

AMENDED REPORT AND APPENDICES TO BE TABLED AT CFA MEETING – KEY CHANGES HIGHLIGHTED.

EAST SUSSEX FIRE AUTHORITY

Date: **7 February 2013**
Title: **Draft Revenue Budget 2013/14**
By: **Chief Fire Officer & Chief Executive and Treasurer**
Purpose of Report: **To consider the final draft Fire Authority Revenue Budget 2013/14.**

RECOMMENDATION: The Fire Authority is asked to:

- i. approve the detailed recommendations as set out in Section 1.2 below of this report;
- ii. note that the final tax base figures have been provided by the billing authorities and the Local Government Finance Settlement has been confirmed;
- iii. in accordance with the Local Government Finance Act 1992, **EITHER** approve the acceptance of the latest Council Tax Freeze Grant in 2013/14 to achieve a nil change in precept and as such approve:
 - (i) the amount calculated by East Sussex Fire Authority as its budget requirement for the year 2013/14 is £39.079m; a decrease of 2.38% on the 2012/13 base budget of £40.030m;
 - (ii) the amount calculated by East Sussex Fire Authority as its Council Tax Requirement for the year 2013/14 is £21.625m and the basic amount of its council tax (i.e. for a Band D property) for the year 2013/14 is £81.86 (based on final tax base figures), a nil increase on the 2012/13 figure of £81.86 to accord with the Government's further support to council taxpayers in view of the economic situation and commensurate grant support for a national freeze on council tax in 2013/14; and
 - (iii) Brighton & Hove City Council and the borough and district councils (the billing authorities) are advised by the Treasurer of the relevant amounts payable and the council tax in the other bands, in line with the regulations and attached table and to issue precepts accordingly (Appendix 3 – Option A).

OR reject the offer of the Government's latest Council Tax Freeze grant and set a precept of less than 2% to avoid the potential risk of being required to undertake a local council tax referenda and rebilling along with agreeing the consequential adjustments to the relevant defining figures for precept setting purposes. (see Annex 6 to Appendix 1 for Option A (nil increase) and two indicative options of B (Council Tax Requirement of £21.842m a 1% increase) and

- C (Council Tax Requirement of £22.045m a 1.94% increase) in 2013/14 and Appendix 3 respectively.)
- iv. **AND** if a precept increase is approved, determine which service investment proposals are supported with the temporary surpluses generated as set out in Annex 5 of Appendix 1.
 - v. 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 Fire Authority, at its meeting on 17 January 2013, considered the draft 2013/14 Revenue Budget and draft Capital Programme 2013/14 to 2017/18 (copies available on request). The non-confidential minutes of this meeting are included elsewhere within this Agenda, but an abbreviated version is set out at Appendix 1 paragraph 1.1.1.
 2. At this meeting, the Fire Authority approved the 2013/14 Committed Budget of £38.932m and related detailed provisions, fees and charges, etc.; and the 2013/14 to 2017/18 Capital Programme.
 3. Under the new funding arrangements, the provisional 2013/14 Finance Settlement included Revenue Support Grant of £10.195m; Retained Business rates (including top up) of £6.782m Council Tax Transitional Support Grant of £0.092m and a further Council Tax Freeze Grant of £0.249m for two years if the Fire Authority accepted a nil increase in the Council Tax for a further year.
 4. Final figures on council tax base and council tax collection fund enabled a Revenue Budget requirement to be set at £39.079m, for council tax band D increases to be kept to £81.86 if this latest council tax freeze grant is to be accepted. Other financial policy options are highlighted below. Any additional surplus will be transferred into Reserves to be set aside to fund future spending pressures and proposals.
 5. 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. In the nature of its business the Fire 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 reviewed and managed in line with the Authority's policy.
 6. The Fire Authority needs to finalise the 2013/14 Revenue Budget by determining:
 - a) whether or not to accept the latest Council Tax Freeze Grant offered by the Government;
 - b) the 2013/14 Council Tax requirement and related precept depending upon the preferred policy option; and
 - c) if the Council Tax Freeze Grant is rejected in favour of a Council Tax increase of up to 2% whether or not to continue to support specific community safety initiatives for a limited period time from the additional resources generated in 2013/14 which would be transferred to Reserves and the funding for the initiatives drawn down as required (See Annex 5).
- based upon the information set out in this report and as further updated at the meeting.

7. The Fire Authority has used figures provided by the Government in accordance with the Local Government Finance Settlement in formulating its proposed budget. However, we are aware from returns made by local billing authorities following other recent government guidance on calculations for business rates income that the actual level of business rates baseline funding is likely to be lower. It is proposed that as the Fire Authority has already recognised this risk and made provision in Reserves and Balances that any adjustments to make up a deficit be managed through these provisions without it affecting the detailed budget proposed.

Des Prichard
CHIEF FIRE OFFICER & CHIEF EXECUTIVE
6 February 2013

Duncan Savage
TREASURER

Background Papers:
Minutes of the Fire Authority 17 January 2013

1. OUTSTANDING ACTIONS

- 1.1 In accordance with the Accounts and Audit Regulations, precepting authorities are required to review and report upon their reserves and balances as part of the budget setting process. The level of Reserves was considered by the Fire Authority at its meeting on 17 January 2013 and this position is highlighted within the budget papers included in this agenda item.
- 1.2 The Fire Authority is asked to:
- a) approve the final budget figures of £39.079m for 2013/14 a 2.38% reduction on the 2012/13 base budget of £40.030m before consideration of any further temporary spending options if the precept is increased by up to 2%.
 - b) note the final Council Tax Base for 2013/14 and the confirmed Collection Fund Surplus, detailed in Appendix 1 section 2 below, which deliver a positive movement in available resources of £0.147m compared to that previously estimated which will be transferred direct to Reserves as part of the committed budget.
 - c) note the previously approved Capital Programme payments for 2013/14 totalling £4.150m which have no related revenue consequences;
 - d) approve **EITHER** a 2013/14 Council Tax precept of £81.86 for a Band D Property, by accepting Council Tax Freeze Grant **OR** reject the offer of the Government's latest Council Tax Freeze grant and set a precept of less than 2% to avoid the potential risk of being required to undertake a local council tax referenda and rebilling along with agreeing the consequential adjustments to the relevant defining figures for precept setting purposes. (see main recommendations)
 - e) if the Council Tax Freeze Grant is rejected in favour of a precept increase of up to 2% whether or not to continue to support specific community safety initiatives for a limited period time from the additional resources generated in 2013/14 which would be transferred to Reserves and the funding for the initiatives drawn down as required.
 - f) Approve the Prudential Indicators set out in Appendix 2.
- 1.3 Once the final decision has been made on the 2013/14 Revenue Budget, the only remaining action in relation to the financial year 2013/14 is for the Treasurer to "advise the billing authorities of the relevant amounts payable and the council tax in the other bands, in line with the regulations and attached relevant tables as finally determined, 3 examples of which are set out as Appendix 3 (nil increase; 1% increase; 1.94% increase) which includes the final tax figures, and to issue precepts accordingly."

**OVERVIEW OF 2013/14 REVENUE BUDGET POSITION
AS REPORTED TO FIRE AUTHORITY 17 JANUARY 2013 AND SUBSEQUENT
INFORMATION RECEIVED**

1. SUMMARY OF OUTCOMES

1.1 Draft Revenue Budget and Capital Programme for 2013/14

- 1.1.1 The latest meeting of the Fire Authority took place on 17 January 2013 to give initial consideration to the draft budget for next year. The minutes of the Fire Authority meeting on 17 January 2013 are elsewhere on the agenda, but an abbreviated version is set out below for ease of reference:

RESOLVED – That:

- a) the projected expenditure for 2012/13 (Section 2.1) be noted;
- b) the continued Revenue Budget consultations taking place (Section 2.2.3) be noted;
- c) the committed budget for 2013/14 of £38.932m including provision for pay awards of 1% in 2013/14, price increases of typically 2.5% and net inescapable commitments (Sections 4.2.5, 4.2.7 and 4.2.8) be approved;
- d) the fees and charges as set out in section 4.2.6 and in Appendix B be approved;
- e) the absence of (prior) Service Investment proposals in the 2013/14 Revenue Budget and reasons for their absence as highlighted in Section 4.2.10 be noted;
- f) the amended Capital Programme for 2012/13 totalling £4.050m and the Capital Programme for 2013/14 totalling £4.150m, as set out in Section 5 be approved, and it be noted that there are no related revenue consequences;
- g) the Reserves and Balances Policy set out in Appendix F and the proposed level of reserves summarised in Table 15 be approved;
- h) determining whether or not to accept the Council Tax Freeze Grant be deferred until the February 2013 precept setting meeting as detailed budget and resourcing information still needs to be confirmed (covered in Section 7 and Tables 16 and 17);
- i) the format of the Fire Authority's council tax information will be finalised after the decisions made at the Fire Authority meeting on 7 February 2013 be noted; and
- j) the detailed recommendations for setting the precept will be included in the final Revenue Budget report to be presented to the Fire Authority at its 7 February 2013 meeting, using the Local Government Finance Settlement and final tax base figures yet to be published be noted.

2. ADDITIONAL INFORMATION RECEIVED AFTER THE FIRE AUTHORITY MEETING ON 17 JANUARY 2013

2.1 Finalisation of Council Tax Base for 2013/14 and Collection Fund

2.1.1 The Fire Authority has been notified of the final Council Tax base figures and collection fund surpluses for 2013/14.

2.1.2 The final position is that the collection fund is in surplus by £0.136m compared with the estimated net nil reported on 17 January 2013. It is proposed to transfer this one off collection fund surplus to Reserves to assist in funding future service pressures in 2013/14 or future years.

2.1.3 The final position on Council Tax Base after allowing for the changes in the national funding arrangements is £0.011m more than previously projected. The combined effect of the tax base increase and collection fund surplus will be £0.147m available.

2.1.4 It should be noted that the Fire Authority's prudent approach to Service Planning including the significant 'Facing the Challenge' savings it approved in December 2013 has enabled the Fire Authority to set a sensitive budget for 2013/14, bearing in mind the difficult economic times being faced by council taxpayers.

2.2 Local Government Finance Settlement

The provisional LGFS was announced on 19 December 2012 and the consultation period closed on 15 January 2013. The final settlement was announced on 4 February 2013 and these updated papers reflect the final settlement. The settlement is due to be debated in Parliament on 13 February 2013 and it is recommended that power is delegated to the Chief Fire Officer and Chief Executive in consultation with the Chairman and the Treasurer to make any presentational changes to the budget that may be required as a result. This will not impact on the agreed precept or level of Council Tax.

3. SUMMARY SCHEDULES OF LATEST REVENUE BUDGET AND MEDIUM TERM FINANCIAL POSITION

3.1 Annexes 1 to 7 attached provide further summary information extracted from the earlier January report, updated as required. Members will be aware that there remains significant uncertainty about funding post 2014/15 which is unlikely to be resolved until after the completion of CSR 2013. There is also a range of risks associated with the new funding regime which we will need to monitor and assess during 2013/14. For these reasons, we will need to revisit our plans for 2014/15 onwards later in the year.

PLEASE NOTE THAT THE ANNEXES HAVE NOW BEEN AMENDED TO REFLECT THE SUPPLEMENTARY INFORMATION RECEIVED E.G. FINAL COUNCIL TAX BASE

Annex 1 Revenue Budget summary including impact of service investment proposals and compensatory savings, council tax base changes and collection fund surpluses

Annex 2 Five Year Plan Graph

- Annex 3 Five Year Medium Term Plan Summary to consider future potential impacts of current service planning proposals on future council tax levels (subject to certain assumptions on Formula Grant, council tax base and council tax Band D increases)
- Annex 4 Table of Matching Resources to Objectives
- Annex 5 Table of potential Service Investments if the Fire Authority chose to reject Council Tax Freeze Grant in favour of a 1.94% increase in precept, (other lower precept increase options would scale investment levels down accordingly).
- Annex 6 Table of council tax precept policy options
- Annex 7 Fire Authority budget summaries.

4. **DRAFT COUNCIL TAX LEAFLET INFORMATION**

- 4.1 The draft Council Tax Leaflet information is currently being prepared.

Annex 1 to Appendix 1

As presented to the Fire Authority at its meeting on 17 January 2013, adapted to include the impact of the final tax base figures & collection fund surplus; and three indicative options for precepts - option A- nil increase and accept council tax freeze grant, option B reject council tax freeze grant in favour of a **1% increase in precept in 2013/14 (£0.82)** or a 1.94% (£1.59 p.a.) increase in precept (excludes impact of potential schemes to be funded from any increased surpluses – see Annex 5 below)

2011/12	Table 6 (from CFA report Jan 2013) - Revenue Budget Summary - as amended	2012/13	2013/14
Actual		Original Estimate	Original Estimate
£'000		£'000	£'000
	OPERATIONAL BUDGET		
25,952	Employees	26,029	25,150
2,984	Fire Service Pensions	3,200	3,018
1,968	Premises	2,093	2,257
1,307	Transport	1,396	1,159
4,514	Supplies and Services	6,034	5,302
505	Support Services	527	525
2,313	Capital Charges	2,428	2,521
39,543	Gross Expenditure	41,707	39,932
(847)	Less Income	(1,283)	(831)
38,696	TOTAL OPERATIONAL BUDGET	40,424	39,101
	FINANCIAL PROVISIONS		
(2,313)	Capital Charges credit	(2,428)	(2,521)
856	Interest receivable less capital financing	834	852
37,239	TOTAL NET EXPENDITURE	38,830	37,432
1,964	Movement in balances *	1,200	1,647
39,203	NET BUDGET REQUIREMENT	40,030	39,079
	CONTRIBUTIONS AND PRECEPTS		
(13,835)	Revenue Support Grant	(13,885)	(10,195)
0	Retained Business Rates (including Top up)	0	(6,782)
(13,835)	TOTAL	(13,885)	(16,977)

* This table now includes the £0.147m additional funds from CT tax base and collection fund surplus.

	Table 6 - Revenue Budget Summary (cont.)	2012/13	2013/14
Actual		Original Estimate	Original Estimate
£'000		£'000	£'000
	Option A – accept Council Tax Freeze Grant and do not increase Council Tax precept in 2013/14		
(617)	Council Tax Freeze Grant (11/12)	(617)	0
	Council Tax Freeze Grant (12/13)	(743)	0
	Council Tax Freeze Grant (13/14)		(249)
	Council Tax Support Grant Transitional		(92)
(77)	Collection Fund (Surplus)	(21)	(136)
(24,674)	Council Tax Requirement	(24,764)	(21,625)
(25,368)	TOTAL COUNCIL TAX INCOME	(26,145)	(22,102)
(39,203)	TOTAL CONTRIBUTIONS AND PRECEPTS	(40,030)	(39,079)
	Surplus (£147,000 added to balances)		0

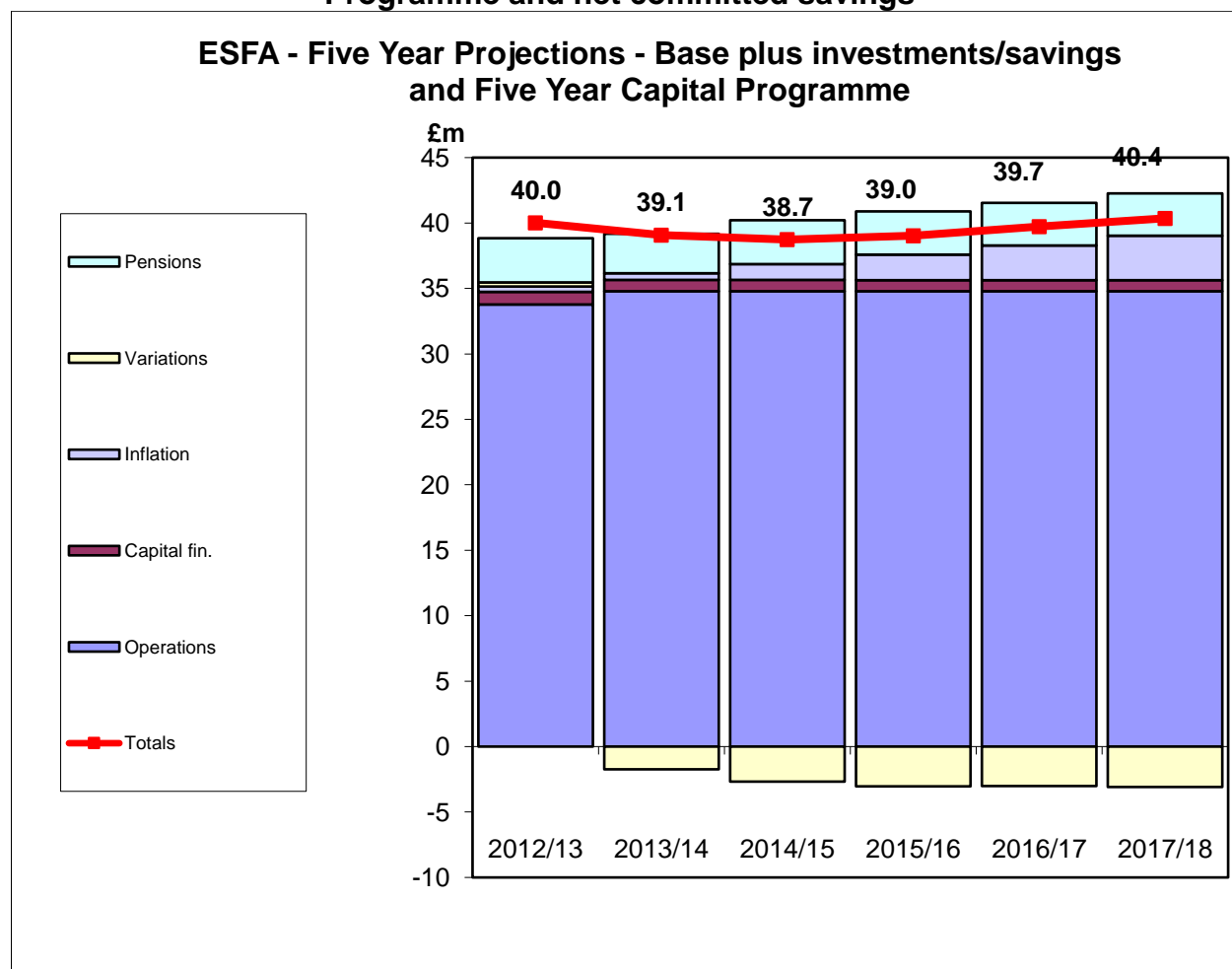
	Indicative Option B – reject Council Tax Freeze Grant and set Council Tax increase of 1%		
(617)	Council Tax Freeze Grant (11/12)	(617)	0
	Council Tax Freeze Grant (12/13)	(743)	0
	Council Tax Support Grant Transitional		(92)
(77)	Collection Fund (Surplus)	(21)	(136)
(24,674)	Council Tax Requirement	(24,764)	(21,842)
(25,368)	TOTAL COUNCIL TAX INCOME	(26,145)	(22,070)
(39,203)	TOTAL CONTRIBUTIONS AND PRECEPTS	(40,030)	(39,047)
	Deficit (over Option A as council tax increases are now calculated on the new Tax base)		32

	Indicative Option C – reject Council Tax Freeze Grant and set Council Tax increase of 1.94%		
(617)	Council Tax Freeze Grant (11/12)	(617)	0
	Council Tax Freeze Grant (12/13)	(743)	0
	Council Tax Support Grant Transitional		(92)
(77)	Collection Fund (Surplus)	(21)	(136)
(24,674)	Council Tax Requirement	(24,764)	(22,045)
(25,368)	TOTAL COUNCIL TAX INCOME	(26,145)	(22,273)
(39,203)	TOTAL CONTRIBUTIONS AND PRECEPTS	(40,030)	(39,250)
	Surplus (over Option A)		(171)

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 the Table below. Further details of the Reserves and Balances policy was provided in Appendix F to the CFA report in January 2013 available on request including details of all Earmarked Reserves and summary information on General Reserves to meet the foreseeable risks of the Fire Authority.

TABLE 15 (From CFA report January 2013) - SUMMARY OF RESERVES AND BALANCES					
	31/03/2012	2012/13	31/03/2013	2013/14	31/03/2014
	Balance	Movements	Balance	Movements	Balance
	£'000	£'000	£'000	£'000	£'000
Capital Programme Reserve	1,152	334	1,486	1,000	2,486
Other Earmarked Reserves	2,365	522	2,887	(613)	2,274
Total Earmarked Reserves	3,517	856	4,373	387	4,760
General Reserve	4,093	(1,043)	3,050	200	3,250
Capital Receipts Reserve	1,702	400	2,102	(1,735)	367
Total Useable Reserves	9,312	213	9,525	(1,148)	8,377

STRATEGIC PLAN RESOURCING SUMMARY
2013/14 Five Year Projections – Committed Base Budget, Five Year Capital Programme and net committed savings



Year	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Operations	33.8	34.8	34.8	34.8	34.8	34.8
Capital fin.	1.0	0.9	0.9	0.8	0.8	0.8
Pensions	3.4	3.0	3.3	3.3	3.3	3.2
Inflation	0.4	0.5	1.2	1.9	2.7	3.4
Variations	0.2	-1.7	-2.7	-3.0	-3.1	-3.0
Balances	1.2	1.6	1.2	1.2	1.2	1.2
Totals	40.0	39.1	38.7	39.0	39.7	40.4

- Totals** - total expenditure if five-year capital programme, committed budget and Service Investments are fully funded and all savings taken.
- Variations** - Commitments flowing from 2012/13 and 2013/14 Service Budget and all proposed investments/savings – note variations are negative and are illustrated at the bottom of the graph.
- Inflation** To outturn 2013/14 - Average Price inflation 2.5% applied in absence of specific inflation, thereafter 2.5%. 1% pay award provision for 2013/14 and 2013/14, thereafter 2%.

REVENUE BUDGET PROJECTION TABLED AT CFA MEETING JANUARY 2013 (as amended)

	IMPACT UPON 2013/14 REVENUE BUDGET			FUTURE YEARS' IMPACTS			
	2013/14	Cumulative cost	Cumulative increase on 2012/13 committed budget of £40.030m	2014/15	2015/16	2016/17	2017/18
COMMITTED BASE REVENUE BUDGET	£m	£m	%	£m	£m	£m	£m
Original 2012/13 Committed Budget base was £40.030m including inflation, commitments + contribution to balances of £1.2m.	40.257	40.257	0.57	39.580	39.102	39.767	40.360
NON-CAPITAL SERVICE INVESTMENT PROPOSALS	0	40.257	0.57	0	0	0	0
CAPITAL PROGRAMME REVENUE IMPLICATIONS							
Revenue Costs of DRAFT 2013/14 Capital Programme	0	40.257	0.57	0	0	0	0
Revenue costs of DRAFT 5 Year Capital Programme	0	40.257	0.57	0	0	0	0
NET CAPITAL PROGRAMME REVENUE COST	0	40.257	0.57	0	0	0	0
TOTAL REVENUE BUDGET PROJECTIONS BASED UPON 2013/14 INVESTMENT PROPOSALS BEFORE SAVINGS REVIEW	40.257	40.257	0.57	39.580	39.102	39.767	40.360
YEAR ON YEAR % INCREASE				(1.68%)	(1.21%)	1.70%	1.49%

	IMPACT UPON 2012/13 REVENUE BUDGET			FUTURE YEARS' IMPACTS			
	2013/14	Cumulative cost	Cumulative increase on 2012/13 committed budget of £40.030m	2014/15	2015/16	2016/17	2017/18
	£m	£m	%	£m	£m	£m	£m
TOTAL REVENUE BUDGET PROJECTIONS BASED UPON 2013/14 COMMITTED BUDGET	40.257	40.257	0.57	39.580	39.102	39.767	40.360
Less Approved Savings	(1.325)	38.932	(2.74%)	(0.844)	(0.073)	(0.045)	0.000
Total Financing Required from Precepts and Grants				38.736	39.029	39.722	40.360
YEAR ON YEAR % INCREASE				(0.50%)	0.76%	1.78%	1.61%
Option A (Freeze Grant accepted, then 2% CT increase 14/15 onwards)							
Total funding		39.079	(2.38%)	38.245	37.595	37.262	36.993
Additional Funding (to be added to Balances under Option A)		0.147		(0.491)	(1.434)	(2.460)	(3.367)
Option B (Freeze Grant rejected, 1% CT increase 13/14 then 2% from 2014/15 onwards)							
Total funding		39.047	(2.46%)	38.217	37.820	37.492	37.228
Additional Funding (Deficit compared to Option A)		(0.032)		(0.028)	0.225	0.230	0.235
Option C (Freeze Grant rejected, 1.94% CT increase 13/14 then 2% from 2014/15 onwards)							
Total funding		39.250	(1.95%)	38.425	38.032	37.707	37.448
Additional Funding (Deficit compared to option A)		0.171		0.180	0.437	0.445	0.455

TABLE OF MATCHING RESOURCES TO STRATEGIC OBJECTIVES
2013/14 Committed Revenue Budget

	Responding	Protecting	Prevention	Being a Good Employer	Best Value	Total Budget
Employees	16,223	1,118	2,476	2,012	3,321	25,150
Premises	0	0	0	33	2,224	2,257
Transport	974	53	90	5	37	1,159
Supplies & Services	1,250	24	160	729	3,139	5,302
Support Services	0	0	0	0	525	525
Capital Charges	0	0	0	0	2,521	2,521
Total Gross Expenditure	18,447	1,195	2,726	2,779	11,767	36,914
Less Capital Charges Credit	0	0	0	0	(2,521)	(2,521)
Add Interest Receipts less Capital Financing	0	0	0	0	852	852
Less Income	(261)	0	0	(187)	(383)	(831)
Net Service Expenditure	18,186	1,195	2,726	2,592	9,715	34,414
Add Pensions	2,779	173	66	0	0	3,018
Add Transfer to Balances	0	0	0	0	1,647	1,647
Committed Service Budget	20,965	1,368	2,792	2,592	11,362	39,079
% Of Total Service budget	54%	3%	7%	7%	29%	100%

The above table reflects the current allocation of resources to match Strategic Objectives with a net budget requirement of £39.079m in 2013/14.

Annex 5 to Appendix 1

<p>2013/14 potential additional service Investments for CFA consideration in February 2013 which could be supported by temporary funds should the Fire Authority agree to reject Council Tax Freeze Grant in favour of a 1.94% increase in precept (indicative Option C in Appendix C). If the CFA chose to agree a lower precept increase these proposals would be scaled down accordingly. (A decision could still be made to fund all or some of them from existing non-earmarked Balances if a CT freeze grant were approved)</p>						
RECOMMENDED PRIORITY ORDER			2013/14	2014/15	2015/16 + full year effect	Staff
Additional proposals	Service	Investment	£'000	£'000	£'000	FTE
Extending the Community Volunteer Scheme			20	20	-	-
Firefighter Safety reviews following implications of Atherton on Stour and Shirley Heights incidents			90	50	-	-
Sustaining Home Safety Visits to 10,000 per annum with at least 70% targeted to vulnerable persons from fire and in particular covering the rural areas to the immediate north and east of Hastings			50	-	-	-
TOTAL INDICATIVE INVESTMENT PROPOSALS SHOULD COUNCIL TAX FREEZE GRANT BE REJECTED			160	70	-	-

Annex 6 to Appendix 1

PREVIOUS REVISED COUNCIL TAX PRECEPT POLICY OPTIONS TABLE PRESENTED TO FIRE AUTHORITY JANUARY 2013					
	2013/14	2014/15	2015/16	2016/17	2017/18
	£m	£m	£m	£m	£m
NET BUDGET REQUIREMENT (assumes additional funding for each Option added to Balances in 2013/14)	39.079	38.736	39.029	39.722	40.360
OPTION A. Accept one off freeze grant in 2013/14, subsequent Council Tax increases of 2%					
Less Total Financing from Precepts & Grants	39.079	38.245	37.595	37.262	36.993
(Shortfall) Funding Gap	0	(0.491)	(1.434)	(2.460)	(3.367)
OPTION B. Reject one-off freeze grant in 2013/14, replace with Council Tax increases of 1%					
Total Financing from Precepts & Grants	39.047	38.217	37.820	37.492	37.228
(Shortfall) Still to Fund	(0.032)	(0.519)	(1.209)	(2.230)	(3.132)
(Worse) / Better Off (Compared to Option A)	(0.032)	(0.028)	0.225	0.230	0.235
OPTION C. Reject one-off freeze grant in 2013/14, replace with Council Tax increases of 1.94%					
Total Financing from Precepts & Grants	39.250	38.425	38.032	37.707	37.448
(Shortfall) Still to Fund	0.171	(0.311)	(0.997)	(2.015)	(2.912)
(Worse) / Better Off (Compared to Option A)	0.171	0.180	0.437	0.445	0.455

Annex 7 to Appendix 1

FIRE AUTHORITY BUDGET SUMMARY as at 25 January 2013

		Option A Accept one off freeze grant in 2013/14		Option B reject freeze grant and increase CT by 1%		Option C reject freeze grant increase CT by 1.94%	
	2012/13	2013/14		2013/14		2013/14	
Approved 2011/12 budget	40,030	40,030		40,030		40,030	
Pay inflation		262	0.65%	262	0.65%	262	0.65%
Price inflation		250	0.62%	250	0.62%	250	0.62%
Net additional commitments		(285)	(0.71)%	(285)	(0.71)%	(285)	(0.71)%
COMMITTED BUDGET		40,257	0.57%	40,257	0.57%	40,257	0.57%
Revenue cost of capital programme		0		0		0	
Additional funding allocated to Balances		147		115		318	
		40,404	0.93%	40,372	0.86%	40,575	1.36%
Savings already identified (Facing the Challenge)		(1,325)	(3.31)%	(1,325)	(3.31)%	(1,325)	(3.31)%
Net budget requirement	40,030	39,079	(2.38)%	39,047	(2.45)%	39,250	(1.95)%
Formula grant	13,885						
Forecast Business Rates retained		2,231		2,231		2,231	
Top Up Grant		<u>4,551</u>		<u>4,551</u>		<u>4,551</u>	
Total Base Line Funding		6,782		6,782		6,782	
Add Revenue Support Grant		<u>10,195</u>		<u>10,195</u>		<u>10,195</u>	
Total Grant funding (excluding transitional/freeze grant)		16,977		16,977		16,977	
Collection Fund Surplus / (Deficit)	21	136		136		136	
CT Freeze Grant 2010/11	617	0		0		0	
CT Freeze Grant 2012/13	743			0		0	
CT Freeze Grant 2013/14		249		0			
Council tax support Grant Transitional Grant		92		92		92	
Council Tax Requirement	24,764	21,625		21,842		22,045	
Total Precepts and Grant	40,030	39,079	(2.38)%	39,047	(2.46)%	39,250	(1.95)%
Council Tax Base - East Sussex	207,912	184,394		184,394		184,394	
Council Tax Base – Brighton & Hove City	94,601	79,782		79,782		79,782	
	302,513	264,176		264,176		264,176	
Council Tax Per household Band D	81.86	81.86		82.68	1.00%	83.45	1.94%

AMENDMENT TO INDICATOR P6 ONLY**Fire Authority Service Planning Process for 2013/14 and beyond
Prudential indicators for 2013/14**

P1 The actual gross capital expenditure that was incurred in 2011/12 and the estimates of capital expenditure to be incurred for the current and following 3 years that are recommended for approval are:

Capital Expenditure	2011/12	2012/13	2013/14	2014/15	2015/16
	Actual £'000	Estimate £'000	Estimate £'000	Estimate £'000	Estimate £'000
Total Proposed Programme	1,483	2,823	4,699	2,910	1,080

P2 Estimates of the end of year capital financing requirement for the authority for the current and future years and the actual financing requirement at 31 March 2012 are:

31/03/2012	31/03/2013	31/03/2014	31/03/2015	31/03/2016
Actual £'000	Estimate £'000	Estimate £'000	Estimate £'000	Estimate £'000
11,059	10,734	11,098	11,099	10,950

The capital financing requirement measures the Authority's underlying need to borrow for a capital purpose. In accordance with best professional practice, East Sussex Fire Authority does not associate borrowing with particular items or types of expenditure. The Authority has an integrated treasury management strategy and has adopted the CIPFA *Treasury Management in Public Services: Code of Practice and Cross-Sectoral Guidance Notes*. The Authority has, at any point in time, a number of cashflows both positive and negative, and manages its treasury positions in terms of its borrowings and investments in accordance with its approved treasury management strategy and practices. In day to day cash management, no distinction can be made between revenue cash and capital cash. External borrowing arises as a consequence of all the financial transactions of the authority and not simply those arising from capital spending. In contrast, the capital financing requirement reflects the Authority's underlying need to borrow for a capital purpose.

P3 Estimates of the ratio of financing costs to net revenue stream for the current and future years, and the actual figures for 2011/12 are:

2011/12 Actual %	2012/13 Estimate %	2013/14 Estimate %	2014/15 Estimate %	2015/16 Estimate %
2.72	2.57	2.29	2.37	2.36

The estimates of financing costs include current commitments and the proposals in this budget report.

P4 The estimate of the incremental impact of capital investment decisions proposed in this budget report, over and above capital investment decisions that have previously been taken by the Authority are:

For the band D Council Tax

	2013/14	2014/15	2015/16
Annual Increase	£0.04	£0.19	£0.27
Cumulative Increase	£0.04	£0.23	£0.50

This represents the cumulative impact of the new starts proposed for 2013/14, 2014/15 and 2015/16

Consideration of options for the capital programme.

In considering its programme for capital investment, the Authority is required within the Prudential Code to have regard to:

- Affordability, e.g. implications for Council Tax;
- Prudence and sustainability, e.g. implications for external debt and whole life costing;
- Value for money, e.g. option appraisal;
- Stewardship of assets, e.g. asset management planning;
- Service objectives, e.g. strategic planning for the authority;
- Practicality, e.g. achievability of the forward plan.

P5 CIPFA's *Prudential Code of Capital Finance in Local Authorities* includes the following as a key indicator of prudence:

“In order to ensure that over the medium term net debt will only be for a capital purpose, the local authority should ensure that net debt does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years.”

The Treasurer reports that the Authority envisages no difficulty meeting this requirement for the current or future years. This view takes into account current commitments, existing plans, and the proposals in this budget report.

Authorised Limit for External Debt				
	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000
Borrowing	13,588	13,987	13,850	13,857
Other Long Term Liabilities	394	0	0	0
Total External Debt	13,982	13,987	13,850	13,857

The Authority's updated treasury management strategy and annual plan for 2012/13 was agreed by the Authority at its meeting in February 2012 and has subsequently been updated in the light of changes in the financial markets. The plan for 2013/14 is contained elsewhere on the agenda.

- P6 The Authority is also asked to approve the following operational boundary for external debt for the same time period. The proposed operational boundary for external debt is based on the same estimates as the authorised limit but reflects directly the Treasurer's estimate of the most likely, prudent but not worst case scenario, without the additional headroom included within the authorised limit to allow for example for unusual cash movements, and equates to the maximum of external debt projected by this estimate. The operational boundary represents a key management tool for in year monitoring by the Treasurer.

Operational Boundary for External Debt				
	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000
Borrowing	11,156	11,543	11,394	11,398
Other Long Term Liabilities	394	0	0	0
Total External Debt	11,550	11,543	11,394	11,398

- P7 The prudential indicator for actual external debt considers a single point in time and hence is only directly comparable to the authorised limit and operational boundary at that point in time.

Actual External Debt	
	31/03/2012 £000
Borrowing	11,123
Other Long Term Liabilities	394
Total External Debt	11,517

P8 **Borrowing**

The Authority will continue the current practice of seeking to secure competitive fixed interest rate exposure. It is proposed to continue to set limits which would allow variable rate borrowing and lending in case that becomes a more effective approach. The table below shows both borrowing and lending and a combined borrowing and lending table.

	2012/13 Projected Outturn	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate
Borrowing:				
Fixed Rate Exposure				
Upper Limit	100%	100%	100%	100%
Lower Limit	100%	100%	100%	100%
Variable Rate Exposure				
Upper Limit	0%	0%	0%	0%
Lower Limit	0%	0%	0%	0%
Lending:				
Fixed Rate Exposure				
Upper Limit	100%	100%	100%	100%
Lower Limit	0%	0%	0%	0%
Variable Rate Exposure				
Upper Limit	0%	100%	100%	100%
Lower Limit	0%	0%	0%	0%
Combined:				
Fixed Rate Exposure				
Upper Limit	100%	100%	100%	100%
Lower Limit	0%	38%	38%	38%
Variable Rate Exposure				
Upper Limit	0%	62%	62%	62%
Lower Limit	0%	0%	0%	0%

P9 It is recommended that the Authority sets upper and lower limits for the maturity structure of its borrowings as follows.

Amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate.

Maturity Period	Lower limit	Upper limit	Current
Under 12 months	0%	25%	0%
12 months and within 24 months	0%	40%	0%
24 months and within 5 years	0%	60%	3%
5 years and within 10 years	0%	80%	4%
10 years and within 20 years	0%	80%	44%
20 years and within 30 years	0%	80%	17%
30 years and within 40 years	0%	80%	18%
More than 40 years	0%	80%	13%

P10 East Sussex Fire Authority has adopted the CIPFA *Treasury Management in Public Services: Code of Practice and Cross-Sectoral Guidance Notes*.

P11 The Authority's policy on Treasury Management does not allow investments of over one year.

AS AMENDED ON 5 FEBRUARY 2013 FOLLOWING FINAL SETTLEMENT FIGURES

The final Local Government Finance Settlement figures affected the Net Budget Requirement in all 3 options by hundreds of pounds only – but the amended precept options with the adjusted figures must be approved by the full Fire Authority in accordance with the recommendations in the report. This amended Appendix 3 contains the amended precept figures for Fire Authority approval depending upon which precept option is chosen.

OPTION A – ACCEPT COUNCIL TAX FREEZE GRANT

Council Tax Calculations
East Sussex Fire and Rescue Service
Precept for 2013/14
ref S.43 Local Government Finance Act 1992

	£	£
NET BUDGET REQUIREMENT		39,078,800
Forecast Business Rates retained	2,230,654	
Top Up Grant	<u>4,551,494</u>	
Total Base Line Funding	6,782,148	
Add Revenue Support Grant	<u>10,194,540</u>	
Total Grant funding (excluding transitional/freeze grant)	16,976,688	
Council Tax Grant 13/14	249,029	
Council Tax Support Grant Transitional	91,867	
Previous Year's Surpluses/(Deficits)	135,809	
Total Council Tax Required		21,625,407
Tax Base	264,175.60	
Basic Council Tax (Band D equivalent)		81.86
Basic council tax as calculated above		£.p
Band A	6/9	54.57
Band B	7/9	63.67
Band C	8/9	72.76
Band D	9/9	81.86
Band E	11/9	100.05
Band F	13/9	118.24
Band G	15/9	136.43
Band H	18/9	163.72
Basic council tax as calculated above	Tax Base	Precept (£)
Brighton & Hove	79,781.90	6,530,946.33
Eastbourne	32,476.60	2,658,534.48
Hastings	23,319.00	1,908,893.34
Lewes	34,436.00	2,818,930.96
Rother	35,021.30	2,866,843.62
Wealden	59,140.80	4,841,265.89
		21,625,414.62

AS AMENDED ON 5 FEBRUARY 2013 FOLLOWING FINAL SETTLEMENT FIGURES**OPTION B – REJECT COUNCIL TAX FREEZE GRANT, INCREASE COUNCIL TAX BY 1%**

Council Tax Calculations
 East Sussex Fire and Rescue Service
 Precept for 2013/14
 ref S.43 Local Government Finance Act 1992

	£	£
NET BUDGET REQUIREMENT		39,046,400
Forecast Business Rates retained	2,230,654	
Top Up Grant	4,551,494	
Total Base Line Funding	6,782,148	
Add Revenue Support Grant	10,194,540	
Total Grant funding (excluding transitional/freeze grant)	16,976,688	
Council Tax Grant 13/14 only	0	
Council Tax Support Grant Transitional	91,867	
Previous Year's Surpluses/(Deficits)	135,809	
Total Council Tax Required		21,842,036
Tax Base	264,175.60	
Basic Council Tax (Band D equivalent)		82.68
Basic council tax as calculated above		£.p
Band A	6/9	55.12
Band B	7/9	64.31
Band C	8/9	73.49
Band D	9/9	82.68
Band E	11/9	101.05
Band F	13/9	119.43
Band G	15/9	137.80
Band H	18/9	165.36
Basic council tax as calculated above	Tax Base	Precept (£)
Brighton & Hove	79,781.90	6,596,367.49
Eastbourne	32,476.60	2,685,165.29
Hastings	23,319.00	1,928,014.92
Lewes	34,436.00	2,847,168.48
Rother	35,021.30	2,895,561.08
Wealden	59,140.80	4,889,761.34
		21,842,038.60

AS AMENDED ON 5 FEBRUARY 2013 FOLLOWING FINAL SETTLEMENT FIGURES**OPTION C – REJECT COUNCIL TAX FREEZE GRANT, INCREASE COUNCIL TAX BY 1.94%****Council Tax Calculations**

East Sussex Fire and Rescue Service

Precept for 2013/14

ref S.43 Local Government Finance Act 1992

	£	£
NET BUDGET REQUIREMENT		39,249,800
Forecast Business Rates retained	2,230,654	
Top Up Grant	<u>4,551,494</u>	
Total Base Line Funding	6,782,148	
Add Revenue Support Grant	<u>10,194,540</u>	
Total Grant funding (excluding transitional/freeze grant)	16,976,688	
Council Tax Grant 13/14 only	0	
Council Tax Support Grant Transitional	91,867	
Previous Year's Surpluses/(Deficits)	135,809	
Total Council Tax Required		22,045,436
Tax Base	264,175.60	
Basic Council Tax (Band D equivalent)		83.45
Basic council tax as calculated above		£.p
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
Basic council tax as calculated above	Tax Base	Precept (£)
Brighton & Hove	79,781.90	6,657,799.56
Eastbourne	32,476.60	2,710,172.27
Hastings	23,319.00	1,945,970.55
Lewes	34,436.00	2,873,684.20
Rother	35,021.30	2,922,527.49
Wealden	59,140.80	4,935,299.76
		22,045,453.83

