overspent). Lower than expected expenditure on Occupational Health specialist referrals has resulted in the change.
- 2.7 **Chief Fire Officer:** The CFO staff budget is projected to be overspent by £3,000 (previously £6,000 underspent).

- 2.8 **Non Delegated Costs:** This budget has overspent by £172,000 (previously reported as £102,000). The change is the result of the projected underspend on Injury Allowances not being realised.
- 2.9 **Corporate Contingency:** This budget provides some flexibility for CMT to manage in-year budget pressures and was set at £270,200 for 2016/17. With £100,000 already transferred out and £320,000 added, as a result of the in-year savings from Senior Management Restructure and overprovision for pay awards, the flexibility increased to £483,000. This has been used to support the IMD Transformation in 2016/17 thus reducing the level of drawdown from the IMD Transformation reserve in 2016/17 and maximising the funding available to support investment in the IMD Strategy in future years. £358,000 has been utilised in this way leaving a residual underspend of £125,000.
- 2.10 **Financing:** £10,000 of additional financial support has been received through Business Rates Relief, Reconciliation of Authorities 2015/16 Income Loss Payments.

3. **MONITORING OF SAVINGS**

- 3.1 Appendix 5 shows the savings required to be made in 2016/17 and the following two financial years. This illustrates the levels of savings that need to be achieved in those years, rather than the cumulative savings including those already achieved.
- 3.2 It has been confirmed that the reduction of 14 posts for the Change to Ridership saving has been achieved.

4. **CAPITAL PROGRAMME COMMENTARY**

- 4.1 The Capital Programme remains as previously reported. The following schemes have underspent in the current year but not overall, the underspends will be carried forward into the new financial year.

Scheme	Underspend current year 2016/17	Carry forward into 2017/18
Service HQ Relocation	£236,000	£139,000
General Schemes	£197,000	£197,000
Breathing Apparatus Chambers	£203,000	£203,000
Sustainability	£48,000	£48,000
Information Management	£48,000	£48,000
Cars & Vans	£189,000	£189,000
BA & Ancillary Equipment	£30,000	£30,000
Total	£950,000	£853,000

6. **RESERVES**

- 6.1 The table in Appendix 4 shows the use of reserves for 2016/17. The table has been updated for the reduced receipts in year with the delay in the disposal of Fort Road Newhaven and lower use of receipts reflecting the in-year underspend on the Capital Programme.

- 6.2 The Improvement and Efficiency Reserve draw down has been reduced on the basis that it has not needed to be used to fund redundancy payments in 2016/17.
- 6.3 Two government grants have been received late in the financial year which have been earmarked for use in 2017/18. They are £1.1m for works required to prepare for the roll out of the new Emergency Services Communication network following a successful application to the Home Office. The second is £40,000 to allow the Service to respond to new risks, £20,000 to be spent on revenue and £20,000 on Capital. The capital sum must be spent by November 2017.
- 6.4 With the Corporate Contingency being used to support the IMD Transformation in 2016/17 the amount drawn down from the IMD Transformation reserve has been reduced. This leaves a greater one off sum to be used in future years.
- 6.5 The Mapping Solution and Community Fire Safety (CRM development) now fall under the umbrella of the IMD Strategy and as such it is recommended that these two earmarked reserves are transferred to the IMD Transformation Reserve.

7. **BORROWING AND INVESTMENT**

- 7.1 As at 31 March 2017, the Authority held cash balances of £22.449m which were invested as set out in Appendix 7 in accordance with the Treasury Management Strategy. Following the reduction in the base rate to 0.25% we have seen reductions in the rates earned on both our bank deposits and money market funds. However the higher level of balances available for investment along with a more active Treasury Management Strategy means an expected surplus over budget of £44,000 (previously £25,000).

	Original Budget	Revised Budget	Provisional Outturn	Variance	Variance	Variance last report
	£'000	£'000	£'000	£'000	%	£'000
Training and Assurance	2,049	2,126	2,105	(21)	(1.0)	0
Resources/Treasurer	7,585	7,939	7,868	(71)	(0.9)	5
Planning and Improvement	1,157	1,142	883	(259)	(22.7)	(238)
Total Deputy Chief Fire Officer	10,791	11,207	10,856	(351)	(3.1)	(233)
Human Resources and OD	868	907	909	2	0.2	45
Safer Communities	19,472	19,306	18,960	(346)	(1.8)	(378)
Operational Support	3,583	2,552	2,787	235	9.2	174
Total Assistant Chief Fire Officer	23,923	22,765	22,656	(109)	(0.5)	(159)
CFO Staff	831	734	737	3	0.4	(6)
Treasury Management	1,368	1,384	1,340	(44)	(3.2)	(44)
Non Delegated costs	402	377	549	172	45.6	102
Corporate Contingency	270	132	7	(125)	(94.7)	(183)
Transfer to Reserves	847	2,328	2,328	0	0.0	0
Transfer from Reserves	0	(381)	(381)	0	0.0	(25)
Total Corporate	3,718	4,574	4,580	6	0.1	(156)
Total Net Expenditure	38,432	38,546	38,092	(454)	(1.2)	(548)
Financed By:						
Council Tax	(24,280)	(24,280)	(24,280)	0	0.0	0
Business Rates	(7,273)	(7,317)	(7,317)	0	0.0	(10)
Revenue Support Grant	(6,196)	(6,196)	(6,196)	0	0.0	0
Transition Grant	(97)	(97)	(97)	0	0.0	0
S31 Grants	(217)	(287)	(297)	(10)	3.5	0
Collection Fund	(369)	(369)	(369)	0	0.0	0
Surplus/Deficit						
Total Financing	(38,432)	(38,546)	(38,556)	(10)	0.0	(10)
Total Over / (Under) Spend	0	0	(464)	(464)	(1.2)	(558)

	Original Budget £'000	Revised Budget £'000	Provisional Outturn £'000	Variance £'000	Variance %	Variance last report £'000
AD Safer Communities	109	110	121	11	10.1	11
Hastings and Rother	4,738	4,671	4,636	(34)	(0.7)	(33)
Eastbourne and Wealden	5,110	4,909	4,841	(68)	(1.4)	(84)
The City	5,324	5,374	5,009	(365)	(6.8)	(365)
Lewes	1,953	1,968	2,060	92	4.7	91
Business Safety	1,365	1,426	1,440	14	1.0	(10)
Community Safety	873	864	852	(11)	(1.3)	12
Total Safer Communities	19,472	19,322	18,960	(362)	(2)	(378)

Borough Commanders Overtime analysis

	Original Budget £'000	Revised Budget £'000	Provisional Outturn £'000	Variance £'000	Variance %	Variance last report £'000
Hastings and Rother	51	58	69	11	19	17
Eastbourne and Wealden	11	44	60	16	37	23
The City	56	47	86	39	83	46
Lewes	8	12	21	8	67	4
Total Borough Commanders	126	161	235	73	46	90

The figures are included within the Safer Communities table above.

Capital Scheme	Original Budget as agreed CFA Feb 2016 £'000	Revised Budget £'000	Provisional Outturn £'000	Variance £'000	Variance %	Variance Last P&R Report £'000
Property Major Schemes						
Newhaven Fire Station	49	49	124	75	153.1	75
Service HQ Relocation	624	624	388	(236)	(37.8)	(236)
Subtotal	673	673	512	(161)	(23.9)	(161)
Property General Schemes						
General Schemes	705	461	264	(197)	(42.7)	(197)
Breathing Apparatus Chambers	0	216	13	(203)	(93.8)	(203)
Sustainability	155	55	7	(48)	(87.8)	(48)
Subtotal	860	732	284	(448)	(61.2)	(448)
Information Management						
IMD Strategy SCC	607	121	73	(48)	(39.4)	(48)
Fleet & Equipment						
Fire Appliances	935	793	974	181	22.8	181
Ancillary Vehicles	556	0	0	0	0.0	0
Cars & Vans	185	296	107	(189)	(63.7)	(189)
BA & Ancillary Equipment	750	30	0	(30)	(100.0)	(30)
Subtotal	2,426	1,119	1,081	(38)	(3.4)	(38)
Total	4,566	2,645	1,951	(694)	(26.2)	(694)

East Sussex Fire Authority
2016/17 - 2020/21 Capital Budget Monitoring

Appendix 4

Capital Scheme	Original Budget as agreed by CFA Feb 2016 £'000	Revised Budget £'000	Provisional Outturn £'000	Variance £'000	Variance %	Variance last Report £'000
Property Major Schemes						
Newhaven Fire Station	3,560	3,560	3,632	72	2.0	72
Service HQ Relocation	650	650	545	(105)	(16.2)	(105)
Subtotal	4,210	4,210	4,177	(33)	(0.8)	(33)
Property General Schemes						
General Schemes	2,976	3,432	3,309	(123)	(3.6)	(123)
Breathing Apparatus	0	360	360	0	0.1	0
Chambers						
Replacement Fuel Tanks	220	220	220	0	0.0	0
Sustainability	420	420	434	14	3.3	14
Subtotal	3,616	4,432	4,323	(109)	(2.5)	(109)
Information Management						
IMD Strategy SCC	2,027	1,791	1,791	0	0.0	0
Fleet & Equipment						
Fire Appliances	5,165	6,470	6,510	40	0.6	40
Aerial Appliances	680	680	680	0	0.0	0
Ancillary Vehicles	1,457	1,397	1,397	0	0.0	0
Cars & Vans	1,321	1,576	1,646	70	4.5	70
BA & Ancillary Equipment	750	750	750	0	0.0	0
Subtotal	9,373	10,873	10,983	110	1.0	110
Total	19,226	21,306	21,275	(31)	(0.1)	(31)

East Sussex Fire Authority
2016/17 Reserves Projections

Appendix 5

Description	Opening Balance 01/04/16 £'000	2016/17	2016/17	2016/17	2016/17	Provisional Closing Balance 31/03/2017 £'000
		Planned Transfers In £'000	Planned Transfers Out £'000	Actual Transfers In £'000	Actual Transfers Out £'000	
Earmarked Reserves						
Improvement and Efficiency	1,804	97	(797)	97	(416)	1,485
Sprinklers	187		(113)			187
Insurance	249					249
Community Fire Safety	145		(145)			145
RPE and communications	750		(750)	310	(46)	1,014
Mapping Solution	69					69
ESN Health Check	15		(15)			15
ESMCP ESFRS readiness	0			1,160		1,160
Responding to New Risks (Revenue)	0			19		19
Safer Business Training	140		(52)	73		213
IMD Transformation	2,000		(600)			2,000
Wholetime Firefighter recruitment	0			464		464
Capital Programme Reserve	4,631	750		750		5,381
Total Earmarked Reserves	9,990	847	(2,472)	2,873	(462)	12,401
General Fund	3,142					3,142
Total Revenue Reserves	13,132	847	(2,472)	2,873	(462)	15,543
Capital Receipts Reserve	6,438	515	(2,564)		(926)	5,512
Responding to New Risks (Capital)	0			21		21
Total Capital Reserves	6,438	515	(2,564)	21	(926)	5,533
Total Usable Reserves	19,570	1,362	(5,036)	2,894	(1,388)	21,076

Monitoring of Savings 2016/17 - 2018/19									
Summary showing Changing the Service Phases 1 and 2 and other operational savings									
	Budget			Current Forecast			Variance		
	2016/17	2017/18	2018/19	2016/17	2017/18	2018/19	2016/17	2017/18	2018/19
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Phase 2 Savings									
Removal of a pump from Hove	(932)	0	0	(932)	0	0	0	0	0
Riding at Standard	(280)	(560)	(280)	(280)	(560)	(280)	0	0	0
Total Phase 2 Savings	(1,212)	(560)	(280)	(1,212)	(560)	(280)	0	0	0
Total Facing the Challenge	(75)	(73)	0	(75)	(73)	0	0	0	0
Total non-operational savings	(439)	(376)	(173)	(439)	(376)	(173)	0	0	0
Total additional savings	(138)	0	0	(138)	0	0	0	0	0
Total all other savings	(652)	(449)	(173)	(652)	(449)	(173)	0	0	0
Total Savings	(1,864)	(1,009)	(453)	(1,864)	(1,009)	(453)	0	0	0

N.B. Above table shows in-year savings, not cumulative

**East Sussex Fire Authority
Investment as at 31 March 2017**

Appendix 7

Counterparty	Type	Amount	Term	Rate
		£'000		%
Lloyds/HBOS	Fixed	2,000	Fixed term to 18/4/17	0.65
Lloyds/HBOS	Notice	2,000	175 days	0.65
Santander	Notice	4,000	95 days	0.65
Barclays	Notice	4,000	100 days	0.44
Standard Life	MMF	4,000	Instant access	variable
Insight	MMF	4,000	Instant access	variable
Deutsche Bank	MMF	2,449	Instant access	variable
Total Current Investments		22,449		

EAST SUSSEX FIRE AND RESCUE SERVICE

Meeting: Policy & Resources
Date: 6 July 2017
Title of Report: Revenue Budget and Capital Programme Monitoring 2017/18
By: Duncan Savage – Assistant Director Resources/Treasurer
Lead Officer: Warren Tricker – Finance Manager

Background Papers: None

Appendices: Appendix 1: 2017/18 Revenue Budget – Functional Analysis
 Appendix 2: 2017/18 Revenue Budget – Safer Communities Analysis
 Appendix 3: 2017/18 Capital Budget Monitoring
 Appendix 4: All Years Capital Budget Monitoring (to 2021/22)
 Appendix 5: 2017/18 Reserves Projections
 Appendix 6: Monitoring of Savings 2017/18 - 2018/19
 Appendix 7: Investment as at 31 May 2017

Implications

CORPORATE RISK		LEGAL	
ENVIRONMENTAL		POLICY	
EQUALITY IMPACT		POLITICAL	
FINANCIAL	✓	OTHER (please specify)	
HEALTH & SAFETY		CORE BRIEF	
HUMAN RESOURCES			

PURPOSE OF REPORT: To report on issues arising from the monitoring of the 2017/18 Revenue Budget and Capital Programme as at 31 May 2017.

EXECUTIVE SUMMARY: At this very early stage in the financial year this report is on an exception basis and addresses those areas where there are clear issues or risks and initial monitoring has a forecast overspend of £137,000. The report also highlights other risks and issues which have yet to crystallise or where the financial impact is not yet known.

The overall Capital Programme is projected to be £214,000 underspent. The current year's Capital Programme is, at this stage, £131,000 underspent (Appendices 3 and 4). There are a number of 2016/17 schemes that have slipped into 2017/18 and these are now reflected in the monitoring.

The Authority maintains Earmarked and General Reserves in order to assist it in managing its spending plans across financial year (Earmarked Reserves) and making provisions for the financial risks it faces (General Reserves). A summary of the current planned use of Reserves, updated with the latest operational position, can be found at Appendix 5.

A summary of the savings, £1.864m, already taken from the 2017/18 budget, is set out in Appendix 6.

RECOMMENDATION

Panel is asked to:

Note:

- (i) the risks to and the projected Revenue Budget overspend,
- (ii) the risks to and the projected underspend in the Capital Programme,
- (iii) the use of reserves,
- (iv) the monitoring of savings taken in 2017/18, and
- (v) the current year investments.

1. Introduction

1.1 This report is based upon enquiries as at 31 May 2017. The Report discloses the main risks, issues and material variances.

	This CMT report	Last CMT report	Movement
	£'000	£'000	£'000
Revenue (see paragraph 2)	137	n/a	n/a
Capital in year (see paragraph 5)	(131)	n/a	n/a

1.2 This is the first report to the Panel for 2017/18 financial year and at this very early stage it is difficult to accurately forecast outturn and there may be elements both internal and external that will influence the final position.

1.3 This Report highlights risks to the 2017/18 Revenue Budget that may result in significant change to the projections. While certainty increases as the year progresses circumstances change and new risks arise and this Report considers the risks faced.

2. **Revenue Budget Commentary**

- 2.1 **Resources/Treasurer:** The budget is forecast to overspend by £132,000. The Personal Protective Equipment (PPE) and Uniform budget is forecast to overspend by £50,000 as additional pressures cannot be contained within the existing budget. The Estates Manager has advised a forecast overspend of £82,000 on Business Rates as a result of the national revaluation exercise in 2017. The largest increase is on the service Training Centre where the rates have increased by £25,000, (45%), compared to 2016/17 with the average being closer to 15%. The Service will be appealing against these increases.
- 2.2 **Non Delegated Costs:** There is a projected overspend on Injury Allowance pensions of £5,000.
- 2.3 **Corporate Contingency:** This budget is intended to provide some flexibility for CMT to manage in year budget pressures and was set at £390,000 for 2017/18. The current position is that £193,000 remains uncommitted, however for the purposes of this report it is assumed that the contingency will be fully spent.

3. **Revenue Budget and Capital Programme Risks**

- 3.1 **In year Capital Programme:** Early in the financial year it is difficult to forecast with accuracy however the 2017/18 Capital Programme, at £4.676m is almost 2.5 times larger than the amount spent in 2016/17. Currently there is no indication that the programme will not be delivered however it is significantly larger than delivered last year. The introduction of additional resource in the Estates team and the establishment of the Programme Management Office should partially mitigate this risk.
- 3.2 **Operational Support, Sussex Control Room Project:** the project is moving ahead however the employee budget remains under pressure. As part of the budget setting process a contingency budget of £120,000 was added for 2017/18 only. A further review of the project timetable and resourcing is underway and there is a risk that this will identify additional costs against this budget for which funding will need to be identified.
- 3.3 **Resources / Treasurer, IT:** A review of the IT budget covering planned commitments for both business as usual and strategy is nearing completion and will be reported next month. CMT will already be aware of the agreed extension of temporary staffing arrangements which will create an in year pressure.
- 3.4 **Pay related issues:** The Authority is currently facing a number of potential pay related risks:
- The Authority has made provision in its 2017/18 budget for a pay award of up to 1.5% for Grey Book staff. Representative bodies have submitted a claim in excess of this amount and the Government's public sector pay cap of 1%. Every additional 0.5% above the budget provision equates to approximately £125,000. The Employer's side are currently considering their response following consultation with Authority Chairs and Chief Fire Officers.

- The FBU has registered a local dispute claiming that an Additional Responsibility Allowance (ARA) should be paid in relation to Swift Water Rescue. This could have potentially significant financial impacts both one off (for back pay) and ongoing.
- The Authority is currently consulting Green Book staff on the implementation of a pay and grading review. Once the review is finalised the financial impact can be confirmed but an initial estimate was an additional pressure of approximately £60,000 reducing after three years when pay protection ceases.

3.5 These risks will continue to be monitored and should they materialise the Authority will need to determine how the financial impact is to be managed. The Authority has a number of options open to it to manage in year budget pressures: identification of additional in year savings or managed underspends; use of the Corporate Contingency, and; use of General Balances. Ongoing pressures would need to be identified and dealt with through the budget setting process for 2018/19 and the updating of the Medium Term Financial Plan (MTFP).

4. **Monitoring of Savings**

4.1 Appendix 5 shows the savings made in 2016/17 and those required to be made in 2017/18 and 2018/19. This illustrates the levels of savings that need to be achieved in those years, rather than the cumulative savings including those already achieved.

4.2 It has been confirmed that the reduction of 14 posts for the Change to Ridership saving was achieved in 2016/17 and that the further 7 posts will be achieved in 2017/18.

5. **Capital Programme Commentary**

5.1 **Property Major Schemes, Service HQ relocation:** Following the reclassification of expenditure from capital to revenue this scheme will underspend. Funding is not affected as this scheme is funded from a revenue earmarked reserve.

5.2 **Property General Schemes:** The Estates Manager has reviewed the projects within this scheme and has identified various underspends and reprioritisation which has resulted in a forecast underspend.

5.3 **Property General Schemes, Sustainability:** There is a forecast small overspend of £14,000 as a result of inflationary pressures on estimates.

6. **Reserves**

6.1 The table in Appendix 4 shows the planned use of reserves for 2017/18. The planned transfer into the Improvement & Efficiency (I&E) earmarked reserve is the 2017/18 Transition Grant.

6.2 The planned transfers are as recorded in the Fire Authority meeting in February 2017, the forecast transfers reflect the current forecast taking account changes in operational arrangements and the outturn position.

6.3 With the Corporate Contingency being used to support the IMD Transformation in 2016/17 the opening balance is higher than expected which leaves a greater one off sum to be used in future years.

7. **Borrowing and Investment**

7.1 As at the 31 May 2017, the Authority held cash balances of £21.834m which were invested as set out in Appendix 6 in accordance with the Treasury Management Strategy.

	Original Budget	Revised Budget	Projected Outturn	Variance	Variance
	£'000	£'000	£'000	£'000	%
Training and Assurance	2,193	2,224	2,224		0.0
Resources/Treasurer	7,538	7,555	7,687	132	1.7
Planning and Improvement	1,049	1,061	1,061		0.0
Total Deputy Chief Fire Officer	10,779	10,839	10,971	132	1.2
Human Resources and OD	922	965	965		0.0
Safer Communities	18,291	18,343	18,343	0	0.0
Operational Support	3,842	3,956	3,956		0.0
Total Assistant Chief Fire Officer	23,054	23,263	23,263	0	0.0
CFO Staff	675	705	705		0.0
Treasury Management	1,408	1,408	1,408		0.0
Non Delegated costs	474	397	402	5	1.3
Corporate Contingency	390	234	234		0.0
Transfer to Reserves	622	622	622		0.0
Transfer from Reserves	0	(66)	(66)		0.0
Total Corporate	3,569	3,301	3,306	5	0.2
Total Net Expenditure	37,403	37,403	37,540	137	0.4
Financed By:					
Council Tax	(25,036)	(25,036)	(25,036)		0.0
Business Rates	(7,213)	(7,213)	(7,213)		0.0
Revenue Support Grant	(4,524)	(4,524)	(4,524)		0.0
Transition Grant	(122)	(122)	(122)		0.0
S31 Grants	(258)	(258)	(258)		0.0
Collection Fund	(250)	(250)	(250)		0.0
Surplus/Deficit					
Total Financing	(37,403)	(37,403)	(37,403)	0	0.0
Total Over / (Under) Spend	0	0	137	137	0.4

	Original Budget	Revised Budget	Projected Outturn	Variance	Variance
	£'000	£'000	£'000	£'000	%
AD Safer Communities	107	107	107	0	0.0
Hastings and Rother	4,404	4,417	4,417	0	0.0
Eastbourne and Wealden	4,639	4,656	4,656	0	0.0
The City	5,048	5,066	5,066	0	0.0
Lewes	1,830	1,833	1,833	0	0.0
Business Safety	1,455	1,456	1,456	0	0.0
Community Safety	808	808	808	0	0.0
Total Safer Communities	18,291	18,343	18,343	0	0.0

Capital Scheme	Original Budget as agreed CFA Feb 2017 £'000	Revised Budget £'000	Projected Outturn £'000	Variance £'000	Variance %
Property Major Schemes					
Newhaven Fire Station	2	2	2	0	0.0
Service HQ Relocation	26	165	157	(8)	(4.8)
Preston Circus	200	200	200		
Subtotal	228	367	359	(8)	(2.2)
Property General Schemes					
General Schemes	937	1,134	1,011	(123)	(10.8)
Breathing Apparatus Chambers	144	347	347	0	0.0
Replacement Fuel Tanks	190	190	190	0	0.0
Sustainability	200	248	248	0	0.0
Security	100	100	100	0	0.0
Subtotal	1,571	2,019	1,896	(123)	(6.1)
Information Management					
IMD Strategy SCC	274	292	292	0	0.0
Fleet & Equipment					
Fire Appliances	970	970	970	0	0.0
Ancillary Vehicles	703	703	703	0	0.0
Cars & Vans	210	399	399	0	0.0
BA & Ancillary Equipment	720	750	750	0	0.0
Subtotal	2,603	2,822	2,822	0	0.0
Total	4,676	5,500	5,369	(131)	(2.4)

Capital Scheme	Original Budget as agreed by CFA Feb 2017 £'000	Revised Budget £'000	Projected Outturn £'000	Variance £'000	Variance %
Property Major Schemes					
Newhaven Fire Station	3,560	3,560	3,560	0	0.0
Service HQ Relocation	650	650	545	(105)	(16.2)
Preston Circus	2,550	2,550	2,550	0	0.0
ITF Southeast Workshop	1,000	1,000	1,000	0	0.0
Subtotal	7,760	7,760	7,655	(105)	(1.4)
Property General Schemes					
General Schemes	3,432	3,432	3,309	(123)	(3.6)
Breathing Apparatus Chambers	360	360	360	0	0.0
Replacement Fuel Tanks	220	220	220	0	0.0
Sustainability	420	420	434	14	3.3
Security	150	150	150	0	0.0
Subtotal	4,582	4,582	4,473	(109)	(2.4)
Information Management					
IMD Strategy SCC	1,791	1,688	1,688	0	0.0
Fleet & Equipment					
Aerial Appliances	675	675	675	0	0.0
Fire Appliances	6,470	6,470	6,470	0	0.0
Ancillary Vehicles	1,397	1,397	1,397	0	0.0
Cars & Vans	1,576	1,576	1,576	0	0.0
BA & Ancillary Equipment	750	750	750	0	0.0
Subtotal	10,868	10,868	10,868	0	0.0
Total	25,001	24,898	24,684	(214)	(0.9)

East Sussex Fire Authority
2017/18 Reserves Projections

Appendix 5

Description	Opening Balance 01/04/17 £,000	2017/18	2017/18	2017/18	2017/18	Projected Closing Balance 31/03/2018 £,000
		Planned Transfers In £,000	Planned Transfers Out £,000	Forecast Transfers In £,000	Forecast Transfers Out £,000	
Earmarked Reserves						
Improvement and Efficiency	1,485	122	(600)	122	(604)	1,003
Sprinklers	187		(187)		(187)	0
Insurance	249					249
Community Fire Safety	145				(145)	0
RPE and communications	1,014		(996)		(1,014)	0
Mapping Solution	69		(69)		(69)	0
ESN Health Check	15				(15)	0
ESMCP ESFRS readiness	1,160				(1,160)	0
Responding to new risks Revenue	19				(19)	0
Safer Business Training	213		(63)		(140)	73
IMD Transformation	2,000		(450)		(1,230)	770
Wholetime Firefighter recruitment	464				(232)	232
Capital Programme Reserve	5,381	500		500		5,881
Total Earmarked Reserves	12,401	622	(2,365)	622	(4,815)	8,208
General Fund	3,142					3,142
Total Revenue Reserves	15,543	622	(2,365)	622	(4,815)	11,350
Capital Receipts Reserve	5,512	515	(2,564)	2,895	(2,907)	5,500
Responding to new risks Capital	21				(21)	0
Total Capital Reserves	5,533	515	(2,564)	2,895	(2,928)	5,500
Total Usable Reserves	21,076	1,137	(4,929)	3,517	(7,743)	16,850

Monitoring of Savings 2016/17 - 2018/19

Summary showing Changing the Service Phases One and Two and other operational savings

	Budget			Current Forecast			Variance		
	2016/17 £'000	2017/18 £'000	2018/19 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000
Phase Two Savings									
Removal of a pump from Hove	(932)	0	0	(932)	0	0	0	0	0
Change to Ridership	(280)	(560)	(280)	(280)	(560)	(280)	0	0	0
Total Phase Two Savings	(1,212)	(560)	(280)	(1,212)	(560)	(280)	0	0	0
Total Facing the Challenge	(75)	(73)	0	(75)	(73)	0	0	0	0
Total non-operational savings	(439)	(376)	(173)	(439)	(376)	(173)	0	0	0
Total additional savings	(138)	0	0	(138)	0	0	0	0	0
Total all other savings	(652)	(449)	(173)	(652)	(449)	(173)	0	0	0
Total Savings	(1,864)	(1,009)	(453)	(1,864)	(1,009)	(453)	0	0	0

N.B. Above table shows in-year savings, not cumulative

**East Sussex Fire Authority
Investment as at 31 May 2017**

Appendix 7

Counterparty	Type	Amount	Rate
		£'000	%
Lloyds/HBOS	175 Day notice	4,000	0.65
Santander	95 Day notice	4,000	0.65
Barclays	100 Day Notice	4,000	0.44
Goldman Sachs 1B	6 months fixed	4,000	0.75
Standard Life	MMF	4,000	Variable
Deutsche Bank	MMF	1,834	Variable
Total Current Investments		21.834	