

Policy & Resources Panel

21 January 2021



Membership:

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| Councillors: Peltzer Dunn (Chairman), Evans, Galley, Tutt, Pragnell, Powell and Sheppard |
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You are requested to attend this meeting to be held Via Webex (<https://esfrs.webex.com/esfrs/j.php?MTID=ee2c3a4595e8d579a8734d3478147fc6b> password YmeAKbMQ664) at 11.30 am

Quorum: 3

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| Contact: Ellie Simpkin, Democratic Services Officer 07866 100895 democraticservices@esfrs.org |
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Agenda

15. Declarations of Interest

In relation to matters on the agenda, seek declarations of interest from Members, in accordance with the provisions of the Fire Authority's Code of Conduct for Members.

16. Apologies for Absence/Substitutions

17. 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.

18. Minutes of the last Policy & Resources meeting held on 12 November 2020

5 - 8

19. 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.

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|------------|--|----------------|
| 20. | Revenue and Capital Budget 2020/21 and Capital Programme 2020/21 to 2024/25 Monitoring at Month 8 | 9 - 34 |
| | Report of the Assistant Director Resources/Treasurer | |
| 21. | Fire Authority Service Planning processes for 2021/22 and beyond - Revenue Budget 2021/22 and Capital Asset Strategy 2021/22 to 2025/26 | 35 - 90 |
| | Report of the Assistant Director Resources/Treasurer | |

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

Date of Publication: 13 January 2021

Information for the public

East Sussex Fire and Rescue Service actively welcomes members of the public and the press to attend public sessions of its Fire Authority and Panel meetings.

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POLICY & RESOURCES PANEL

Minutes of the meeting of the POLICY & RESOURCES PANEL held Via Webex at 11.30 am on Thursday, 12 November 2020.

Present: Councillors Peltzer Dunn (Chairman), Galley, Lambert (In place of Cllr Tutt), Pragnell, Powell and Evans (In place of Cllr Scott)

Also present: D Whittaker (Chief Fire Officer), M Andrews (Assistant Chief Fire Officer), M O'Brien (Deputy Chief Fire Officer), M Matthews (Acting Assistant Chief Fire Officer), J King (Assistant Director Safer Communities), N Cusack (Assistant Director Operational Support & Resilience), L Ridley (Assistant Director Planning & Improvement), D Savage (Assistant Director Resources/Treasurer), H Scott-Youlton (Assistant Director Peoples Services), L Woodley (Deputy Monitoring Officer) and E Simpkin (Democratic Services Officer)

8 Declarations of Interest

It was noted that, in relation to matters on the agenda, no participating Member had any interest to declare under the Fire Authority's Code of Conduct for Members.

9 Apologies for Absence/Substitutions

Apologies had been received from Councillor Tutt. Councillor Lambert was attending as his substitute. Apologies had also been received from Councillor Scott. Councillor Evans was attending as his substitute.

10 Minutes of the last Policy & Resources meeting held on 23 July 2020

RESOLVED: That the minutes of the meeting of the Policy & Resources Panel held on 23 July 2020 be approved as a correct record and signed by the Chairman.

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

The Panel recorded their thanks and congratulations to Assistant Chief Fire Officer Mark Andrews on his departure from East Sussex Fire & Rescue to take up his position as Deputy Chief Fire Officer at West Sussex Fire & Rescue Service.

12 Callover

Members reserved the following items for debate:

13. Revenue Capital Budget 2020/21 and Capital Programme 20/21 to 2024/25 Monitoring
14. Treasury Management Half Year Review 2020/21

13 Revenue and Capital Budget 2020/21 and Capital Programme 2020/21 to 2024/25 Monitoring

The Panel received a report from the Assistant Director Resources/Treasurer (ADR/T) on the findings from the Month 6 monitoring of the Revenue and Capital Budget 2020/21 and Capital Programme 2020/21 to 2024/25.

Commenting on the unique and challenging circumstances, the ADR/T explained that there was currently a net Revenue overspend of £105,000, a favourable variation of £44,000 from the position identified in the last report to the Panel. With regard to the Capital Programme, a net £1,231,000 was currently projected to slip into 2021/22. This was largely due to the impact of Covid-19 on the areas of fleet and estates. Officers were working hard to manage and mitigate risks. Further details on the risks to the Revenue budget and Capital programme were set out in the report.

The ADR/T drew the Panel's attention to the fact that the current year's budget was reliant on one-off grants in terms of pension costs and support for the immediate impact of Covid. It was expected that the additional costs incurred and income lost as a result of the pandemic would be covered by the government grant and a bid against the income loss compensation scheme, however, this would depend on the impact of the second wave. There was currently no need to draw on reserves. The ADR/T added that the Authority was facing a period of financial uncertainty with the impact of Covid-19 expected to be seen in the following financial year and a 1 year government settlement, an announcement on which was expected at the end of the month.

The Panel asked for further information on the impact of the pandemic on the people services side of the organisation, such as training, apprenticeships and the use of consultants and agency staff. The Assistant Director People Services (ADPS) gave assurances that key training had continued during the pandemic through alternative ways of delivery and although this had been a quick cultural shift, it had been very positive. There had been a 3 month period when some training had been missed, however, a training recovery plan had been developed by the Covid-19 Working Group. Apprenticeships for staff had continued, depending on providers adapting delivery methods. The ADR/T added that he was not aware of any upturn in the use of consultants or agency staff.

The Panel asked for clarification on the overall net reduction in the drawdown from reserves of £2,553,000 as set out in paragraph 8.5 of the report. The ADR/T explained that this was partly due to the slippage on the capital programme which reduced the drawdown from capital reserves. The Service had also received a higher level of S31 grant in relation to business rates relief some of which has been transferred into reserves to be released in 2021/22 to cover the corresponding collection fund loss. There had also been the contribution of the £136k Covid government grant which would be used during year. The ADR/T added that there had been a review of the

Unconfirmed minutes – to be confirmed at the next meeting of the Policy & Resources Panel

improvement and efficiency fund which had resulted in a drawdown of less than planned. With regard to the ESMCP Readiness Reserve, this was a ring-fenced grant awarded by the government some years ago in order to fund changes to the control centre in readiness for the replacement of the national Airwave system. This project had been delayed a number of times and the Service would need to look at the use of the grant in conjunction with Surrey Fire & Rescue Service and the Home Office once Project 21 had been completed. With regard to the Business Rate retention funds, it had been agreed as part of the pilot that a proportion of the fund would be used towards economic development and it was likely that this part of reserves would be released during the budget planning next financial year to support capital programme spend in the relevant districts and boroughs. Reserves also included funds set aside to match fund the retrofit of sprinklers in high rise; this project had been protracted and it was not anticipated that funds would be spent during the current financial year.

RESOLVED: That the Panel noted:

- (i) the risks to Revenue Budget and the projected overspend,
- (ii) the risks to the Capital Programme and the projected in year underspends,
- (iii) the reduced net drawdown from reserves,
- (iv) the monitoring of savings taken in 2020/25 including those savings at risk,
- (v) the current year investments and borrowing; and
- (vi) the transfer of fuel savings of £20,000 (April to September) to contingency.

14 Treasury Management Half Year Review 2020/21

The Panel received a report from the ADR/T which provided an update on the treasury activity for the first six months of 2020/21, a requirement of the Fire Authority's reporting procedures. The ADR/T confirmed that despite a challenging period, the Fire Authority had complied with its approved Treasury Management Strategy and Prudential Indicators during the first 6 months of the year. The Panel noted that there had not been any opportunities to repay or restructure debt and that there had been no new borrowing. The Authority continued to work with Link Asset Services via Orbis for treasury management advice.

The Panel was pleased to note that there were no material issues to report.

RESOLVED: That the Panel notes the treasury management performance for the first half year of 2020/21.

Unconfirmed minutes – to be confirmed at the next meeting of the Policy & Resources Panel

The meeting concluded at 12.10 pm

Signed

Chairman

Dated this

day of

2020

EAST SUSSEX FIRE AND RESCUE SERVICE

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|------------------------|--|
| Meeting | Policy and Resources Panel |
| Date | 21 January 2021 |
| Title of Report | Revenue and Capital Budget 2020/21 and Capital Programme 2020/21 to 2024/25 Monitoring at Month 8 (end November) |
| By | Duncan Savage, Assistant Director Resources/Treasurer |
| Lead Officer | Parmjeet Jassal, Finance Manager |

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| Background Papers | High Level Review of Revenue Budget 2020/21 and Capital Programme 2020/21 to 2024/25 |
| | Revenue and Capital Budget 2020/21 and Capital Programme 2020/21 to 2024/25 Monitoring at Month 6 (end September) |

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| Appendices | <p>Appendix 1: Revenue Budget 2020/21 Objective</p> <p>Appendix 2: Savings Programme 2020/21 to 2024/25</p> <p>Appendix 3: Capital Programme 2020/21 to 2024/25</p> <p>Appendix 4: Capital Budget 2020/21</p> <p>Appendix 5: Engineering Capital Budget 2020/21</p> <p>Appendix 6: Reserves 2020/21</p> |
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Implications *t*

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

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| PURPOSE OF REPORT | To report on the findings of the month 8 monitoring undertaken on the Revenue and Capital Budget 2020/21 and Capital Programme 2020/21 to 2024/25. |
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| EXECUTIVE SUMMARY | This is the fourth report to Members for the 2020/21 financial year and highlights the findings from the Month 8 monitoring undertaken on the Revenue Budget 2020/21 and 5 year Capital Programme, approved by the Authority in February 2020. |
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A net Revenue underspend to the sum of £496,000 has been identified as summarised in Appendix 1. This is a favourable variation of £601,000 from the position identified in the last report to Policy and Resources Panel of £105,000 overspend. This is mainly because of the identification of new savings in Safer Communities, Peoples Services, Estates, Planning and Improvement, ITG and Engineering. Most in-year pressures have been dealt with either through the use of contingency or service underspends. Ongoing pressure impacts are being considered alongside other priorities, as part of the budget setting process 2021/22+.

Performance against the Savings Programme is summarised in Appendix 2 and detailed in section 4.

Revenue and Capital programme risks are detailed in section 3, focusing specifically on areas that are subject to further investigation and the outcome could result in significant additional pressures in the current and future financial years. These include the impact of Covid-19 on both the Business Rate and Council Tax Collection Funds, pressures in Resources relating to Finance, Pensions and IT projects (CRM, BA, Firewatch).

The overall original 5 year Capital Programme (£24,045,000) increased by the 2019/20 slippage brought forward of £447,000 and reduced by net £141,000 due to updates on Fleet and Equipment resulting in a revised Capital Programme of £24,041,000. There is also a change in funding of £452,000 from Planned Revenue Contributions to Capital Receipts as summarised in Appendix 3. Overall, the Capital Programme is forecasted to be on budget.

A review of the current year Capital Projects has concluded that a net £3,687,000 (previously £1,231,000) is projected to slip, largely due to the impact of Covid-19. Detailed information is contained within section 7 and summarised in Appendix 4. The Fleet and Equipment Capital Projects 2020/21 are detailed in Appendix 5.

The updated position on reserves shows an opening balance of £23,233,000 including an adjustment of £48,000 to fund the provisional outturn 2019/20. The forecast net drawdown is £5,449,000 a reduction of £6,682,000 compared to the planned drawdown of £12,131,000. This results in an estimated closing balance of £17,784,000, as detailed in section 8 and summarised in Appendix 6. Work is ongoing to review likely drawdown of reserves for the rest of the current year.

There is a reduction in the interest receivable on the Authority's cash investments of £25,650,000 due to the Bank of England lowering its' base rates to invigorate the economy due to the impact of Covid-19. However, interest receivable is projected at £100,000, resulting in a surplus of £25,000 when compared to the budget. Interest payments on fixed rate loans of £10,773,000 are unaffected. One loan of £75,000 will mature this year for which payment arrangements are in hand, as detailed in Section 9.

RECOMMENDATION

The Policy and Resources Panel is recommended to note:

- (i) the risks to Revenue Budget and the projected underspend;
 - (ii) the risks to the Capital Programme and the projected in year underspends;
 - (iii) the reduced net forecast drawdown from reserves;
 - (iv) the monitoring of savings taken in 2020/21 including those savings at risk, and
 - (v) the current year investments and borrowing;
 - (vi) the transfer to contingency of £10,000 saving relating to Member expenses and conferences, due to Covid-19;
 - (vii) the disposal of the ARP based at Eastbourne as agreed in the IRMP.
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1 INTRODUCTION

- 1.1 The Original Revenue Budget 2020/21 and Capital Strategy 2020/21 to 2024/25 was approved at the meeting of the Fire Authority on 13 February 2020. Revisions have taken place, as approved at subsequent Fire Authority meetings.
- 1.2 This is the fourth report to Members for the 2020/21 financial year, and highlights the findings from Month 8 monitoring undertaken on the Revenue and Capital Budget 2020/21 and Capital Programme 2020/21 to 2024/25. It should be noted the review is based on currently available information and the result may change as new information emerges during the year.

| | This P&R (Period 8) | Last P&R (Period 6) | Movement |
|---------------------------------|------------------------------------|------------------------------------|-----------------|
| | £'000 | £'000 | £'000 |
| Revenue (see section 2) | (496) | 105 | (601) |
| Capital in year (see section 7) | (3,687) | (1,231) | (4,918) |

- 1.3 The Revenue Budget, approved by the Fire Authority in February was a net expenditure requirement of £39,370,000. This has increased by £1,415,000 to £41,152,000 taking into account the recently highlighted additional increase Section 31 grant of £850,000 for Business Rate Reliefs, bringing the total surplus to £1,415,000, which will also be transferred to BRR reserve to finance related Collection Fund Deficits in 2021/22.
- 1.4 A net revenue underspend to the sum of £496,000 has been identified. This is a favourable variation of £601,000 to that previously reported (£105,000 overspend). The net underspend is reflected in the Revenue Budget 2020/21 objective summary at Appendix 1 and detailed in section 2 below.
- 1.5 The savings requirement 2020/21 is £426,000 and indications are that £361,000 savings are on course to be successfully delivered. The £65,000 savings at risk have been fully funded from contingency in the current year and ongoing impacts will be included within the budget setting process 2021/22, as detailed in Appendix 2 and section 4 below.
- 1.6 The five year Capital Strategy 2020/21 to 2024/25 was approved by the Fire Authority in February 2020 at £24,045,000 and revised to £24,492,000 including slippage of £447,000 brought forward from 2019/20 by Policy and Resources Panel at its meeting on 23 July 2020. A change in source of funding to the sum of £452,000 from revenue to capital receipts in 2020/21 was also approved. The 5 year capital programme was revised by a net £141,000 saving on the Fleet and Equipment to £24,351,000 as approved by SLT (20 August and 17 September). Further updates are suggested due to the IRMP related saving of £300,000 on concept 12t appliance and £10,000 on TRA 8 Road Safety no longer required which would bring the capital programme to £24,041,000. Overall, the revised 5 year Capital Programme is projected to come within budget. This is detailed in Section 7 and summarised in Appendix 3.

- 1.7 There is an estimated slippage of £3,403,000 on the Capital Budget 2020/21 of £24,041,000 mainly due to delays in capital projects as a result of the impact of Covid-19 and the review of Service requirements in Estates and Engineering. The full implications of the IRMP including the review of special appliances has not yet been reflected in our reporting. Detailed information is contained within Section 7 and summarised in Appendices 4 and 5.
- 1.8 A number of Revenue Budget and Capital Programme risks are set out in Section 3 which will be monitored throughout the year. The updated position on Contingency, Reserves, Borrowing and Investments is provided at Sections 6, 8 and 9 respectively.

2 REVENUE BUDGET COMMENTARY

- 2.1 The Revenue Budget is projected to underspend by a net £496,000 (previously reported £105,000 overspend). This is a favourable variation of £601,000 from the forecasted underspend reported to Policy and Resources Panel in November 2020. This net underspend is summarised across divisions in Appendix 1 and detailed explanations are provided below.
- 2.2 **People Services:** People Services are projecting an overall net underspend of £102,000 (previously balanced budget) as detailed below:
- 2.2.1 **Human Resources:** The manager is projecting an underspend of £30,000 on staffing. Fire Authority at its meeting on 3 September approved the IRMP which requires a HR post for 6 months at a cost of £25,000 and is funded from contingency. Temporary funded roles to support our Covid 19 response and P21 are also in place.
- 2.2.2 The pressures relating to flu vaccinations of up to £6,000 and £23,500 for the Health and Safety business partner role for the rest of this financial year are funded from contingency as approved by November SLT, albeit both appear likely to underspend given low level of claims received for re-imbursment for the former and a delay in the appointment of the latter.
- 2.2.3 **Training:** Projected underspend of £72,000 – Emergency Management Team (EMT) has now agreed the Covid 19 Training Recovery Plan and this forecasts a saving of £72,000 during the current financial year. This is lower than had previously been reported through the NFCC / HO Cost Tracker (approx. £33,000 per month) but reflects a detailed analysis of training delayed by Covid 19 that can be rescheduled and delivered by 31 March 2021. Income for commercial training is expected to recover to some degree during the second half of the year as delivery has been successfully transferred to on line methods. A successful bid against the Government's Income Loss Compensation Scheme for the period April – June has been made and further bids will be submitted in due course. Whilst this will not cover all of the income lost any net loss should not be material.
- 2.3 **Resources/Treasurer:** There is a projected underspend of net £114,000 (previously reported as £143,000 overspend) as follows:-

- 2.3.1 **Treasurer:** A balanced budget continues to be projected following funding the savings at risk £15,000 and the budget calculation error of £24,000 from contingency. The ongoing impact will be included in the budget setting process.
- 2.3.2 **ITG:** Underspend £33,000 (previously overspend £103,000) At its' meeting on 3 September, the Fire Authority approved the ITG Strategy which had a funding shortfall of £110,000 in 2020/21 based on estimates provided in June. After careful review of the ITG strategy revenue budget and negotiations with suppliers, ITG can report this is now reduced to £10,000 (Multitone £6k and bluelight XDM software of £4,000). The ITG Manager has also reported savings related to Trustmarque £15,000 due to Microsoft software licence cost coming in less than originally quoted, a 7 month delay in the rollout of Corporate WiFi resulting in savings of around £23,000 and a £2,000 overspend in consultancy fees.
- 2.3.3 **Estates:** Underspend £85,000 (previously balanced budget) A review of the Estates budget to identify options to deliver in year savings and to mitigate pressures elsewhere across the budget has been concluded and identified net savings in the region of £85,000. This is due to delays in the maintenance programme and identification and deletion of obsolete commitments have led to projected underspends of around £300,000 offset by overspends on utilities £67,000, cleaning £48,000 and Consultants/Hired and Contracted services of £100,000
- 2.3.4 **Procurement:** The Procurement manager is projecting an underspend of £41,000 (previously balanced budget). This is due to the consultancy budget (£19,000) not required this year and staffing vacancies (£22,000). SLT has agreed the use of these savings to support a revised structure in 2021/22 onwards.
- 2.3.5 **Finance:** A net pressure of £45,000 (previously £40,000 overspend). The pressure has arisen from the need to provide interim cover for the Finance Manager role which exceeds the budgeted cost for that role whilst recruitment to the permanent role is progressed. Additional agency resource has also been appointed to provide management accounting capacity in the team until year end to address increased workloads resulting from grant monitoring, an extended external audit, the need to provide additional support for projects and sickness absence cover. This is being funded from a vacant post.
- 2.3.5.1 **Insurance Renewal:** The renewal for insurance cover for 2020-21 provided by Fire & Rescue Indemnity Company (FRIC) is concluded which resulted in insurance costs being increased by 4.66% overall causing budget pressures of £28,000 in 2020/21 and £40,000 in 2021/22. The in-year pressure is funded through contingency whilst 2021/22 pressure will be included within the budget setting process. The increase in costs reflects primarily market conditions and the impact of current global economic uncertainty on liability cover.
- 2.3.5.2 **External Audit Fees:** Our external auditors Ernst & Young (E&Y) have confirmed a fee increase of c£5,000 for additional work during the audit of the 2019/20 accounts (subject to PSAA approval) which is approved to be funded through contingency. They have also advised of a significant proposed fee variation of around £30,000 for 2020/21 which again is subject to approval by

Public Sector Audit Appointments Ltd (PSAA), the body who must approve any fee variation. The future year's impact will be included in the MTFP. There is currently no provision for this pressure in the current year's budget and it remains a risk.

- 2.4 **Planning and Improvement:** The overall position is an underspend of net £43,000 (previously balanced budget).
- 2.4.1 **Communications:** An underspend of £29,000 (previously balanced budget) is forecasted on communications staffing budget (£11,000) Hire of rooms, (£10,000) Adverts and publicity (£8,000) which will contribute towards the restructure costs once the outcome of job evaluation is known (agreed at October SLT).
- 2.4.2 **Project Management Office:** A balanced budget is projected. Work has concluded on the PMO budget which identified an error of net £32,000, including a contribution from reserve, compared to the structure agreed by SLT November 2019. SLT in November 2020, approved the funding of the £32,000 shortfall from contingency in 2020/21 and future year's shortfall is built into the MTFP. In addition a recharge to the CRM Project budget for the use of BA resource has also been agreed.
- 2.4.3 **Democracy:** An underspend of £14,000 is projected (previously balanced budget) and relates to vacancies of £10,000 and subscriptions £4,000. The underspend of £10,000 saving on Member travel and conferences has been transferred to contingency, as approved by December SLT.
- 2.5 **Safer Communities:** The overall projection is an underspend of £195,000 (previously £65,000 underspend).
- 2.5.1 Work has been concluded to identify the ongoing impact of posts that may not be properly reflected in the budget. It is confirmed that the funding of the SM green book post was put in on a temporary basis for 2019/20 only for which in-year mitigations are required. Finance will include this post in the MTFP refresh for future years. With regards to the 2 x JF2 posts, as no current approval for funding has been identified, these will be included within the Safer Communities restructure along with proposals for funding.
- 2.5.2 The work to establish the current financial position taking account of budgeting at competent versus development posts, use of overtime and fixed term contracts to provide front line cover has been concluded. The Service has around £269,000 surplus budget due to all posts being budgeted at competent levels which is being utilised to finance the shortfall on employer's pension contributions of circa. £160,000 and income shortfall of £30,000 (dryriser testing income). It should be noted that the best case scenario is being reported in terms of savings which could change in the coming months due to recruitment of green book protection posts, on call pay which can vary considerably each month and financing the training requirement associated with Aerial Ladder Platform (ALP).
- 2.5.3 When presenting the net underspend of £195,000 over Areas, this shows that there are relatively small overspends in each of East, West and Central areas,

as summarised in the table below. This is mainly due to fixed term contracts covering whole time staff absences and an increase in retained operational hours. These are being mitigated, partly through reduced overtime in the Areas and with the majority of savings generated in business safety due to issues with recruitment in wholetime and support staff. As part of month 8 monitoring we have also identified an overstatement of the impact of the 2020/21 pay award which has been corrected and is the main reason for the increase in underspend in comparison to month 6.

| | Budget | Projected Outturn | Month 8 Variation | Month 6 Variation |
|--------------------------------|---------------|------------------------------|------------------------------|------------------------------|
| | £'000 | £'000 | £'000 | £'000 |
| AD Safer Communities | 151 | 129 | (22) | (18) |
| East | 5,355 | 5,368 | 13 | 70 |
| West | 7,817 | 7,864 | 47 | 75 |
| Central | 5,435 | 5,459 | 24 | 131 |
| Business Safety | 1,666 | 1,321 | (345) | (346) |
| Community Safety | 839 | 927 | 88 | 23 |
| | | | | |
| Total Safer Communities | 21,263 | 21,068 | (195) | (65) |

- 2.6 **Operational Support & Resilience:** The Operational Support & Resilience budget is projecting a net budget underspend of £54,000 (previously projected at £14,000 overspend) as follows:
- 2.6.1 **ADOSR:** £10,000 savings on salaries including pension.
- 2.6.2 **Operational Policy & Planning:** The Operational Support budget is projecting a budget underspend of £79,000 (previously £66,000). This comprises of a pressure on whole-time salaries of £19,000, underspend of £100,000 due to delays to specialist training, underspend on hydrants £10,000, offset by a projected overspend on Support salaries of £12,000 due to being over establishment.
- 2.6.3 **East Sussex Fire Control:** This is projected to overspend by £35,000 (previously balanced budget) mainly due to premises costs relating to 2019/20 recently notified by West Sussex CC and charged for in 2020/21.
- 2.7 **Engineering:** The Engineering budget is currently projected to be a balanced budget (previously £80,000 overspend).
- 2.7.1 A number of pressures totalling £80,000 were identified as follows: an overspend on employees of £32,000 where Engineering Services Technician posts are found to be budgeted at JF3.5 but paid at JF5.3, an overspend on non-pay of £28,000 and a projected income shortfall of £20,000.
- 2.7.2 A review of all commitments against the repairs and maintenance budget has been concluded by Service Managers. This identified and cancelled obsolete

commitments to the sum of around £100,000. Service Managers continue to review all parts of the budget including investigating known and new pressures that have come to light and take appropriate actions so that the overspend in 2019/20 is not repeated.

- 2.7.3 The underspend on Fuel of £20,000 due to the Covid-19 situation resulting in reduced mileage and the BP free fuel offer has been transferred to contingency as approved by October SLT.
- 2.8 **CFO:** An ongoing funding shortfall of £13,000 has been identified on the CFOA subscription. This will be addressed through budget setting for 2021/22.
- 2.9 **Treasury Management:** This income budget is projected to overachieve by £25,000 (previously balanced budget). Interest rates on investments have reduced considerably following the reduction in the Bank of England base rate. Although the interest received will be considerably reduced compared to previous years, it is forecast to meet the £75,000 interest budget and deliver additional income of £25,000. We are currently reporting a forecast loss of Treasury Management income of circa. £128,000 on the NFCC / HO Cost Tracker, however, given the grant is currently fully committed it is unlikely that we will gain any additional flexibility as a result.
- 2.10 **Non Delegated Costs:** An overspend of £24,000 is projected (previously balanced budget). This is due to miscellaneous income that will not be collected £5k and overspends on injury pension (£15k) and LGPS pension (£4k). These are not controllable costs and will be dealt with as part of budget setting 2021/22. SLT agreed to the funding of scheme sanction charges (£11,000) through contingency.
- 2.11 **Corporate Contingency:** This budget is intended to provide some flexibility for SLT to manage in-year budget pressures and was set at £454,000 for 2020/21 and has increased by £100,000 following approvals by SLT. The total amount available in 2020/21 has increased to £544,000, funding pressures identified during the year of £532,000 leaving £22,000 remaining in contingency, as detailed in section 6 below.
- 2.12 **Transfer to and from Reserves:** There is a net forecast reduction in drawdown from reserves of £6,682,000 (capital and revenue) mainly due to a delay in capital projects and the consequent reduction in the use capital receipts. LG Futures has recently advised that the additional combined surplus of £850,000 in business rates and section 31 government grant in 2020/21 should be transferred to Reserves to finance anticipated losses of £1.415m in 2021/22 in relation to Covid-19 (refer to detailed commentary in section 8).

3 REVENUE BUDGET AND CAPITAL PROGRAMME RISKS

- 3.1 **Covid 19:** The immediate financial impact of Covid 19 has been funded by grant from Government. There have been delays to capital projects and Covid 19 will continue to impact on the Authority's finances through 2020/21 and more markedly into 2021/22 where impact on both the Business Rate and Council Tax Collection Funds will be felt. The Service has considered options to reduce

ongoing costs or other mitigating actions albeit some of these options are dependent on the impact of the second wave of the pandemic.

- 3.2 **ESFC / P21:** The Authority has made provision in its revenue budget to support the running of the interim ESFC service through 2020/21 and to fund investment in the transitional new tripartite service in September 2021. Work is in progress to consolidate the financial baseline for P21 and the funding within the SCC and Mobilising Strategy Reserve. The interim service is projected to be £35,000 overspent due to receiving notification and charging of 2019/20 property related costs in 2020/21.
- 3.3 **Pension Costs:** There is continued reliance on one-off grant to fund increased contributions for FPS as well as the uncertainty on the cost and funding of the remedy from the Sargent case (initial estimate of historic liability approx. £5m, ongoing costs £0.9m p.a.). For the latter it is now understood that the cost will impact through the next quadrennial scheme valuation i.e. from 2023/24 onwards.
- 3.4 **Additional Actuarial costs:** The requirement to commission additional actuarial reports as a result of material changes since the draft accounts were issued is likely to incur additional costs of the order of £10,000 subject to confirmation from Hymans
- 3.5 **CRM Project:** The development of the new CRM Home Safety Visit (HSV) and Business Safety (BS) systems will see the removal of inefficient paper driven processes and the implementation of electronic data capture automating the flow of information. It is estimated that the development, purchase of devices and other associated deployment costs could extend the IT Strategy funding gap by a further £1.0m. Updated costed proposals for the development of HSV and Business Safety modules are due to be presented to SLT January, alongside a revised assessment of potential benefits both cashable and non-cashable.
- 3.6 **Firewatch Phase 2 Project:** This project has slipped from its original timeline and incurred additional cost. The project plan and budget is currently being re-baselined and any bid for additional funding is expected to be reported to SLT in January.
- 3.7 These risks will continue to be monitored in 2020/21 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 budget pressures: Identification of additional savings or managed underspends, use of the Corporate Contingency and/or use of General Balances.

4 SAVINGS PROGRAMME 2020/21

- 4.1 Appendix 2 summarises the savings requirement 2020/21 of £426,000. Early indications are that £361,000 savings are course to be successfully delivered, whilst £65,000 savings are at risk. These have all been funded through contingency in 2020/21 and future year's impacts will be considered as part of 2021/22+ budget setting.

- (iii) Management restructure - £5,000 (ongoing) is at risk due to the outcome of the Principal Officer Appointment Panel review of senior officer terms and conditions. This is funded from contingency;
- (ii) Personal Protective Equipment - £20,000 (ongoing) is at risk due to the continuing use of FTCs and assistant instructors at STC and is funded from contingency.
- (iii) FPS Admin to WYPF - £10,000 is at risk due to an incorrect amount being included in the contract and is funded from contingency.
- (iv) Maritime Savings - £30,000 (one-off) due to the pay protection period for Maritime Allowance at Newhaven is likely to extend to the end of the financial year. This is funded from contingency.

4.2 Through the NFCC / HO Covid 19 monitoring we are tracking three areas of spend where Covid 19 is resulting in underspends as follows based on the period April – October 2020:

- Training = £72,000 – as set out in the agreed Training Recovery Plan
- Specialist Training = £100,000 as reported by Ops P&P
- Fuel = £20,000 for the first 6 months has been transferred into contingency
- Travel & Subsistence = £35,000 which has been transferred to contingency.
- Member Expenses & Conferences = £10,000 which has been transferred to contingency

5 GRANTS AND FEES & CHARGES INCOME COMPENSATION SCHEME

5.1 The Government has awarded the following grants for use on specific purposes and your officers will ensure these are delivered in accordance with grant conditions:

5.2 **Covid-19:** This is to alleviate an increase in expenditure and shortfall in income relating to Covid-19. £137,000 was allocated toward the end of 2019/20 and almost all (£136,000) has been brought forward in an earmarked reserve. The allocation for 2020/21 is £633,000 and for the purpose of this exercise, it is assumed it will all be spent. It is imperative that we are able to identify and evidence relevant net additional expenditure so that we avoid unnecessary costs against the base budget and retain this grant funding. The Service's end November return forecast that additional costs of £694,000 and loss of income from commercial training / dry riser testing of £76,000 would be compensated for by the Government Grant (£770,000), a claim to the Government's Income Loss Compensation Scheme and savings on fuel and travel / subsistence. The Service has reviewed a number of options to reduce the ongoing costs of its Covid response. However there is a risk that a second wave of the pandemic may increase costs / losses further.

5.3 **Surge Protection Grant Funding:** The allocation for this Service of £510,000 is specifically to deal with inspections for high rise buildings and other high risk

buildings. The grant conditions have been received, including the deadline of December 2021 by which the high rise element of the grant must be spent. A project group has been set up, and, a delivery plan drawn up to ensure full use of the grant. The grant has been received in full, with the first quarter's grant return covering July to September submitted to the Home Office in October.

- 5.4 **Grenfell Infrastructure Fund:** The allocation of £67,944 is to help support FRS to put in place a local Grenfell Inquiry recommendations co-ordination function which will help co-ordinate local activity and support the national work led by the NFCC; drive progress on local improvements and ensure funding for smoke-hoods and other technical investments. The grant conditions have been received.
- 5.5 **Fire Fighter Pension Scheme:** The allocation of £1,734,984 is used towards the shortfall in employer's pension contributions.
- 5.6 **Government Income Compensation Scheme for Fees and Charges:** The Government has launched a compensation scheme which provides for net budgeted fees and charges income loss due to the impact of Covid19 in accordance with the scheme principles. There is a 5% deductible on budget and 75% of income loss thereafter is compensated. A submission (Round 1) made to the Home Office for the income loss on commercial training (£18,000) and dry riser testing (£3,300) income covering the period April to July 2020 has been successful and resulted in the receipt of £12,788 compensation. A Submission was also made in December (Round 2) to claim fees and charges income losses sustained August to November.

6 CONTINGENCY 2020/21

- 6.1 The Fire Authority maintains a contingency in order to assist it in managing one-off unforeseen pressures and making investments within the financial year. At its' meeting held in February 2020, the Fire Authority agreed a contingency of £454,000 for the 2020/21 financial year.
- 6.2 The contingency increased by £100,000 during the financial year, as approved by SLT and brings the total amount available in 2020/21 to £554,000. This is following the transfer of £35,000 underspend on travel and subsistence, £35,000 provided for the inspection which is now delayed until the next financial year, £20,000 underspend on fuel covering April to September and £10,000 underspend on Member expenses and conferences due to Covid-19. Commitments approved to date total £532,000 leaving a remaining balance of £22,000 as detailed in the following table.

| | | £'000 |
|--|-----------|------------|
| Opening Balance 1 April 2020 | AD | 454 |
| Travel & Subsistence Underspend approved by SLT on 20 August | All | 35 |
| Inspection Budget no longer required approved by SLT on 17 September | LR | 35 |
| Fuel savings April to September approved by SLT on 15 October | MM | 20 |
| Members Expenses and Conferences Underspend approved by SLT on 17 December | LR | 10 |
| Total Available | | 554 |
| Maritime saving at risk | MM | 30 |
| Pension manager extension | HSY | 45 |
| Training and Assurance Secondment | HSY | 60 |
| GM ORR extension | LR | 47 |
| Swift Water Rescue | MM | 10 |
| New Workwear | DS | 60 |
| IRMP consultation | LR | 30 |
| Leadership & Behavioural framework | HSY | 50 |
| 10 Internal Audit days (Approved SLT / S&A April 2020) | DS | 4 |
| NFCC VFM Framework (Approved SLT June 2020) | | 6 |
| Scheme Sanction Charges | All | 11 |
| Senior Management saving at risk | DS | 5 |
| PPE saving at risk | DS | 20 |
| WYPF saving at risk | DS | 10 |
| Budget calculation error | DS | 24 |
| IRMP - HR Post x 6 months | HSY | 25 |
| Flu vaccinations | HSY | 6 |
| Health and Safety temporary business partner | HSY | 24 |
| Fire & Rescue Indemnity Company (FRIC) Insurance Renewal 2020-21 | DS | 28 |
| External audit fee increase 2020-21 | DS | 5 |
| PMO budget calculation error | LR | 32 |
| | | |
| Total Commitments | | 532 |
| | | |
| Amount Remaining end November 2020 | | 22 |

- 6.3 **Extensions to secondments:** £152,000 for Pension Manager, Training and Assurance SM and GM ORR.
- 6.4 **Swift Water Rescue:** £10k one-off this risk crystallised during 2019/20 following the resolution of a challenge by the FBU regarding Additional Availability Allowances and majority of costs (for historic liabilities) were accrued for in 2019/20. A small pressure of £10,000 will also impact in 2020/21.
- 6.5 **New Workwear:** £60,000 one-off – relating to the roll out of new workwear using a new national contract.
- 6.6 **IRMP consultation:** £48,000 one-off – as agreed by Fire Authority, of which £18,000 is additional cost arising from Covid 19 and will be funded from the Covid 19 grant. The remainder £30,000 is funded from Corporate Contingency.
- 6.7 **Leadership and Behavioural Framework:** £50,000 one-off for training and communications as part of roll out agreed by SLT.
- 6.8 **Scheme Sanction Charges:** WYPF our new FPS administrator has identified that scheme sanction charges have in the past been incorrectly charged to some FPS members upon retirement. The Service is in the process of refunding these charges at a cost to the revenue budget of £11,000.

- 6.9 **Budget Calculation Error:** An ongoing budget error of £24,000 has been identified within the Resources Division and it is corrected using contingency. Future years will be picked up as part of the budget setting process.
- 6.10 **IRMP:** The IRMP was approved by the Fire Authority at its' meeting held on 3 September. This included a HR post for a period of 6 months at a cost of £25,000 which is funded from contingency.
- 6.11 **Savings at Risk:** £65,000 savings are unable to be secured in this financial year and are funded through contingency as detailed in section 4 above.

7 CAPITAL PROGRAMME COMMENTARY

- 7.1 The original 2020/21 Capital Budget and five year Capital Strategy of £24,045,000 was approved by the Fire Authority in February 2020. The revised Capital programme 2020/21 to 2024/25 is £24,041,000, including slippage of £447,000 brought forward from 2019/20, a net reduction of £12,000 on Fleet and Equipment Capital Programme as approved by August SLT, identified savings of £129,000 approved by September SLT and part IRMP concept 12t vehicle £300,000 and TRA 8 road safety £10,000 reductions arising from the capital programme review.
- 7.1.1 This is funded by Capital Receipts £7,759,000, Revenue Reserves £4,578,000, Planned Revenue contributions £1,808,000 and Internal Borrowing and New Borrowing £9,896,000. Overall, the 5 year Capital Programme is forecasted to come in on budget, as summarised in Appendix 3.
- 7.2 The revised Capital Budget for 2020/21 is £5,982,000, including slippage of £447,000 from 2019/20, £18,000 net reduction on Engineering and Fleet Capital, as approved by August SLT, £129,000 identified savings approved by September SLT, part IRMP £300,000 12t concept vehicle and TRA 8 road safety £10,000 reductions arising from the capital programme review. Overall, projected expenditure for the year is £2,295,000 resulting in a projected slippage of £3,687,000 (62% of budget). The Capital Budget has 2 main components: Estates / Property and Engineering / Fleet & Equipment which are projecting slippage of a net £2,262,000 and £1,425,000 respectively. These are summarised in Appendix 4.
- 7.3 **Estates / Property:** The Estates team has reviewed the impact of Covid-19 on the Estate's Capital Programme and identified further revisions that are necessary. Projected expenditure is £624,000 against the Capital budget 2020/21 of £2,886,000, which results in a projected net slippage of £2,262,000 (78% of budget) mainly arising from the following.
- £294,000 of this relates to partnership projects where changes to partner requirements or timescales have delayed the project – we are now working with our key partners (SxP, SECamb and LDC) to harden both commitment, funding and timescales for these projects
 - £755,000 relates to Preston Circus where stakeholder engagement has taken significantly longer than planned – this engagement has been

necessary and we are expecting to move to RIBA Stage 3 in the near future.

- £1,213,000 relates to Strategic and General Schemes where C19 has impacted both in terms of ability to mobilise and capacity of Estates team to progress. We are addressing this by working closely with suppliers, bringing extra capacity into the team through our shared service with SxP and re-profiling and repackaging works across the Estates Capital Programme. In addition some projects were paused awaiting the outcome of the IRMP.

All of the above will result in seeking approval to slip budget into the next financial year. It should be noted there are 3 projects included within the slippage figure (design guide scheme £110,000, STC live fire training £19,000 and security £65,000) where expenditure is brought forward and a budget transfer of £194,000 is required from 2021/22 into the current financial year.

7.4 **Engineering:** A detailed review of the Fleet and Equipment (F&E) Capital Budget undertaken jointly by Finance and Engineering officers has been concluded. The Engineering budget for 2020/21 is £3,096,000 including slippage from 2019/20 of £161,000, a net reduction of £18,500 to the F&E capital budget 2020/21 (approved by 20 August SLT) and identified savings of £129,600 (approved by 17 September SLT). The IRMP related saving of £300,000 on concept 12t fire appliance and £10,400 on TRA 8 Road Safety is proposed to be taken out of the new 5 year capital programme in 2020/21. Engagement with the IRMP implementation team work is required to establish the exact impact of proposals, including the review of Special Appliances, and will be reported in due course. An expenditure coding error of £61,000 between Animal Rescue and GP Truck in 2019/20 and budget error between 2 Wildfire Vehicles of £100,000 have come to light and the budgets adjusted accordingly.

7.4.1 Projected expenditure is £1,671,000 resulting in a net underspend of £1,425,000 of which all but £125,000 (RPE / Fireground Radio project underspend) is slippage into the 2021/22 financial year due to delays in completing projects primarily due to:

- Covid-19 (£587,000) - which resulted in major suppliers ceasing production during lockdown. This has led to 3 x Fire appliances not being completed with only the chassis delivered, therefore the balance needs to be slipped at £195,600 each
- IRMP (including the review of special appliances) (£200,000) - which resulted in some decisions on replacement vehicles being paused, for example, the replacement of the foam tender (£200,000)
- Project delays (£515,000) - as a result of various factors including: ITF Telemetry and camera provision which is awaiting alignment in respect of fire specification through the 4F partnership (£188,000 of which £118,000 grant funded); 3 x Wildfire vehicle due to supply and testing of the new vehicle chassis and coach build (£300,000 in total), and; the Large Animal Rescue vehicle due to complications on the route to market and restrictions in the vehicle choice due to accommodation restrictions (£145,000)

- 7.5 All these projects have been re-profiled in the new 5 year capital programme. The position per vehicle is summarised in Appendix 5.
- 7.6 **Capital Funding:** The sale of the old Fort Rd site in Newhaven to Lewes District Council for £525,000 is proceeding with a deposit received and the balance due subject to planning next year. The disposal of the ARP currently based at Eastbourne has been progressed in line with the IRMP decision. The sale will realise a capital receipt of £120,000 and is expected before the end of the financial year. The ARP will be replaced at Eastbourne by an additional pumping appliance and the ALP formerly based at Hastings (which will be replaced by a new vehicle in February 2021). The Service has also been successful in its bid for Community Infrastructure Levy (CIL) funding from Lewes District Council. £289,000 has been awarded which will part fund the planned enhancements at Barcombe and Seaford Fire Stations, reducing the need for future borrowing.

The updated Capital Programme is summarised in the table below.

| | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | Total |
|---|----------------|---------------|--------------|--------------|--------------|---------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Original Approved Programme | 5,992 | 6,767 | 4,461 | 3,906 | 2,919 | 24,045 |
| Slippage from 2019/20 | 447 | 0 | 0 | 0 | 0 | 447 |
| SLT Aug (CFA 3 Sept) - Fleet & Eng | (18) | 0 | 3 | 3 | 0 | (12) |
| SLT September - Fleet & Eng | (129) | 0 | 0 | 0 | 0 | (129) |
| Capital Programme Review & IRMP concept 12t | (310) | 0 | 0 | 0 | 0 | (310) |
| Revised Programme | 5,982 | 6,767 | 4,464 | 3,909 | 2,919 | 24,041 |
| Slippage 2020/21 to 2021/22 - Engineering | (1,425) | 1,425 | 0 | 0 | 0 | 0 |
| Slippage 2020/21 to 2021/22 - Estates | (2,262) | 2,262 | 0 | 0 | 0 | 0 |
| Net Change | (3,687) | 3,687 | 0 | 0 | 0 | 0 |
| Updated Capital Programme | 2,295 | 10,454 | 4,464 | 3,909 | 2,919 | 24,041 |
| Funded by: | | | | | | |
| Capital Receipts | 1,939 | 5,820 | 0 | 0 | 0 | 7,759 |
| Reserves | 0 | 3,078 | 500 | 500 | 500 | 4,578 |
| Revenue Contributions | 0 | 452 | 452 | 452 | 452 | 1,808 |
| MRP / Internal Borrowing | 356 | 431 | 0 | 0 | 0 | 787 |
| New Borrowing / Need to Borrow | 0 | 673 | 3,512 | 2,957 | 1,967 | 9,109 |
| Updated Capital Programme | 2,295 | 10,454 | 4,464 | 3,909 | 2,919 | 24,041 |

8 RESERVES 2020/21

- 8.1 The Fire Authority maintains Reserves in order to assist it in managing its specific spending plans across the financial year (Earmarked Reserves), making provisions for the financial risks it faces (General Fund Reserves) and making investments (Capital Receipts Reserve).
- 8.2 The opening balance at 1 April is £23,233,000 including a contribution from general fund reserve of £48,000 to finance the provisional net overspend 2019/20 as approved by Policy and Resources Panel on 23 July 2020.
- 8.3 Forecast net transfers from reserves total £5,449,000 compared to planned net drawdown of £12,131,000. This is a net reduction in drawdown of £6,682,000

resulting in an estimated balance at 31 March 2021 of £17,784,000, as summarised in the table below and detailed over individual reserves in Appendix 6.

8.4 The net changes are explained in section 8.5 below. Work continues with budget managers to confirm the planned use of revenue reserves in 2020/21.

| | Balance @ 1 April 2020 | Planned Net Transfers 2020/21 | Forecast Net Transfers 2020/21 | Net change | Month 8 Balance @ 31 March 2021 |
|-------------------------------|------------------------|-------------------------------|--------------------------------|--------------|---------------------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Earmarked Reserves | 13,808 | (6,584) | (3,591) | 2,993 | 10,217 |
| General Fund | 1,869 | (7) | (54) | (47) | 1,815 |
| Total Revenue Reserves | 15,677 | (6,591) | (3,645) | 2,946 | 12,032 |
| Total Capital Reserves | 7,556 | (5,540) | (1,804) | 3,736 | 5,752 |
| Total Usable Reserves | 23,233 | (12,131) | (5,449) | 6,682 | 17,784 |

8.5 The main reasons for the overall net reduction in forecast drawdown from reserves of £6,682,000 are as follows:-

8.5.1 Earmarked Reserves Decrease of £2,993,000

- **£1,788,000** - no drawdown requirements in 2020/21 on ESMCP ESFRS Readiness £1,425,000, BRR Pilot Economic Development £70,000 and Sprinklers of £293,000 due to delays in delivery of the projects we are match funding.
- **£161,000** - reduced drawdown on the IT Strategy reserve due project delays and re-profiling of projects linked to P21.
- **(£136,000)** - full use of the Covid-19 tranche 1 grant funding 2019/20, brought forward as a reserve of £136,000 into 2020/21, towards eligible expenditure.
- **(£235,000)** - an increased drawdown on Improvement & Efficiency reserve to finance in-year priorities / projects.
- **£1,415,000** - transfer of the recently notified £850,000 Section 31 grant to the Business Rate Relief (BRR) financial stability reserve to finance shortfalls in 2021/22 arising from Covid-19 as advised by LGA Futures. This is in addition to the £565,000 previously notified.

8.5.2 General Fund Reserve Increase of **(£47,000)**

- **(£47,000)** - This is due to the pay award which was allowed for in the 2020/21 budget at 2% increase but the Green Book pay award was confirmed at 2.75%. The 0.75% (£47,000) budgeted deficit is fully funded

by general fund reserve in 2020/21 and future years will be built into the budget requirement.

8.5.3 Capital Reserves Decrease of £3,736,000

- **£3,601,000** - The reduction in capital reserves requirement arising from the updates to the capital programme and slippage of capital schemes into future years (refer to capital section 7 above).
- **£52,500** - 10% of the capital receipt from the sale of Fort Road (£525,000) has been received and the balance is expected in 2021/22 once planning is approved and will also be transferred to CR reserve once received.
- **£120,000** – Expected capital receipt from the sale of ARP currently based in Eastbourne.

9 **BORROWING AND INVESTMENT**

9.1 As at end November, the Authority held cash balances of £25,650,000 which are invested in accordance with the Treasury Management Strategy, as follows.

| Counterparty | Duration | Amount | Rate |
|---------------------------------|-------------------|----------------|-------|
| Aberdeen Cash Money Market Fund | Overnight Access | £4.0m | 0.04% |
| Aviva Cash Money Market Fund | Overnight Access | £3.4m | 0.02% |
| Barclays | 95 Day Notice | £4.0m | 0.29% |
| Goldman Sachs | 95 Day Notice | £4.0m | 0.38% |
| LA Deposit (Dudley MBC) | Fixed to 25/10/21 | £2.25m | 1.25% |
| Lloyds / HBOS | Fixed to 27/01/21 | £4.0m | 0.31% |
| Santander | 95 Day Notice | £4.0m | 0.40% |
| Total Investments | | £25.65m | |

9.2 Further work is in progress to confirm the forecast level of drawdown from reserves during the year. The Authority's budget anticipated a reduction from £19,800,000 to £7,500,000 and this will mean the need to liquidate investments during the year. As noted in Section 8 above the forecast year end position is expected to be £14,569,000. Finance continues to work with the ESCC Treasury Management team to improve cash-flow monitoring. Notice has been given on the Lloyds / HBOSS 175 day notice account.

9.3 The Bank of England reduced the base interest rate from 0.75% to 0.10% to invigorate the economy due to the impact of Covid -19. We are beginning to see an impact as Banks start to reduce their rates on investments, resulting in lower interest receivable. Latest modelling indicates the income of £100,000 can be achieved, £25,000 above the budgeted level of £75,000. If interest rates had stayed at their prevailing rates, we would have seen additional income of

approximately £115,000, similar to that realised in the last two financial years, to use towards managing current pressures.

- 9.4 The Authority has debts totalling £10,773,000 and there is no impact on the interest payable, as these are subject to fixed interest rate deals. £75,000 of the debt will mature at the end of the current financial year for which payment arrangements are in hand.

**Revenue and Capital Budget 2020/21 and Capital Programme 2020/21 to 2024/25
Monitoring at Month 8 (end November)**

Revenue Budget 2020/21 – Objective Summary

| | Original Budget | Revised Budget | Projected Outturn | Variance | Variance | Variance last report to P&R |
|---|-----------------|-----------------|-------------------|--------------|--------------|-----------------------------|
| | £'000 | £'000 | £'000 | £'000 | % | £'000 |
| Peoples Services | 3,641 | 3,836 | 3,734 | (102) | (2.7) | 0 |
| Resources/Treasurer | 7,506 | 7,701 | 7,587 | (114) | (1.5) | 143 |
| Planning and Improvement | 1,275 | 1,295 | 1,252 | (43) | (3.3) | 0 |
| Total Deputy Chief Fire Officer | 12,422 | 12,832 | 12,573 | (259) | (2.0) | 143 |
| Safer Communities | 21,017 | 21,263 | 21,068 | (195) | (0.9) | (65) |
| Operational Support | 4,298 | 4,263 | 4,209 | (54) | (1.3) | 14 |
| Total Assistant Chief Fire Officer | 25,315 | 25,526 | 25,277 | (249) | (1.0) | (51) |
| CFO Staff | 705 | 729 | 742 | 13 | 1.8 | 13 |
| Treasury Management | 839 | 839 | 814 | (25) | (3.0) | 0 |
| Non Delegated costs | (1,058) | (1,162) | (1,138) | 24 | 2.1 | 0 |
| Corporate Contingency | 454 | 22 | 22 | 0 | 0.0 | 0 |
| Transfer from Reserves | (627) | (736) | (736) | 0 | 0.0 | 0 |
| Transfer to Reserves | 1,687 | 3,102 | 3,102 | 0 | 0.0 | 0 |
| Total Corporate | 2,000 | 2,794 | 2,806 | 12 | 0.4 | 13 |
| Total Net Expenditure | 39,737 | 41,152 | 40,656 | (496) | (1.2) | 105 |
| Financed By: | | | | | | |
| RSG | (3,208) | (3,208) | (3,208) | 0 | 0.0 | 0 |
| Council Tax | (27,931) | (27,931) | (27,931) | 0 | 0.0 | 0 |
| Business Rates | (7,714) | (7,825) | (7,825) | 0 | 0.0 | 0 |
| S31 Grants | (799) | (2,103) | (2,103) | 0 | 0.0 | 0 |
| Collection Fund Surplus/Deficit | (85) | (85) | (85) | 0 | 0.0 | 0 |
| Total Financing | (39,737) | (41,152) | (41,152) | 0 | 0.0 | 0 |
| Total Over / (Under) Spend | 0 | 0 | (496) | (496) | (0.0) | 105 |

**Revenue and Capital Budget 2020/21 and Capital Programme 2020/21 to 2024/25
Monitoring at Month 8 (end November)**

Savings Programme 2020/21

| | | 2020/21 | 2020/21 | 2020/21 |
|---|---------------------|--------------|--------------|-----------|
| | | Savings | Projection | At Risk |
| Description | Responsible Officer | £,000 | £,000 | £,000 |
| Management Restructure | Corporate | (5) | 0 | 5 |
| Engineering - cutting equipment purchased early (1 year only) | RF | (60) | (60) | 0 |
| PPE & Workwear | DS | (91) | (71) | 20 |
| Fire Brigade Union (FBU) post | MM | (20) | (20) | 0 |
| Going digital on CFA agendas implementation of Modern.Gov | LR | (3) | (3) | 0 |
| Reduction in administration costs in Safer Communities | MM | (25) | (25) | 0 |
| Use of BR Pooling to support service delivery | DS/MM | (50) | (50) | 0 |
| Estates Strategy revenue maintenance savings. | DS | (20) | (20) | 0 |
| Business Rates overstated pressure. | DS | (67) | (67) | 0 |
| FPS administration moving to West Yorkshire Pension Fund | DS | (24) | (14) | 10 |
| Webex savings from each directorate. | Corporate | (12) | (12) | 0 |
| Primary Authority income target | MM | (19) | (19) | 0 |
| Maritime | RF | (30) | 0 | 30 |
| | | (426) | (361) | 65 |

*Savings at risk £65,000 fully funded through contingency.

Revenue and Capital Budget 2020/21 and Capital Programme 2020/21 to 2024/25 Monitoring at Month 8 (end November)

Capital Programme 2020/21 to 2024/25

| | Responsible Officer | Original Capital Programme 2020/21 to 2024/25 £'000 | Slippage 2019/20 £'000 | SLT August Revision £'000 | SLT September Revision £'000 | Capital Programme Review & IRMP 2020/21 £'000 | Revised Capital Programme 2020/21 to 2024/25 £'000 | Total Capital Programme Projected Spend £'000 | Variation £'000 | Variation % |
|--|---------------------|--|---------------------------|------------------------------|---------------------------------|--|---|--|--------------------|----------------|
| Property | | | | | | | | | | |
| Shared Investment Schemes | | | | | | | | | | |
| Integrated Transport Project | DS | 1,000 | 0 | 0 | 0 | 0 | 1,000 | 1,000 | 0 | 0 |
| - Partner contribution | DS | | | | | | | | | |
| Integrated Transport Project net cost | DS | 1,000 | 0 | 0 | 0 | 0 | 1,000 | 1,000 | 0 | 0 |
| One Public Estate | | | | | | | | | | |
| - Heathfield | | 40 | 10 | 0 | 0 | 0 | 50 | 50 | 0 | 0 |
| - Partner contribution | | | | | | | | | | |
| - Heathfield net cost | DS | 40 | 10 | 0 | 0 | 0 | 50 | 50 | 0 | 0 |
| - Lewes | | 230 | 16 | 0 | 0 | 0 | 246 | 246 | 0 | 0 |
| - Partner contribution | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| - Lewes net cost | DS | 230 | 16 | 0 | 0 | 0 | 246 | 246 | 0 | 0 |
| - Preston Circus | | 2,969 | 90 | 0 | 0 | 0 | 3,059 | 3,059 | 0 | 0 |
| - Partner contribution | | | | | | | | | | |
| - Preston Circus net cost | DS | 2,969 | 90 | 0 | 0 | 0 | 3,059 | 3,059 | 0 | 0 |
| - Uckfield | | 90 | 10 | 0 | 0 | 0 | 100 | 100 | 0 | 0 |
| - Partner contribution | | | | | | | | | | |
| - Uckfield net cost | DS | 90 | 10 | 0 | 0 | 0 | 100 | 100 | 0 | 0 |
| Total Shared Investment Schemes | | 4,329 | 126 | 0 | 0 | 0 | 4,455 | 4,455 | 0 | 0 |
| Strategic Schemes | | | | | | | | | | |
| - Replacement Fuel Tanks | | 330 | 83 | 0 | 0 | 0 | 413 | 413 | 0 | 0 |
| - Partner contribution | | (330) | 137 | 0 | 0 | 0 | (193) | (193) | 0 | 0 |
| - Replacement fuel tanks net cost | DS | 0 | 220 | 0 | 0 | 0 | 220 | 220 | 0 | 0 |
| Design Guide Schemes | | 2,313 | (20) | 0 | 0 | 0 | 2,293 | 2,293 | 0 | 0 |
| BA Chambers works | | 0 | 6 | 0 | 0 | 0 | 6 | 6 | 0 | 0 |
| Sustainability | | 376 | 20 | 0 | 0 | 0 | 396 | 396 | 0 | 0 |
| Security | | 134 | 0 | 0 | 0 | 0 | 134 | 134 | 0 | 0 |
| Total Strategic Schemes | DS | 2,823 | 226 | 0 | 0 | 0 | 3,049 | 3,049 | 0 | 0 |
| General Schemes | DS | 4,099 | (65) | 0 | 0 | 0 | 4,034 | 4,034 | 0 | 0 |
| Total Property | DS | 11,251 | 287 | 0 | 0 | 0 | 11,538 | 11,538 | 0 | 0 |
| Information Management | | | | | | | | | | |
| - Sussex Control Centre | | 0 | 37 | 0 | 0 | 0 | 37 | 37 | 0 | 0 |
| - Grant funds | | 0 | (37) | 0 | 0 | 0 | (37) | (37) | 0 | 0 |
| Sussex Control Centre net cost | DS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Fleet and Equipment | | | | | | | | | | |
| - Vehicle cameras | | 118 | 0 | 0 | 0 | 0 | 118 | 118 | 0 | 0 |
| - Grants funds | | (118) | 0 | 0 | 0 | 0 | (118) | (118) | 0 | 0 |
| - Vehicle cameras net cost | MM | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| RPE Project | | 0 | 157 | 0 | 0 | 0 | 157 | 157 | 0 | 0 |
| Telemetry | | 70 | 0 | 0 | 0 | 0 | 70 | 70 | 0 | 0 |
| Total Special Projects | MM | 70 | 157 | 0 | 0 | 0 | 227 | 227 | 0 | 0 |
| Aerial Appliances | | 1,784 | 0 | 0 | 0 | 0 | 1,784 | 1,784 | 0 | 0 |
| Fire Appliances | | 7,358 | 0 | 0 | 0 | (300) | 7,058 | 7,058 | 0 | 0 |
| Ancillary Vehicles | | 1,843 | (31) | (125) | (26) | (10) | 1,651 | 1,651 | 0 | 0 |
| Cars | | 1,008 | 0 | 3 | 0 | 0 | 1,011 | 1,011 | 0 | 0 |
| Vans | | 731 | 34 | 110 | (103) | 0 | 772 | 772 | 0 | 0 |
| Total Fleet and Equipment | MM | 12,794 | 160 | (12) | (129) | (310) | 12,503 | 12,503 | 0 | 0 |
| Total Expenditure | | 24,045 | 447 | (12) | (129) | (310) | 24,041 | 24,041 | 0 | 0 |

Revenue and Capital Budget 2020/21 and Capital Programme 2020/21 to 2024/25
Monitoring at Month 8 (end November)

Capital Budget 2020/21

| Capital Programme Expenditure | | | | | |
|--|-------------------|-------------------------------|---------------------|--------------|--------------------|
| | Budget 2020/21 | Projected 2020/21 spend | Variance 2020/21 | Variance | Last P&R Report |
| | £'000 | £'000 | £'000 | % | £'000 |
| Property | | | | | |
| Shared Investment Schemes | | | | | |
| Integrated Transport Project | 100 | 20 | (80) | (80) | (50) |
| - Partner contribution | 0 | 0 | 0 | | |
| Integrated Transport Project net cost | 100 | 20 | (80) | (80) | (50) |
| One Public Estate | | | | | |
| - Heathfield | 50 | 16 | (34) | (68) | (40) |
| - Partner contribution | 0 | 0 | 0 | | |
| - Heathfield net cost | 50 | 16 | (34) | (68) | (40) |
| - Lewes | 116 | 0 | (116) | (100) | (106) |
| - Partner contribution | 0 | 0 | 0 | | |
| - Lewes net cost | 116 | 0 | (116) | (100) | (106) |
| - Preston Circus | 840 | 85 | (755) | (90) | (640) |
| - Partner contribution | 0 | 0 | 0 | | |
| - Preston Circus net cost | 840 | 85 | (755) | (90) | (640) |
| - Uckfield | 70 | 6 | (64) | (91) | (45) |
| - Partner contribution | 0 | 0 | 0 | | |
| - Uckfield net cost | 70 | 6 | (64) | (91) | (45) |
| Total Shared Investment Schemes | 1,176 | 127 | (1,049) | (89) | (881) |
| Strategic Schemes | | | | | |
| - Replacement Fuel Tanks | 413 | 220 | (193) | (47) | (220) |
| - Partner contribution | (193) | (215) | (22) | 100 | 0 |
| - Replacement fuel tanks net cost | 220 | 5 | (215) | (98) | (220) |
| Design Guide Schemes | 10 | 120 | 110 | 1,100 | 420 |
| BA Chambers works | 0 | 0 | 0 | | (6) |
| STC Live Fire Training | 6 | 25 | 19 | 317 | 0 |
| Sustainability | 340 | 31 | (309) | (91) | (20) |
| Security | 0 | 65 | 65 | | 65 |
| Total Strategic Schemes | 576 | 246 | (330) | (57) | 239 |
| General Schemes | 1,134 | 251 | (883) | (78) | (81) |
| Total Property | 2,886 | 624 | (2,262) | (78) | (723) |

Revenue and Capital Budget 2020/21 and Capital Programme 2020/21 to 2024/25
Monitoring at Month 8 (end November)

Capital Budget 2020/21 continued...

| | Budget 2020/21 | Projected 2020/21 spend | Variance 2020/21 | Variance | Last P&R Report |
|---------------------------------------|-------------------|-------------------------------|---------------------|-------------|--------------------|
| | £'000 | £'000 | £'000 | % | £'000 |
| Total Property | 2,886 | 624 | (2,262) | (78) | (723) |
| Information Management | | | | | |
| - Sussex Control Centre | 0 | 37 | 37 | 0 | 0 |
| - Grant funds | 0 | (37) | (37) | 0 | 0 |
| Sussex Control Centre net cost | 0 | 0 | 0 | 0 | 0 |
| Fleet and Equipment | | | | | |
| - Vehicle cameras | 118 | 0 | (118) | 0 | 0 |
| - Grants funds | (118) | 0 | 118 | 0 | 0 |
| - Vehicle cameras net cost | 0 | 0 | 0 | 0 | 0 |
| RPE Project | 157 | 32 | (125) | (80) | 0 |
| Telemetry | 70 | 0 | (70) | (100) | 0 |
| Special Projects | 227 | 32 | (195) | (86) | 0 |
| Aerial Appliances | 190 | 190 | 0 | 0 | 0 |
| Fire Appliances | 1,417 | 830 | (587) | (41) | 0 |
| Ancillary Vehicles | 834 | 191 | (643) | (77) | (508) |
| Cars | 175 | 175 | 0 | 0 | 0 |
| Vans | 253 | 253 | 0 | 0 | 0 |
| Total Fleet and Equipment | 3,096 | 1,671 | (1,425) | (46) | (508) |
| Total Expenditure | 5,982 | 2,295 | (3,687) | (62) | (1,231) |

Revenue and Capital Budget 2020/21 and Capital Programme 2020/21 to 2024/25
Monitoring at Month 8 (end November)

Engineering Capital Budget 2020/21

| | Base Budget 2020/21 as per FA Feb 20 | Slippage from 2019/20 | Total budget 2020/21 | SLT August Revisions | SLT September Revisions | Capital Programme Review | Miscoding 2019/20 | Total budget 2020/21 | Projected Spend | Slippage Into Future Years |
|--|--|--------------------------|----------------------|-------------------------|----------------------------|--------------------------------|----------------------|-------------------------|------------------|-------------------------------|
| | £ | £ | £ | £ | £ | £ | £ | £ | £ | £ |
| Aerial Appliances | | | | | | | | | | |
| Aerial Ladder Platform GX04BMY STN 76 | 200,000 | (10,000) | 190,000 | 0 | 0 | 0 | 0 | 190,000 | 190,000 | 0 |
| Fire Appliances | | | | | | | | | | |
| Appliances 19/20 GX55AAE | 280,000 | 0 | 280,000 | 0 | 0 | 0 | 0 | 280,000 | 280,000 | 0 |
| Appliances 19/20 Concept 12t | 300,000 | 0 | 300,000 | 0 | 0 | (300,000) | 0 | 0 | 0 | 0 |
| Appliances 19/20 GX05ABZ | 280,000 | 0 | 280,000 | 0 | 0 | 0 | 0 | 280,000 | 280,000 | 0 |
| Appliances 20/21 GX56NWP | 285,600 | 0 | 285,600 | 0 | 0 | 0 | 0 | 285,600 | 90,000 | (195,600) |
| Appliances 20/21 GX57EUK | 285,600 | 0 | 285,600 | 0 | 0 | 0 | 0 | 285,600 | 90,000 | (195,600) |
| Appliances 20/21 GX57EUR | 285,600 | 0 | 285,600 | 0 | 0 | 0 | 0 | 285,600 | 90,000 | (195,600) |
| Ancillary Vehicles | | | | | | | | | | |
| Replacing Honda GLU16 LVJ | 12,200 | 0 | 12,200 | 0 | (12,200) | 0 | 0 | 0 | 0 | 0 |
| Animal Rescue GX51 UBM | 107,000 | (23,000) | 84,000 | 0 | 0 | 0 | 61,000 | 145,000 | 0 | (145,000) |
| Replacing Land Rover GX03 AXM | 100,000 | 0 | 100,000 | 0 | 0 | 0 | 0 | 100,000 | 0 | (100,000) |
| Wildfire Vehicle 2019/20 GX53AZU | 0 | 0 | 0 | 0 | 0 | 0 | 100,000 | 100,000 | 2,000 | (98,000) |
| Wildfire Vehicle GX53 AZV | 100,000 | 0 | 100,000 | 0 | 0 | 0 | 0 | 100,000 | 0 | (100,000) |
| Wildfire Vehicle GX02AZO | 61,500 | 2,000 | 63,500 | 0 | 0 | 0 | 0 | 63,500 | 63,500 | 0 |
| Wildfire Vehicle GX53 AZW | 100,000 | 0 | 100,000 | 0 | 0 | 0 | (100,000) | 0 | 0 | 0 |
| Replacing Y87 GUN GP Truck STN 84 | 178,000 | 0 | 178,000 | 0 | 0 | 0 | (61,000) | 117,000 | 117,000 | 0 |
| Replacing foam special (OSU) OU04 VNW STN 87 | 200,000 | 0 | 200,000 | 0 | 0 | 0 | 0 | 200,000 | 0 | (200,000) |
| POD 001 | 125,000 | 0 | 125,000 | (125,000) | 0 | 0 | 0 | 0 | 0 | 0 |
| Boat SWR | 10,900 | 0 | 10,900 | 0 | (2,900) | 0 | 0 | 8,000 | 8,000 | 0 |
| SWR Boat Trailer | 6,600 | 0 | 6,600 | 0 | (6,600) | 0 | 0 | 0 | 0 | 0 |
| TRA 11 decon | 4,400 | 0 | 4,400 | 0 | (4,400) | 0 | 0 | 0 | 0 | 0 |
| TRA 8 Road safety | 10,400 | 0 | 10,400 | 0 | 0 | (10,400) | 0 | 0 | 0 | 0 |
| Cars | | | | | | | | | | |
| Cars 19/20- GX66JKY CFO | 36,000 | 0 | 36,000 | (5,500) | 0 | 0 | 0 | 30,500 | 30,500 | 0 |
| Cars 19/20 -GX66JOU ACFD | 36,000 | 0 | 36,000 | (5,500) | 0 | 0 | 0 | 30,500 | 30,500 | 0 |
| Cars 20/21 - GV63 HUI1 response car | 26,500 | 0 | 26,500 | 2,000 | 0 | 0 | 0 | 28,500 | 28,500 | 0 |
| Cars 20/21 - GV63 HUA response car | 26,500 | 0 | 26,500 | 2,000 | 0 | 0 | 0 | 28,500 | 28,500 | 0 |
| Cars 20/21 - GX13 FNL | 10,700 | 0 | 10,700 | (10,700) | 0 | 0 | 0 | 0 | 0 | 0 |
| Cars 20/21 - GX13 FNH | 10,700 | 0 | 10,700 | (10,700) | 0 | 0 | 0 | 0 | 0 | 0 |
| Cars 20/21 - GX13 FNF | 10,700 | 0 | 10,700 | (10,700) | 0 | 0 | 0 | 0 | 0 | 0 |
| Cars 20/21 - GX13 FNG | 10,700 | 0 | 10,700 | (10,700) | 0 | 0 | 0 | 0 | 0 | 0 |
| Cars 20/21 - GU63 NNZ | 10,700 | 0 | 10,700 | (10,700) | 0 | 0 | 0 | 0 | 0 | 0 |
| Cars 20/21 - NEW (Response Car) | 0 | 0 | 0 | 28,500 | 0 | 0 | 0 | 28,500 | 28,500 | 0 |
| Cars 20/21 - NEW (Response Car) | 0 | 0 | 0 | 28,500 | 0 | 0 | 0 | 28,500 | 28,500 | 0 |
| Vans | | | | | | | | | | |
| Replacing Movano GX60 PUV | 0 | 4,000 | 4,000 | 2,500 | 0 | 0 | 0 | 6,500 | 6,500 | 0 |
| Replacing Movano GX60 PUY | 0 | 4,000 | 4,000 | 2,500 | 0 | 0 | 0 | 6,500 | 6,500 | 0 |
| Replacing Vivaro GX60 PTZ | 0 | 11,000 | 11,000 | 0 | (11,000) | 0 | 0 | 0 | 0 | 0 |
| Replacing Vivaro GX60 PVJ | 0 | 13,000 | 13,000 | 0 | (13,000) | 0 | 0 | 0 | 0 | 0 |
| Replacing Corsa GX11 HAA | 0 | 3,000 | 3,000 | 0 | (3,000) | 0 | 0 | 0 | 0 | 0 |
| Vans 20/21 - GX13 FND BA Van | 35,700 | 0 | 35,700 | 0 | (35,700) | 0 | 0 | 0 | 0 | 0 |
| Vans 20/21 - GX15 JJK SSO van | 37,700 | 0 | 37,700 | 0 | 0 | 0 | 0 | 37,700 | 37,700 | 0 |
| Vans 20/21 - GX13 FNN | 13,900 | 0 | 13,900 | 0 | 0 | 0 | 0 | 13,900 | 13,900 | 0 |
| Vans 20/21 - GX13 FNM | 13,900 | 0 | 13,900 | 0 | 0 | 0 | 0 | 13,900 | 13,900 | 0 |
| Vans 20/21 - GX63 RHO | 40,800 | 0 | 40,800 | 0 | (40,800) | 0 | 0 | 0 | 0 | 0 |
| Vans 20/21 - RDS - GX13 FNK | 17,500 | 0 | 17,500 | 0 | 0 | 0 | 0 | 17,500 | 17,500 | 0 |
| Vans 20/21 - RDS - GX13 FNJ | 17,500 | 0 | 17,500 | 0 | 0 | 0 | 0 | 17,500 | 17,500 | 0 |
| Vans 20/21 - RDS - GX13 FNE | 17,500 | 0 | 17,500 | 0 | 0 | 0 | 0 | 17,500 | 17,500 | 0 |
| Vans 20/21 - RDS - GU63 NOF | 17,500 | 0 | 17,500 | 0 | 0 | 0 | 0 | 17,500 | 17,500 | 0 |
| Vans 20/21 - Station Van (76 Shift) | 0 | 0 | 0 | 17,500 | 0 | 0 | 0 | 17,500 | 17,500 | 0 |
| Vans 20/21 - Station Van (80 Shift) | 0 | 0 | 0 | 17,500 | 0 | 0 | 0 | 17,500 | 17,500 | 0 |
| Vans 20/21 - Station Van (81 Shift) | 0 | 0 | 0 | 17,500 | 0 | 0 | 0 | 17,500 | 17,500 | 0 |
| Vans 20/21 - Station Van (82 Shift) | 0 | 0 | 0 | 17,500 | 0 | 0 | 0 | 17,500 | 17,500 | 0 |
| Vans 20/21 - Station Van (83 Shift) | 0 | 0 | 0 | 17,500 | 0 | 0 | 0 | 17,500 | 17,500 | 0 |
| Vans 20/21 - Station Van (? Shift) | 0 | 0 | 0 | 17,500 | 0 | 0 | 0 | 17,500 | 17,500 | 0 |
| Special Projects | | | | | | | | | | |
| Vehicle Cameras | 118,000 | 0 | 118,000 | 0 | 0 | 0 | 0 | 118,000 | 0 | (118,000) |
| Grant | (118,000) | 0 | (118,000) | 0 | 0 | 0 | 0 | (118,000) | 0 | 118,000 |
| RPE project | 0 | 157,000 | 157,000 | 0 | 0 | 0 | 0 | 157,000 | 32,000 | (125,000) |
| Telemetry | 70,000 | 0 | 70,000 | 0 | 0 | 0 | 0 | 70,000 | 0 | (70,000) |
| Total Fleet and Equipment | 3,393,300 | 161,000 | 3,554,300 | (18,500) | (129,600) | (310,400) | 0 | 3,095,800 | 1,671,000 | (1,424,800) |

Revenue and Capital Budget 2020/21 and Capital Programme 2020/21 to 2024/25 Monitoring at Month 8 (end November)

Reserves 2020/21

| Description | 2020/21 | 2020/21 | 2020/21 | 2020/21 | 2020/21 | 2020/21 | 2020/21 | | Projected Closing Balance |
|--|--------------------------|-------------------------------|--------------------------------|--------------------------------|-----------------------|------------------------|------------------------|--------------|----------------------------|
| | Opening Balance 01/04/20 | Original Planned Transfers In | Original Planned Transfers Out | Original Planned Transfers Net | Forecast Transfers In | Forecast Transfers Out | Forecast Transfers Net | Net Change | at Month 8 Closing Balance |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Earmarked Reserves | | | | | | | | | |
| Improvement & Efficiency | 471 | 500 | (90) | 410 | 500 | (325) | 175 | (235) | 646 |
| Sprinklers | 640 | 0 | (293) | (293) | 0 | 0 | 0 | 293 | 640 |
| Insurance | 249 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 249 |
| ESMCP ESFRS Readiness | 1,425 | 0 | (1,425) | (1,425) | 0 | 0 | 0 | 1,425 | 1,425 |
| ESMCP Regional Programme | 566 | 0 | (259) | (259) | 0 | (259) | (259) | 0 | 307 |
| Responding to new risks Revenue | 18 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 18 |
| IT Strategy | 3,351 | 549 | (2,032) | (1,483) | 549 | (1,871) | (1,322) | 161 | 2,029 |
| Wholetime Firefighter recruitment | 40 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 40 |
| SCC Reserve | 622 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 622 |
| Mobilising Strategy | 3,553 | 0 | (3,329) | (3,329) | 0 | (3,329) | (3,329) | 0 | 224 |
| Business Rates Retention Pilot, financial stability | 587 | 0 | (480) | (480) | 1,415 | (480) | 935 | 1,415 | 1,522 |
| Business Rates Retention Pilot, economic development | 86 | 0 | (70) | (70) | 0 | 0 | 0 | 70 | 86 |
| Business Rates Pool Reserve | 355 | 0 | (155) | (155) | 0 | (155) | (155) | 0 | 200 |
| Covid-19 | 136 | 0 | 0 | 0 | 0 | 0 | (136) | (136) | 0 |
| Carry Forwards | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Capital Programme Reserve | 1,709 | 500 | 0 | 500 | 500 | 0 | 500 | 0 | 2,209 |
| Total Earmarked Reserves | 13,808 | 1,549 | (8,133) | (6,584) | 2,964 | (6,419) | (3,591) | 2,993 | 10,217 |
| General Fund | 1,869 | 138 | (145) | (7) | 138 | (192) | (54) | (47) | 1,815 |
| Total Revenue Reserves | 15,677 | 1,687 | (8,278) | (6,591) | 3,102 | (6,611) | (3,645) | 2,946 | 12,032 |
| Capital Receipts Reserve | 7,518 | 0 | (5,540) | (5,540) | 173 | (1,939) | (1,766) | 3,774 | 5,752 |
| Capital Grants Unapplied | 38 | 0 | 0 | 0 | 0 | (38) | (38) | (38) | 0 |
| Total Capital Reserves | 7,556 | 0 | (5,540) | (5,540) | 173 | (1,977) | (1,804) | 3,736 | 5,752 |
| Total Usable Reserves | 23,233 | 1,687 | (13,818) | (12,131) | 3,275 | (8,588) | (5,449) | 6,682 | 17,784 |

*Safer Business Training Reserve renamed BR Pool reserve.

EAST SUSSEX FIRE AUTHORITY

| | |
|------------------------|---|
| Panel | Policy & Resources |
| Date | 21 January 2021 |
| Title of Report | Fire Authority Service Planning processes for 2021/22 and beyond – Revenue Budget 2021/22 and Capital Asset Strategy 2021/22 to 2025/26 |
| By | Chief Fire Officer and Assistant Director Resources/Treasurer |
| Lead Officer | Parmjeet Jassal, Interim Finance Manager |

| | |
|--------------------------|--|
| Background Papers | <p>Fire Authority Service Planning processes for 2020/21 and beyond – Revenue Budget 2020/21 and Capital Strategy 2020/21 to 2024/26: Fire Authority 13 February 2020.</p> <p>2021/22 to 2024/25 Strategic Service Planning and Medium Term Financial Plan: Fire Authority 3 September 2020</p> <p>Draft 2021/22 to 2025/26 Strategic Service Planning and Medium Term Financial Plan - Medium Term Capital Asset Strategy: SLT 17 December 2020</p> <p>Economic and Fiscal Outlook, November 2020 -Office of Budget Responsibility.</p> <p>Bank Of England Monetary Policy Report – November 2020</p> |
|--------------------------|--|

| | |
|-------------------|---|
| Appendices | <p>A – Medium Term Finance Plan 2021/22 – 2025/26</p> <p>B – Revenue Budget Summary 2021/22</p> <p>C – Fees and Charges</p> <p>D – Capital Asset Strategy 2021/22 – 2025/26</p> <p>E – Reserves and Balances Policy</p> <p>F – Precept for 2021/22</p> <p>G – Establishment 2021/22</p> <p>H – Local Government Financial Settlement (provisional) Core Spending Power of Combined Fire Authorities</p> <p>I – Equality Impact Assessment</p> |
|-------------------|---|

Implications

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

PURPOSE OF REPORT To present the Fire Authority's draft Revenue Budget 2021/22, Capital Strategy 2021/22 – 2025/26 and Medium Term Finance Plan for 2021/22 – 2025/26 for initial consideration prior to its formal consideration by the Fire Authority at its meeting on 11 February 2021.

EXECUTIVE SUMMARY

The Authority's budget proposals for 2021/22 and its five year Medium Term Finance Plan (MTFP) have been updated to reflect:

- The Local Government Finance Settlement (LGFS) which was announced on a provisional basis on 17 December with a consultation period to 14 January 2021
- The pressures, growth bids and savings identified through the business planning and budget setting process.
- The latest updates from the billing authorities on council tax and business rates income.

The Authority has continued to make progress in identifying and agreeing efficiencies and savings proposals over the last 12 months. The latest version of the MTFP shows that the Authority has already identified £0.504m of savings in 2021/22.

This report outlines proposals for setting a balanced revenue budget for 2021/22, including commitments, growth bids and new savings. The Government conducted a Comprehensive Spending Review (SR20) during the year and the sector lobbied strongly to secure a sustainable financial settlement for the fire service. The Authority also lobbied local MPs in support of the sector's CSR submission, particularly highlighting both the pressures and risks the service faces and its reliance on one off grant funding to cover significant costs. Given the economic and financial uncertainty caused by the Covid-19 pandemic the Government announced a one year settlement for 2021/22. The LGFS delivered a better settlement than the Authority has expected with core funding maintained with inflation, pension grant extended for a further year (and expected to be baselined into the settlement from 2022/23) and compensation for the majority of the impact of Covid-19 on income from council tax and business rates.

However, fire did not receive any additional funding to support sector improvement or the impact of new legislation. There was also no funding for fire in tranche 5 of the grant covering Covid-19 costs for 2021/22. In addition the Provisional LGFS did not grant additional council tax flexibility for the fire service, maintaining the referendum threshold at 2%.

The budget proposals have been developed using the modelling assumptions previously agreed with the Authority including a proposed increase in council tax of 1.99%. The impact of no increase in council tax for 2021/22 has also been set out in the report and the Panel is asked to determine whether it wants this alternative option to be included in the budget papers for Fire Authority, and what proposals for the additional savings of £0.551m, necessary to balance the budget, it would like Officers to prepare.

There remains significant uncertainty for funding for 2022/23 and beyond and the Authority will need to remain flexible in its approach to its financial planning. The Government is expected to conduct a Comprehensive Spending Review (CSR21), and progress the much delayed reviews of the funding formula and the future of the business rates system in 2021/22. Given the severe financial pressures on the health and local government sectors as a result of Covid-19 and the Government's wider policy priorities, in the context of the challenge for public sector finances post Covid-19 then the outlook for fire through CSR21 looks particularly difficult. There remains a series of other risks for the Authority to consider in setting its budget and MTFP which are set out in this Report.

As a consequence of this uncertainty the MTFP forecasts overall central support in two scenarios:

- Best case – flat cash (i.e. Settlement Funding Assessment (SFA) maintained at 2021/22 cash levels)
- Worse Case – 5.0% annual decrease in SFA

The revised MTFP under the worse case option shows a need to deliver further savings of £2.676m by 2025/26. In the best case scenario this reduces to £0.521m. If the Authority were to agree not to increase council tax in 2021/22 then this would increase to £1.138m (best case) and £3.293m (worse case).

New savings including those from the IRMP and the Procurement Category Strategy have been built into the MTFP. Officers will continue to explore the potential for further savings to meet the identified target by 2025/26 through Efficiency Strategy activities set out in paragraph 6.7.3.

The Capital Asset Strategy (CAS) reflects the Authority's identified capital investment requirements for the next five years and has been updated to reflect the outcomes of the IRMP and the impact of Covid-19 on delivery in 2020/21. As capital reserves are drawn down the Authority must now plan to enter into new borrowing over the life of the Strategy and the Treasury Management Strategy will carefully consider the options available. The Revenue impact of new borrowing is reflected in the MTFP from 2022/23 onwards. During 2021/22 further work will be undertaken to review the sustainability of the Capital Asset Strategy and its required funding and this will be informed by reviews of the profiling of the Estates Strategy and a review of the Fleet and Equipment Strategy which are already underway.

The Authority has acted prudently in establishing reserves and balances to meet its assessed risks and to provide one off funding for specific priorities. The level of reserves held will significantly reduce over the life of the MTFP and this will bring forward the need to borrow and reduce the level of financial flexibility the Authority has outside of its Revenue Budget.

RECOMMENDATION The Panel is recommended to:

1. Note that:
 - (a) the one year settlement as set out in the Local Government Finance Settlement is only provisional at this stage and may be subject to change;
 - (b) the proposed increase in council tax of 1.99% is based on the threshold in the Provisional LGFS
 - (c) the East Sussex Business Rate Pool, of which the Authority is a member, has been approved as part of the LGFS, and that any income will be transferred into the Business Rates Pool Reserve; and
 - (d) the final council tax and business rate bases and the collection fund positions are still awaited and that final budget proposals may change once this information is received.
2. Consider whether to model an alternative council tax increase of 0% for 2021/22, how the current budget proposals can be reduced by £0.551m to compensate for the loss of income and include this as an option in the budget proposals for the Fire Authority and
3. Recommend that the Fire Authority, subject to any changes as a result of recommendation 1 and 2, approves:
 - (a) an increase in council tax of 1.99% and thus approves:
 - (i) the budget proposals set out in this Report and the net budget requirement of £40.275m for 2021/22;
 - (ii) the council tax requirement of £28.261m; and
 - (iii) the council tax and precepts as set out in Appendix F
 - (b) the capital programme for the next five years and the capital budget of £6.105m for 2021/22 including the plans to use CIL, capital receipts, revenue contributions and new borrowing to finance capital expenditure;
 - (c) the maintenance of the policy minimum level of General Reserves at 5% of the net revenue budget;
 - (d) the fees and charges set out in Appendix C; and
 - (e) that the Treasurer, in consultation with the Chairman and the Chief Fire Officer, be authorised to make any adjustments to the presentation of the budget to reflect the final Local Government Finance Settlement.

1 INTRODUCTION

- 1.1 The report sets out the proposed Revenue Budget for 2021/22, a revised MTFP for 2021/22 to 2025/26 as well as the proposed CAS and Capital Programme for the Authority for the period 2021/22 to 2025/26 for the Panel to consider. The report is based on the latest information available, but Members should note that 2021/22 represents a one-year settlement and may still be subject to change given the range of information still outstanding at the time of writing this report including the final council tax and business rate bases and the Collection Fund positions.
- 1.2 The Provisional LGFS suggests a council tax referendum threshold of 2% for 2021/22 for Fire Authorities and that remains the basis of our modelling as agreed by the Fire Authority at previous meetings. However the implications of a 0% increase in council tax for 2021/22 are set out later in this report for Members to consider.
- 1.3 As a result of the economic uncertainty created by the Covid-19 pandemic the Government has issued a one year Provisional LGFS for 2021/22. This means that there is still significant uncertainty about the Authority's funding for 2022/23 onwards and therefore a range of assumptions have been made as to the level of funding in the MTFP.
- 1.4 The Authority has continued to make good progress in identifying and delivering savings proposals over the last 12 months. The latest version of the MTFP includes savings of £0.995m including £0.504m identified as part of the 2021/22 budget setting process. It includes other changes to spending plans, the provisional LGFS and latest estimates on council tax and business rates. Taken together these show that the Authority can deliver a balanced budget but with reduced flexibility in terms of revenue contributions to capital and contingency.
- 1.5 There remains significant uncertainty for funding for 2022/23 and beyond and the Authority will need to remain flexible in its approach to its financial planning. The Government is expected to conduct a Comprehensive Spending Review (CSR21), and progress the much delayed reviews of the funding formula and the future of the business rates system in 2021/22. Alongside this issues such as the UK's exit from the EU, new legislation in the wake of the Hackett review, HMI findings locally and nationally, pension costs, the implementation of the IRMP, major projects such as Project 21, CRM and ESN and the ongoing impact of Covid-19 are likely to impact on our financial position over the medium term.
- 1.6 The level of savings required post 2021/22 will depend heavily on these factors. Our scenario modelling indicates the requirement to make savings of £1.204m in 2022/23 falling gradually to £0.521m in 2025/26 (best case). The worse case scenario shows a savings requirement of up to £2.676m by 2025/26.

2 ECONOMIC OUTLOOK

- 2.1 The general state of the economy is an important factor in setting the Authority's revenue budget and MTFP over the next five years. The coronavirus pandemic has delivered the largest peacetime shock to the global economy on record. It has required the imposition of severe restrictions on economic and social life; driven

unprecedented falls in national income; fuelled rises in public deficits and debt surpassed only in wartime; and created considerable uncertainty about the future. The UK economy has been hit relatively hard by the virus and by the public health restrictions required to control it. The economic outlook remains highly uncertain and depends upon the future path of the virus, the stringency of public health restrictions, the timing and effectiveness of vaccines, and the reactions of households and businesses to all of these. It also depends on the outcome of the Brexit negotiations. The Office of Budget Responsibility (OBR) expects that UK GDP will fall by 11% this year. Its latest central forecast, which predates the latest lockdown, predicts debt increasing to 105% of GDP by the end of this year, and GDP still down 3% from its pre-Covid levels by the end of 2024. Clearly these factors will be a key influence on public finances generally and the level of flexibility the Government has in terms of future funding for local authorities through CSR.

- 2.2 The official UK bank interest rate was reduced from 0.75% to 0.25% and then again to 0.10% in March 2020 as the Bank Of England sought to respond to the economic shock of Covid-19. Rates are expected to remain at this level until at least the end of 2022. The cost of borrowing through the PWLB remains historically low with the Government recently reducing rate by a further 1%. The PWLB 25 year certainty rate is currently 1.7% and is expected to remain below 2% until at least the end of 2022.
- 2.3 The Government continue to set the target for CPI at 2%. The November 2020 figure was 0.3% down from 0.7% in October and the OBR expect it to rise to 1.2% by the end of 2020 and then to the 2% target by 2025.

3 NATIONAL FUNDING

- 3.1 The CSR20 announced in November 2020 set out a more positive settlement for the fire sector nationally than had been anticipated, with a commitment to increase settlement funding assessment (SFA) by inflation for 2020/21 (“cash real”). This is reflected in the provisional LGFS. This contrasted with our existing modelling which anticipated reductions in SFA of 5% pa over the MTFP period. The Home Office has also subsequently confirmed that its 2021/22 budget includes a continuation of the funding (£115m) for the one off fire pensions grant awarded to fire in 2019/20.
- 3.2 The LGFS proposes a council tax referendum threshold of 2% for fire authorities. The Authority and the sector nationally has lobbied for an increase of 2% or £5 whichever is the greater in order to allow it to invest in protection services post Grenfell and in anticipation of the outcomes of the Hackett Review, and to address the areas for improvement identified by HMI.
- 3.3 The Provisional LGFS was released on 17 December 2020 and is in line with expectations set out in SR20. We have modelled on the basis of the Provisional LGFS and used the analysis provided by Local Government Futures. The main assumptions from a funding perspective are:
- SFA (RSG and Business Rates) will increase by CPI from the assumed level of funding in 2020/21

- that the 2020/21 pensions grant will be extended at the same level for another year and baselined into CSR21
 - that the council tax referendum threshold will be set at 2%
 - that if the East Sussex Business Rate Pool is approved for 2021/22 any income will be transferred into the earmarked reserves (given current uncertainty regarding business rates the Authority does not budget for Pool income).
- 3.4 Any decision to trigger a council tax referendum would incur a significant cost in actually carrying out the vote, and thereby acts as a disincentive to break the referendum ceiling. The Revenue Budget and MTFP have been prepared on the basis of a 1.99% increase for 2021/22 and beyond. An alternative scenario of a 0% increase in council tax for 2021/22 is set out in paragraph 4.8.
- 3.5 The Local Government Finance Report (England) 2021/22 will be debated in Parliament at some point in February and there is a risk that final funding figures will not be announced in time for the Authority's budget setting meeting on 11 February 2021. This does not prevent the Authority setting either its budget or its precept but it is recommended that authority is delegated to the Treasurer, in consultation with the Chairman and the Chief Fire Officer, 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.
- 3.6 There remains significant uncertainty for funding for 2022/23 and beyond and the Authority will need to remain flexible in its approach to its financial planning. The Government is expected to conduct a Comprehensive Spending Review (CSR21), and progress the much delayed reviews of the funding formula and the future of the business rates system in 2021/22. Whilst the joint National Fire Chief's Council (NFCC) / Local Government Association (LGA) CSR20 Submission was well argued and apparently well received in Government, the outcome was mixed. A cash plus basic settlement, extension of the pension grant and some compensation for loss of council tax and business rate income is welcome. However in the published SR document, there is not a single specific mention of the fire service and the sector was unsuccessful in securing additional flexibility already granted to Districts and Boroughs (2% or £5) and PCCs (2% or £15). Given the severe financial pressures on the health and local government sectors as a result of Covid-19 and the Government's wider policy priorities, in the context of the challenge for public sector finances post Covid-19 then the outlook for fire through CSR21 looks particularly challenging.
- 3.7 The Provisional LGFS announcement was followed by a letter from the Fire Minister to the sector setting a clear expectation that fire authorities should deliver further efficiencies through better asset management, budgetary control and the removal of unnecessary costs, as well as collaboration with other bodies. The Minister again highlighted the level of reserves held in the fire sector (£538m or 39% of core spending power) although they acknowledged that some reserves are held to finance capital spend.
- 3.8 As a consequence of this uncertainty and the likelihood of a challenging CSR, the MTFP forecasts overall central support in two scenarios:

- Best case – flat cash (i.e. Settlement Funding Assessment (SFA) maintained at 2021/22 cash levels)
- Worse Case – 5.0% annual decrease in SFA

3.9 The current assumption is that as part of the one-year only LGFS, losses from central Government policy changing business rates yield will be compensated for by a section 31 grant. Previously the MTFP relied on assumptions based on data from the billing authorities however the nature of the one-year LGFS means that it is preferred to use assumptions based on the 2020/21 actual data and announcements relating to the one-year LGFS supported by modelling provided by Local Government Futures.

3.10 Additional funding was provided to fire authorities in 2019/20 in order to mitigate most of the increase in the employer contribution rate for the Firefighter pensions, with the sector paying £10m of the additional costs in 2019/20. This funding was extended for one year in 2020/21 and the Government has announced it will continue to be provided in 2021/22. In the MTFP, we have assumed that the 2020/21 grant will continue at the same value for the life of the MTFP (£1.735m).

3.11 There has been no announcement on specific grants for the fire and rescue service to date. The Authority has assumed cash flat for 2021/22 and beyond.

3.12 As part of the LGFS the Government has announced a range of grants and other measures aiming to mitigate the impact of Covid-19. The ones that are applicable to this Authority are set out below. It is worth noting that the fire service nationally has not received any core Covid-19 grant funding (tranche 5 = £1.55bn) for 2021/22 so any cost impacts will fall directly on the Authority and local council tax payers.

- Income Guarantee Scheme – provides compensation for 75% of the losses in council tax and business rate income in 2020/21 which is distributed through the Collection Fund in 2021/22. In addition the Government has agreed that 2021/22 Collection Fund deficits can be spread (accounted for) over three financial years
- Local Council Tax Support Grant – provides compensation for the impact on the council taxbase in 2021/22 of increases in those claiming council tax support. The Authority's indicative allocation is £0.474m
- Income Loss Compensation Scheme – provides 0.75% compensation for loss of income for fees and charges and has been extended to the end of June 2021. This will partially mitigate losses against budgeted income for activities such as commercial training and dry riser testing.

4 MEDIUM TERM FINANCIAL PLAN

4.1 The MTFP (Appendix A) reflects the modelling for 2021/22 set out in paragraph 3.1 above and then the scenarios in paragraph 3.6 for the remaining four years of the plan. Appendix A shows the best case in detail and a summary of the impact of the worse case scenario. It includes the latest information on business rates and council tax (this will not be finalised until later in January). The risks set out in paragraph 4.8 below, the potential for further reductions in public spending and proposed changes to the way local government is supported centrally makes forecasting the

position beyond 2022/23 extremely difficult. For that reason the forecast within the MTFP for 2022/23 to 2025/26 should be regarded only as indicative at this stage.

4.2 The MTFP reflects our initial modelling of these factors and includes the following key assumptions:

- From 2021/22 we have modelled 2 scenarios, flat cash (0% increase - best case) and worse case (5.0% reduction per year);
- any changes to the distribution of business rates under the Government's localisation proposals for business rates will have a net nil impact on the Authority
- Section 31 grant to compensate authorities for the loss of income as a result of the capping of the multiplier and various reliefs will continue at forecast levels for 2021/22 in future years.
- A reduction in council tax base of 0.79% for 2021/22, an increase of 0.5% 2022/23, an increase of 0.75% 2023/24, an increase of 1% 2024/25 thereafter;
- Increases of 1.99% in council tax in 2021/22 and thereafter;
- A pay freeze in 2021/22 and net provision for pay increases of 2.5% for all staff in 2022/23 and thereafter;
- Provision for price increases of 1.0% in 2021/22 and 2% 2022/23 thereafter;
- Delivery of savings in line with agreed plans and identification of further savings through the Efficiency Strategy.
- That additional employers' pension contributions for the Firefighter's Pension Scheme are funded through grant at the same level as in 2020/21.
- The release of additional S31 grant received in relation to business rate reliefs in 2020/21 (and held in an earmarked reserve) to compensate for the impact on the Collection Fund deficit (£1.410m) in 2021/22.

4.3 Approval was confirmed in the provisional LGFS for the East Sussex Business Rate Pool to continue in 2021/22. Given the additional risk / uncertainty around business rates income Treasurers of the member authorities (ESFOA) have reviewed additional scenario modelling and intelligence from Local Government Futures, and subject to final confirmation from two authorities have agreed that the Pool should continue. Any member authority can decide to withdraw from the Pool before the consultation deadline of 14 January but this means that the whole Pool will cease. Income from the Pool in 2020/21 is still not certain and we are awaiting full monitoring from Q3 but it is likely to be significantly lower than the original (pre-Covid -19) forecast of approximately £0.4m. The Authority has not budgeted for any Pool income in either 2020/21 or in 2021/22 and any income received is transferred into the Business Rate Pool Reserve. Should any income be forthcoming in 2020/21 (payment is not received until after the audit of the 2020/21 accounts i.e. September 2021) it is proposed to be used to fund investment in the CRM system which will significantly enhance our Prevention (Business Safety) delivery. This is in line with the Pool MoU. Members should be aware that if the Pool makes a net loss then that will be shared proportionately to the benefits set out in the MoU which is 10% for this Authority. ESFOA's view is that the risk of this is low.

- 4.4 Overall, current forecasts for Collection Funds indicate a deficit of £0.9m and as noted above this has been spread equally across the financial years 2021/22 - 2023/24.
- 4.5 For 2021/22 pay inflation for all terms and conditions is 0% reflecting the national government announcement of a pay freeze excepting those earning under £24,000 who receive a flat rate increase of £250 (budgeted cost including on costs of £4,000). Provision is made for incremental progression and performance related pay (where applicable) and for the correction of historic anomalies and other changes in the pay budget identified through budget monitoring in the current year and an ongoing exercise to review and formalise the support staff establishment.
- 4.6 The assumption for price inflation in the 2021/22 revenue budget is 1% and the remainder of the MTFP is 2.0%. The reduction in provision for 2021/22 is based on the fact that actual inflation in 2020/21 is forecast to be less (1.2% forecast) than the budget provision (2%). This is a saving of £0.101m in 2021/22. As noted earlier in this report the OBR forecast is for CPI to remain slightly below the Government's 2% target until 2024. There may be some scope for further reductions in future iterations of the MTFP, but any headroom provides a small hedge against additional costs arising after the UK's exit from the EU.
- 4.7 The MTFP as currently presented uses the 1.99% council tax increase for 2021/22 and for the duration of the MTFP in line with the modelling assumptions previously agreed with the Authority. The result of the modelling is net expenditure increases of 1.4% in 2021/22 and then 3.6%, 1.2%, 1.7% and 1.8% in subsequent years.
- 4.8 Should the Authority determine that it wishes to consider a lower level of council tax increase for 2021/22, in the light of the impact of Covid-19 on the local economy and local council taxpayers, it must consider not only the immediate impact in that year, but also the cumulative impact in future years. The financial impact of a 0% increase would be a reduction in council tax income of £0.551m in 2021/22 rising to £0.617m by 2025/26 and a total loss of income of £2.915m over the MTFP period. This would require the Authority to set out additional savings of £0.551m to balance its budget in 2021/22 and increase the level of savings under both MTFP scenarios by 2025/26 to £1.138m (best case) and £3.293m (worse case) (Appendix A).
- 4.9 There is a range of risks that have the potential to impact on the Authority's ability to deliver its budget plans over the medium term to which Members must give consideration, primarily:
- Our ability to identify and deliver the savings required to balance the budget over the medium term through the Efficiency Strategy and the Integrated Risk Management Plan (IRMP);
 - The significant costs likely to arise from the remedy to the successful legal challenge to the transitional arrangements for the FPS 2015 (increased employers contributions, compensation and administrative costs) and a number of other pensions cases, and a lack of clarity on whether the Government will fund those costs;

- Increased reliance on borrowing to fund future capital investment from 2022/23 onwards and the resulting impact on the revenue budget;
- The likely need to find an additional £1.0m to fund the delivery of the business critical CRM project;
- Lack of clarity about the financial impact of the national Emergency Service's Mobile Communication Programme;
- The potential for pay awards to exceed the provision in the budget;
- Uncertainty about future governance and funding including:
 - the three year Comprehensive Spending Review
 - the impact of the Fairer Funding Review
 - proposals for further (75%) localisation of business rates
- Any financial impact of the UK's decision to leave the EU including the impact of currency movements on the cost of goods and services purchased from the EU and more widely on the economy and the Governments fiscal objectives
- The impact of local growth and additional housing, road and commercial risks;
- Any further development of local devolution proposals;
- Any further proposals by the Government or the Police & Crime Commissioner locally for changes to fire service governance in Sussex;
- Outcomes for the fire service nationally and locally from the HMICFRS inspection process;
- The impact of the Building and Fire Safety Bills on fire service responsibilities and the resultant costs of compliance / delivery.
- Ongoing financial impacts of the Covid-19 pandemic in excess of the Government grant received / forecast

The Authority has made provision to manage financial risks and in year pressures through both the Reserves Strategy and a contingency within the Revenue Budget of £0.198m in 2021/22 increasing to £0.276m by 2025/26.

- 4.9 In overall terms the assumptions set out in the report mean that the revised MTFP shows a balanced budget in 2021/22 and then a need to deliver savings of £1.656m in 2022/23, £1.204m in 2023/24, £0.921m in 2024/25 and £0.521m by 2025/26 (best case scenario).

The worse-case scenario results in savings targets of £1.785m in 2022/23, £2.054m in 2023/24, £2.324m in 2024/25 and £2.676m in 2025/26.

5 PROJECTED REVENUE POSITION 2020/21

- 5.1 The revised Service Revenue Budget for 2020/21 is £41.152m. Based on figures to the end of November 2020, and as reported elsewhere on this Agenda, the revenue budget is forecast to underspend by £0.496m.

5.2 The underspend is a forecast and cannot be relied upon to provide additional funds. If an underspend does materialise, then the Authority would need to consider using it to part fund the likely additional cost of the CRM project.

6 REVENUE BUDGET 2021/22

6.1 Impact of national funding changes on local position

6.1.1 The Revenue Budget Summary for 2021/22 and the MTFP have been updated to reflect the provisional LGFS, and the most recent information advised by the billing authorities on council tax base, business rates base and Collection Fund surpluses and deficits. The position is summarised below in Table 1 which reflects the difference between the 5% reduction in SFA modelled and the cash real settlement.

Table 1: Summary of Impact of Local Government Finance Settlement

| | 2021/22 |
|---|----------------|
| | £'000 |
| Locally Retained Business Rates | 2,395 |
| Top Up Grant | 5,170 |
| Business Rates Baseline | 7,565 |
| Revenue Support Grant | 3,226 |
| Settlement Funding Assessment | 10,791 |
| Estimated value of Business Rates Pool | 0 |
| S31 Grant - Business Rates Adjustment | 824 |
| Total for comparative purposes | 11,615 |
| As reported to Fire Authority September | 11,135 |
| Increase/(decrease) in funding | 480 |

6.1.2 The Authority's council tax base for 2021/22 is calculated as 290,064.10, a decrease of 0.79% on 2020/21. This decreased taxbase combined with a council tax increase of 1.99% yields additional income of £0.330m. In comparison, the taxbase increased for 2020/21 by 0.63% and 2019/20 by 1.02%.

6.1.3 Overall, current forecasts for Collection Funds indicate a deficit of £0.9m and as noted above this has been spread equally across the financial years 2021/22 - 2023/24 with compensation calculated at 75%. The 2020/21 Collection Fund surplus was £0.085m.

Table 2: Movement in Resources

| | 2021/22 | 2021/22 | Increase / |
|--|-----------------|------------------|-------------------|
| | Latest | Fire | (Decrease) |
| | position | Authority | |
| | | September | |
| | | 2020 | |
| | | | |

| | £'000 | £'000 | £'000 |
|--|---------------|---------------|--------------|
| Locally Retained Business Rates | 2,395 | | |
| Business Rates Top up | 5,170 | | |
| Business Rates Baseline | 7,565 | | |
| Revenue Support Grant | 3,226 | | |
| Settlement funding assessment | 10,791 | 10,376 | 415 |
| Section 31 Grant Business Rates adjustment | 824 | 759 | 65 |
| Council Tax Collection Fund Surplus / (Deficit) | (167) | (400) | 233 |
| Business Rates Collection Fund Surplus / (Deficit) | (1,543) | (200) | (1,343) |
| Covid-19 Collection Fund 75% compensation | 225 | | 225 |
| Release from reserves | 1,410 | | 1,410 |
| Collection Fund | (75) | (600) | 525 |
| Covid-19 – Local Council Tax Support Grant | 474 | | 474 |
| Council Tax Requirement | 28,261 | 28,572 | (311) |
| Total Resources | 40,275 | 39,107 | 1,168 |

6.2 Comparative position

6.2.1 As part of the provisional LGFS the Government publishes an assessment of all authorities' core spending power. For 2021/22 this Authority's increase in core spending power is assessed as 2.5% which is lower than the fire sector average of 2.7%. Out of 18 standalone fire authorities (excluding Mets) for which comparable figures are available only four, Cleveland, Humberside, Lancashire and Nottinghamshire have lower CSP increases (see Appendix H). The Government's calculation of core spending power (CSP) assumes that all authorities set a council tax increase at the referendum threshold. It also uses a five year historic average figure for council taxbase growth of 1.47% pa rather than the actual 2021/22 figure which is a reduction of 0.79%. Even when the Covid -19 LCTS grant is taken into account the adjusted CSP increase is only 2.3%. If a 0% increase in council tax was approved then the CSP increase would be 0.9%. In terms of spend per 1,000 population this Authority ranks first out of 23 combined fire authorities based on actual expenditure for 2019/20 (source CIPFA Stats).

6.2.2 A comparison of Band D council tax for 2020/21 shows that this Authority ranks fourth highest out of 20 combined fire authorities. The Authority's Band D tax for 2019/20 was 8.3% higher than the authority ranked one below and 4.9% lower than the authority ranked higher.

6.3 Overview of current budget proposals

6.3.1 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 deliver our Purpose and Commitments through our Integrated Risk Management Plan (IRMP) and our other key corporate strategies
- (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

6.3.2 The Authority has since 2010/11 achieved £9.519m of operational and non-operational savings. The current MTFP has a savings of an additional £0.995m over the period covered by the MTFP.

6.3.3 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 and Balances. The 2021/22 Revenue Budget has been prepared against a background of continued uncertainty regarding future funding for public services. We are currently anticipating that CSR and other reviews affecting our medium term funding from central government will be completed by 2022/23. We have modelled two funding scenarios and the Authority should, as a minimum, ensure that it makes plans to address the worse case scenario.

Table 3: Summary of Net Budget Requirement 1.99% council tax increase

| | £'000 | Change % |
|----------------------------------|---------------|--------------|
| Original Estimate 2020/21 | 39,737 | |
| Pay inflation | 4 | 0.01% |
| Non pay inflation | 98 | 0.24% |
| Changes in capital financing | 1 | 0.00% |
| Commitments and bids | 939 | 2.36% |
| Savings | (504) | (1.27%) |
| Original Estimate 2021/22 | 40,275 | 1.34% |

6.4 Consultation

6.4.1 On 23 April 2020, the Authority agreed to commence an 8- week public consultation on the draft Integrated Risk Management Plan (IRMP) 2020-2025 'Planning for a Safer Future'. The full results of the consultation, which ended on the 19 June, were reported to the Fire Authority at its' meeting on 3 September 2020 (Item 88).

The consultation programme was adapted in light of the restrictions that COVID-19 and the associated lockdown brought. Guidance was sought from professional bodies including the Consultation Institute and our consultation services provider, Opinion Research Services. In addition, the Monitoring Officer gave legal advice on the COVID guidance for local authorities.

In total, 2,047 responses were received:

- 836 questionnaire responses were received
- 620 telephone surveys were completed
- 40 residents attended the focus groups or undertook a depth interview
- 38 stakeholders attended the webinar
- 360 unique submissions, 152 standardised submissions¹ and one petition were received.

This is the highest number of responses received in any IRMP consultation exercise undertaken to date by this Authority.

6.4.2 The questionnaire included some questions related to the Authority's financial plans and the responses are summarised as follows:

The extent to which ESFRS offers value for money

- Open consultation questionnaire Around three quarters (74%) of respondents agreed that ESFRS offers value for money, whilst less than 1 in 10 (7%) disagreed, and around 1 in 5 (19%) neither agreed nor disagreed.
- Residents' Survey Almost 9 in 10 (88%) residents agreed that ESFRS offers value for money, whilst only 2% disagreed, and 1 in 10 (10%) neither agreed nor disagreed.
- Stakeholder webinar Of the 19 stakeholders who elected to answer this question, 12 agreed (7 strongly) that ESFRS offers value for money, 4 neither agreed nor disagreed and 1 disagreed. There were 2 'don't knows'.

ESFRS is considering options for future council tax rises in light of funding uncertainties beyond 2020/21

- Open consultation questionnaire More than 4 in 5 (83%) respondents would be willing to pay more in council tax for their local fire and rescue service (ESFRS) next year, whilst 17% would not be willing.
- Residents' Survey Around 4 in 5 (81%) residents would be willing to pay more in council tax for their local fire and rescue service next year, whilst around 1 in 5 (21%) residents would not.
- Public focus groups/depth interviews All but three public participants said they would be willing to pay more for ESFRS next year (one said they were not prepared to and there were two 'don't knows').

If you are willing to pay more in council tax for your local fire service next year, what level of increase would you accept?

***Option A - an increase up to 3% depending on what the Government allows -
Option B - an increase more than a 3%***

- Open consultation questionnaire Of the respondents who would be willing to pay more in council tax for their local fire and rescue service next year, just over half (55%) preferred Option A (an increase of up to 3% depending on what the Government allows), whilst just under half (45%) preferred Option B (an increase of more than 3%).
- Public focus groups/depth interviews Among the 37 public participants who were prepared to bear an increase, opinion was almost equally split between those who would tolerate an up to 3% rise (18) and those who would tolerate an over 3% rise (19).
- Those who supported a more than 3% rise typically commented that the weekly increase would be 'less than a cup of coffee' and considered it a more than reasonable price to pay for an "essential" public service.
- Those who supported a less than 3% increase did so on the grounds of affordability, for themselves and for others – and the impact of the Covid-19 pandemic on people's finances was raised in the context of keeping increases to a minimum currently.
- Stakeholder webinar 16 of the 19 stakeholders offered a view as to the level of increase they would be prepared to tolerate: 5 opted for an up to 3% rise; 4 for more than 3%; and there were 7 'don't knows'.

6.4.3 We will be consulting partners, representative bodies and business groups on our budget proposals for 2021/22 and any feedback from this process will be included in the final report to Fire Authority on 11 February 2021.

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 C gives details of increases in fees and charges for fire and rescue service activities. The Revenue Budget assumes 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. The main impact on the costs of providing these services is pay related. Therefore to reflect the nationally agreed freeze in pay and the consequent impact of nil overall level of budget provision for pay awards, it is proposed to retain fees and charges at their current levels.

6.6 Main Variations

6.6.1 In setting the 2021/22 Revenue Budget a number of commitments have already been agreed, either previously as part of the 2020/21 budget setting or from the 2021/22 budget setting and Star Chamber process. These add to or reduce the revenue budget as pressures and cyclical items and one-off projects come and recede. Some

are fixed sums and others are driven by assumptions. The current position is illustrated in table 4:

Table 4: 2021/22 Budget Commitments

| | Current position £'000 |
|---|-----------------------------------|
| Removal of temporary increases | |
| Fund Control interim service from General and earmarked reserves | 500 |
| Control interim service | (546) |
| SCC exit project costs | (77) |
| Fund SCC exit project costs | 77 |
| Facilitate the HMICFRS inspection in Spring 2021 | (36) |
| ORR Implementation - programme management resource 1 x GM | (84) |
| Reduce resilience crewing (6 months only) | (120) |
| Additional pensions resource | (15) |
| I&E Reserve Contribution to enable further invest to save activity in relation to ORR and Efficiency Strategy | (500) |
| Contribution to General Fund | (138) |
| Service pressures | |
| LGPS 20.6% to 20.1% decrease of 2.4% | (29) |
| Fleet Strategy adjustments | 302 |
| Removal of Joint control Costs | (1,101) |
| Interim Service Control Room/Tripartite | 1613 |
| Contribution from Mobilisation Strategy Reserve | (512) |
| NFCC subscriptions budget correction | 13 |
| Maritime Training - ship alongside | 5 |
| Pension Abatement | 15 |
| Occupation Heath Collaboration | 15 |
| Face fit testing | 8 |
| Foam spares - additional costs | 20 |
| Increase in insurance premiums | 40 |
| Overstated FPS admin saving | 10 |
| Increase in External Audit fees | 30 |
| Pay budget adjustments (including incremental progression) | 354 |
| Additional Personal Protective Equipment costs | 20 |
| IT Strategy Refresh - revenue implications | 398 |
| Hazardous Waste Collection - additional provision | 9 |
| Reduction of Dry Riser testing income (one year only) | 20 |
| Maritime allowance pay delay in achieving saving (12 months only) | 32 |
| Fightfighter Pensions Scheme - employer's contributions | 160 |
| IRMP implementation team (fixed term) | 141 |
| Reduced Treasury Management income | 35 |
| Reduction of redundant income budgets | 55 |
| Increase in injury pension | 15 |

| | |
|---|------------|
| Other adjustments | |
| Reduction in Corporate Contingency | (154) |
| TOTAL | 575 |
| Bids | |
| People Strategy: | |
| - Training Suite for EDI | 10 |
| - Development of toolkits and corporate training - resource for 12 months | 45 |
| - Grievance training | 10 |
| - Staff survey | 10 |
| - E-recruitment | 13 |
| - Appraisal Process | 40 |
| - HR Intelligence | 10 |
| - Draw down from the People Strategy reserve | (40) |
| Fire Fighter recruitment | 50 |
| Flu Vaccinations | 6 |
| Return General Balances to 5% policy minimum (one year only) | 210 |
| Total Bids | 364 |
| | |
| Overall Total | 939 |

6.6.2 The main variations reflect:

- Mobilising – the removal of the old SCC budget and the extension of the interim ESFC service for 6 months along with 6 months of the forecast cost of the new tri-partite service. The additional one off cost is funded from the Mobilising Strategy Reserve (P21 risk contingency)
- Fleet Strategy adjustments – reflecting the additional equipment costs related to the high number of new appliances due to be delivered in 2021/22
- Pay budget adjustments (including increments) - Provision is made for incremental progression and performance related pay (where applicable), the correction of historic anomalies and other changes in the pay budget identified through budget monitoring in the current year and an ongoing exercise to review and formalise the support staff establishment
- IT Strategy Refresh – the revenue implications of the new IT Strategy agreed by the Authority in September 2020
- Firefighter Pension Scheme – employer’s contribution – the correction of under budgeting for the impact of the increase in employer’s contributions following the most recent revaluation, net of the Pension Grant
- IRMP Implementation Team – the cost of establishing the team to implement the IRMP proposals as agreed by the Authority in September 2020
- People Strategy – the costs associated with the proposed People Strategy which total £0.138m in 2021/22 and £0.397m over the MTFP
- Firefighter Recruitment – the Service has determined that it needs to run regular whole time firefighter recruitment and training over the MTFP to reflect its expected retirement profile starting in 2021/22 (£0.050m) and with costs totalling £0.905m over the MTFP.

- General Balances contribution – this is to return General Balances to the agreed 5% policy minimum.

6.7 Efficiency Strategy and Planned Savings

6.7.1 Since 2010/11 and to the end of this MTFP, the Authority has made, and has planned to make, savings totalling £10.514m of which £9.519m will have been delivered by the end of 2020/21. The MTFP includes savings of £0.504m for 2021/22 and savings of £0.995m over the duration of the MTFP. These are shown in table 5 below:

Table 5: Savings

| Div | Team | Description | 2021/2 2 £'000 | 2022/2 3 £'000 | 2023/2 4 £'000 | 2024/2 5 £'000 | 2025/2 6 £'000 | Net savings £'000 |
|------|--------------------|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| SC | Community Safety | Reduction in administration costs in Safer Communities | (25) | 0 | 0 | 0 | 0 | (25) |
| | Central | Use of BR Pooling to support service delivery | 50 | 0 | 0 | 0 | 0 | 50 |
| RT | Estates | Estates Strategy revenue maintenance savings. | (40) | (60) | (120) | (120) | (120) | (460) |
| OS R | Engineering | Engineering - cutting equipment purchased early (1 year only) | 60 | 0 | 0 | 0 | 0 | 60 |
| All | All | Travel & subsistence | (16) | 16 | 0 | 0 | 0 | 0 |
| OS R | Emergency Planning | Various savings to fund abatement costs | (15) | 0 | 0 | 0 | 0 | (15) |
| OS R | Engineering | Fuel | (15) | 15 | 0 | 0 | 0 | 0 |
| PI | Communications | Stationery contract savings | (10) | 0 | 0 | 0 | 0 | (10) |
| PS | HR | Firewatch Project | 0 | (25) | 0 | 0 | 0 | (25) |
| PS | Training | STC Catering contract savings | (4) | (6) | 0 | 0 | 0 | (10) |
| | | Reinstate contribution to Capital Expenditure Funded from the Revenue Account (CERA) | 0 | 452 | 0 | 0 | 0 | 452 |
| RT | Corporate | Reduce Corporate Contingency | (106) | 106 | 0 | 0 | 0 | 0 |
| RT | Estates | Cessation of HQ shuttlebus service | (18) | 0 | 0 | 0 | 0 | (18) |
| RT | ITG | IT Strategy - delay some projects from 21/22 to 22/23 | (100) | 100 | 0 | 0 | 0 | 0 |

| | | | | | | | | |
|-------------------------------|------------------|---|--------------|------------|--------------|--------------|--------------|--------------|
| RT | Procurement | Category Strategy Savings | (25) | (25) | (25) | (25) | (25) | (125) |
| SC | All ops | Changes to operational policies and practice (IRMP Appendix A) | (50) | (75) | (125) | 0 | 0 | (250) |
| SC | Community Safety | Community Safety - Adaptations contract income target (net of contract costs) | (15) | 0 | 0 | 0 | 0 | (15) |
| SC | Community Safety | Community Safety Restructure | (79) | 0 | 0 | 0 | 0 | (79) |
| SC | | IRMP Savings | (96) | (123) | 2 | (207) | (101) | (525) |
| Total Proposed Savings | | | (504) | 375 | (268) | (352) | (246) | (995) |

6.7.2 The Authority has agreed to adopt a more strategic approach to delivering efficiencies that moves beyond previous approaches that had focussed on delivering savings necessary to balance the revenue budget. The main new efficiencies / savings built into the MTFP as a result are:

- IRMP – financial impact of the IRMP agreed September 2020 excluding the short term costs of the implementation team (shown separately in table 4)
- Changes to operational policy and practice that will release further efficiencies agreed to be implemented alongside the IRMP
- Procurement – Category Strategy – forecast savings resulting from the new Category Strategies agreed by SLT

6.7.3 As part of the budget setting process SLT has reviewed the opportunities set out in the Efficiency Strategy and identified the following areas to progress in 2021/22 for delivery from 2022/23 onwards. Each area will be built into the relevant Directorate Business Plan – some will require extra resourcing, for which bids will need to be made against the Improvement & Efficiency Reserve:

- Community Safety – alternative delivery models
- Primary Authority – further development of income opportunities
- IT Outsource contract review / option to extend
- CRM / Firewatch / Process Digitisation
- Review of Senior / Middle Management
- Administration Review
- Fleet & Equipment Strategy
- ITF Shared Transport function
- P21 / Tripartite Mobilising Service– operational / joint working efficiencies
- Capital Asset Strategy sustainability

In addition work is continuing as part of the Estates Strategy to progress both the Estates Shared Service and achieve an agreed programme of sharing of estates assets with SECamb and Sussex Police, which will be essential to delivering the efficiencies / savings already built into the MTFP (£0.460m by 2025/26, £0.480m in total).

7 CAPITAL PROGRAMME

- 7.1 The Capital Asset Strategy (CAS) reflects the Authority's identified capital investment requirements for the next five years and has been updated to reflect the outcomes of the IRMP and the impact of Covid-19 on delivery in 2020/21. During 2021/22 further work will be undertaken to review the sustainability of the Capital Asset Strategy and its required funding and this will be informed by reviews of the profiling of the Estates Strategy and a review of the Fleet and Equipment Strategy which are already underway.
- 7.2 As capital reserves are drawn down the Authority must now plan to enter into new borrowing over the life of the Strategy and the Treasury Management Strategy will carefully consider the options available. The Revenue impact of new borrowing is reflected in the MTFP from 2022/23 onwards. The MTFP includes the cost of financing capital expenditure with an increase of £1,000 in 2021/22 as some external debt is paid off and increases of £4,000 in 2022/23, £156,000 in 2023/24, £101,000 in 2024/25 and £65,000 in 2025/26 as debts mature and are paid off but new borrowing is required. At 31 March 2021 the Authority's debt will be £10.698m and is forecast to stand at £18.202m by the end of the MTFP. The total revenue costs of borrowing (MRP and interest) will increase by £0.327m to £1.237m over the MTFP.

Table 6: Change in Capital Investment 2020/21 to 2025/26

| | Total resource £'000 | 2020/21 £'000 | 2021/22 £'000 | 2022/23 £'000 | 2023/24 £'000 | 2024/25 £'000 | 2025/26 £'000 |
|---|-------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| 2021/22 Strategy | | | | | | | |
| Fleet | 12,757 | 1,671 | 3,100 | 2,269 | 2,269 | 1,789 | 1,659 |
| Property | 12,832 | 624 | 3,005 | 5,413 | 1,404 | 1103 | 1,283 |
| IMD | 0 | | | | | | |
| Total Cost | 25,589 | 2,295 | 6,105 | 7,682 | 3,673 | 2,892 | 2,942 |
| 2020/21 Strategy | | | | | | | |
| Fleet | 12,794 | 3,393 | 2,011 | 2,916 | 2,917 | 1,557 | |
| Property | 11,251 | 2,599 | 4,756 | 1,545 | 989 | 1,362 | |
| IMD | | | | | | | |
| Total Cost | 24,045 | 5,992 | 6,767 | 4,461 | 3,906 | 2,919 | |
| Increase / (Decrease) in planned spend | | | | | | | |
| Fleet | (37) | (1,722) | 1,089 | (647) | (648) | 232 | 1,659 |
| Property | 1,581 | (1,975) | (1,751) | 3,868 | 415 | (259) | 1,283 |
| IMD | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Increase / (Decrease) | 1,544 | (3,697) | (662) | 3,221 | (233) | (27) | 2,942 |

8 RESERVES & BALANCES

- 8.1 Reserves are an essential part of good financial management. They help authorities cope with unpredictable financial pressures and plan for their future spending commitments.
- 8.2 The Authority's Reserves Strategy is set out in Appendix E and sets out how the adequacy of the level of General Reserves has been assessed and the details of the level and purpose of the Authority's Earmarked Reserves. The format reflects the template developed by the NFCC Finance Co-ordination Committee to promote greater consistency across the sector.
- 8.3 The Authority holds a number of earmarked reserves to support the delivery of a range of strategies and projects, including joint funding of the installation of sprinklers and people strategy as well as where the Authority is the Accountable Body for the regional Emergency Service Mobile Communications Programme grant. These are all planned to be consumed in the next year or two as these projects are delivered. The Improvement and Efficiency earmarked reserve is used to support various projects, invest to save and efficiency initiatives and stands at £648,000. The S31 Business Rates Retention earmarked reserve will be used to make good expected S31 grant deficits in 2021/22 and the I.T. reserve is topped up annually from the revenue budget (by £565,000 in 2021/22) to deliver the IT strategy.
- 8.4 The Authority is required to maintain general reserves sufficient to cover the key financial risks that it faces, and currently sets its policy for the General Reserve at a minimum of 5% of its net revenue budget. The detailed risk assessment in Annexe A indicates that the overall assessed risk has not changed since last year. The National Fire Framework requires authorities to explain the reasons for holding general balances above 5%. A review of the NFCC's Survey of Fire Reserves (2019/20) indicates that the average level of General Reserves held will reduce from 7.0% (31/03/2019) to 5.6% (31/03/2020) and then below 5% by the end of 2022/23. Based on the Home Office published analysis of standalone FRA Reserves (as at 31 March 2019) the Authority holds below average levels of General and Earmarked Reserves, but above average levels of Capital Reserves. Capital Reserves are used to support the financing of the Capital Asset Strategy and will be exhausted by the end on 2022/23. The level of General Reserves held also reflects the current uncertainty about Fire Sector funding beyond 2021/22. A summary of the forecast year end reserves and balances position is set out in table 7 below.

TABLE 7: Summary of Forecast Reserves

| | 31/03/2021 | 31/03/2022 | 31/03/2022 | 31/03/2022 | 31/03/2022 | 31/03/2026 |
|---------------------------|------------|------------|------------|------------|------------|------------|
| | £'000 | 2 | 3 | 4 | 5 | £'000 |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Capital Programme Reserve | 2,209 | 2,709 | 0 | 0 | 0 | 0 |
| Other Earmarked Reserves | 8,008 | 2,453 | 630 | 616 | 356 | 356 |

| | | | | | | |
|-------------------------------|---------------|--------------|--------------|--------------|--------------|--------------|
| Total Earmarked Reserves | 10,217 | 5,162 | 630 | 616 | 356 | 356 |
| General Fund | 1,815 | 2,025 | 2,025 | 2,025 | 2,025 | 2,025 |
| Capital Reserves | 5,752 | 233 | 0 | 0 | 0 | 0 |
| Total Useable Reserves | 17,784 | 7,420 | 2,655 | 2,641 | 2,381 | 2,381 |

9 CHIEF FINANCE OFFICER STATEMENT

9.1 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 uncertainty around funding after 2021/22, the risks set out in this report 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.

10 EQUALITY IMPACT ASSESSMENT

10.1 Following the introduction of the Equality Act 2010 the Authority must, in the exercise of its functions, including the setting of its Revenue Budget and the taking of decisions on savings proposals, have due regard to its duties under the Act and in relation to certain protected characteristics. This means that Members must understand the consequences of the decisions they take for those with the relevant protected characteristics and consider these proportionately alongside other relevant factors.

10.2 All changes to strategy and policy and new projects are subject to individual Equality Impact Assessments. However a high level EIA of the budget proposals has been carried out and is attached at Appendix I. The majority of efficiencies and savings proposals in the MTFP do not impact directly on frontline services the exception being the IRMP and associated changes to operational policies and procedures which have been subject to a separate EIA. Procurement category strategy savings will be subject to the proposed new Responsible Procurement Policy which includes EDI considerations. The cessation of the HQ shuttlebus service involved engagement with staff affected to determine any need for reasonable adjustments. Other budget proposals are not assessed to impact on any protected characteristics at this stage.

APPENDIX A

MEDIUM TERM FINANCIAL PLAN 2021/22 – 2025/26

Best case scenario – flat cash (0% per annum reduction in SFA 2022/23 onwards)

MEDIUM TERM FINANCIAL PLAN 2021/22 - 2025/26

INCREASE COUNCIL TAX BY 1.99% EACH YEAR

| | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
|--|----------------|----------------|----------------|----------------|----------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Gross Revenue Service Budget | 41,315 | 41,916 | 42,248 | 42,877 | 43,602 |
| Less | | | | | |
| Specific grants | (2,008) | (2,008) | (2,008) | (2,008) | (2,008) |
| Other income | (582) | (596) | (607) | (620) | (632) |
| Total income | (2,590) | (2,604) | (2,615) | (2,628) | (2,640) |
| Net Service Budget | 38,726 | 39,313 | 39,633 | 40,249 | 40,962 |
| Capital financing costs less interest receivable | 871 | 885 | 1,051 | 1,152 | 1,217 |
| Capital expenditure from the Revenue Account | 0 | 452 | 452 | 452 | 452 |
| Transferred from reserves | (597) | (30) | 0 | 0 | 0 |
| Transferred to reserves | 1,275 | 1,092 | 1,092 | 1,092 | 1,092 |
| Total Net Expenditure | 40,275 | 41,712 | 42,228 | 42,945 | 43,723 |
| Net Budget brought forward | 39,737 | 40,275 | 41,712 | 42,228 | 42,945 |
| Unavoidable cost pressures | | | | | |
| Pay inflation | 4 | 732 | 725 | 738 | 753 |
| Price inflation | 98 | 228 | 245 | 239 | 241 |
| Total inflation | 102 | 960 | 970 | 977 | 994 |
| Changes in Capital Financing | 1 | 4 | 156 | 101 | 65 |
| Budget commitments | 939 | 97 | (342) | (8) | (35) |
| Savings approved | (504) | 375 | (268) | (352) | (246) |
| Total Net Expenditure | 40,275 | 41,712 | 42,228 | 42,945 | 43,723 |
| | (0) | (0) | 0 | (0) | 0 |
| Sources of Funding | 2021/22 | 2022/23 | 2023/24 | 2023/24 | 2023/24 |
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Locally Retained Business Rates | 2,395 | | | | |
| Business Rate Top Up | 5,170 | | | | |
| Business Rates Baseline | 7,565 | | | | |
| Revenue Support Grant | 3,226 | | | | |
| Settlement Funding Assessment | 10,791 | 10,791 | 10,791 | 10,791 | 10,791 |

| | | | | | |
|---|----------------|---------------|---------------|---------------|---------------|
| Section 31 Grant Business Rates adjustment | 824 | 824 | 824 | 824 | 824 |
| Council Tax Collection Fund (Deficit) / Surplus | (167) | (167) | (167) | 0 | 0 |
| Business Rates Collection Fund (Deficit) / Surplus | (1,543) | (133) | (133) | 0 | 0 |
| Collection Fund (Deficit) / Surplus | (1,710) | (300) | (300) | 0 | 0 |
| Release of S31 Reserve | 1,410 | | | | |
| Covid-19 Collection Fund Deficit 75% compensation | 225 | 225 | 225 | | |
| Collection Fund (Deficit) / Surplus (Adjusted) | (75) | (75) | (75) | 0 | 0 |
| Covid-19 Local Council Tax Support grant | 474 | 0 | 0 | 0 | 0 |
| Council Tax Requirement | 28,261 | 28,968 | 29,767 | 30,664 | 31,587 |
| Total Resources Available | 40,275 | 40,508 | 41,307 | 42,279 | 43,202 |
| Additional Savings Required / (surplus) | 0 | 1,204 | 921 | 667 | 521 |

Worse Case Scenario - savings required

| | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
|---|---------|---------|---------|---------|---------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| 5% pa Settlement Funding Assessment Reduction | 0 | 1,785 | 2,054 | 2,324 | 2,676 |

No Council Tax increase in 2021/22 only – savings required

| | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2024/25 |
|--|---------|---------|---------|---------|---------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Best Case – Flat cash | 551 | 1,770 | 1,503 | 1,266 | 1,138 |
| Worse Case – 5% pa Settlement Funding Assessment Reduction | 551 | 2,351 | 2,636 | 2,923 | 3,293 |

REVENUE BUDGET OBJECTIVE SUMMARY

| | 2020/21 Original Estimate | 2021/22 Original Estimate |
|---|---------------------------------|---------------------------------|
| | £'000 | £'000 |
| Training and Assurance | 3,603 | 3,838 |
| Resources/Treasurer | 7,483 | 7,873 |
| Planning and Improvement | 1,288 | 1,188 |
| Total Deputy Chief Fire Officer | 11,134 | 12,899 |
| Safer Communities | 21,014 | 21,480 |
| Operational Support | 4,338 | 4,702 |
| Total Assistant Chief Fire Officer | 26,592 | 26,182 |
| CFO Staff | 706 | 781 |
| Treasury Management | 839 | 875 |
| Non delegated costs | (1,048) | (1,338) |
| Corporate Contingency | 454 | 198 |
| Transfers from Reserves | (627) | (597) |
| Transfers to Reserves | 1,687 | 1,275 |
| Total Corporate | 2,011 | 1,194 |
| Total Net Expenditure | 39,737 | 40,275 |

REVENUE BUDGET SUBJECTIVE SUMMARY

| | 2020/21 Original Estimate £'000 | 2020/21 Original Estimate £'000 |
|--|--|--|
| Salaries, Allowances and On-costs | 29,511 | 29,599 |
| Training Expenses | 586 | 754 |
| Other Employees Costs | 45 | 46 |
| Employee Costs | 30,142 | 30,399 |
| Repair, Maintenance and Other Costs | 1,261 | 1,333 |
| Utility Costs | 1,233 | 1,230 |
| Premises Costs | 2,494 | 2,563 |
| Vehicle Repairs and Running costs | 979 | 1,025 |
| Travel Allowances and Expenses | 124 | 79 |
| Transport Costs | 1,103 | 1,103 |
| Equipment and Supplies | 1,046 | 1,358 |
| Fees and Services | 3,292 | 3,857 |
| Communications and Computing | 1,837 | 1,769 |
| Other Supplies and Services | 290 | 287 |
| Supplies and Services | 6,465 | 7,270 |
| Sums set aside from revenue | 414 | 428 |
| Interest Payments | 496 | 483 |
| Capital Financing | 910 | 911 |
| Grants and Contributions | (2,041) | (2,304) |
| Interest Received | (75) | (40) |
| Other Income | (321) | (306) |
| Income | (2,437) | (2,649) |
| Transfers from reserves | (627) | (597) |
| Transfers to reserves | 1,687 | 1,275 |
| Total Net Expenditure | 39,737 | 40,275 |
| Financed By: | | 0 |
| Council Tax | (27,931) | (28,261) |
| Business Rates | (7,714) | (7,565) |
| Revenue Support Grant | (3,208) | (3,226) |
| Covid-19 Local tax support grant | 0 | (474) |
| S31 Grants | (799) | (824) |
| Collection Fund Surplus/Deficit | (85) | 75 |
| Total Funding | (39,737) | (40,275) |

APPENDIX C

FEES AND CHARGES

WITH EFFECT FROM 1 APRIL 2021

| Fee | Existing Fees 2020/21 £ | New Fees 2021/22 £ |
|---|-------------------------------|--------------------------|
| The hiring of a major pumping appliance with crew per hour | 304 | 304 |
| The hiring of other pumping vehicles with crew per hour | 245 | 245 |
| The hire of hydraulic platforms or turntable ladders with crew per hour | 329 | 329 |
| Large animal rescue per hour | 304 | 304 |
| Dry Riser (subsequent test at the owner's request): | | |
| First Dry Riser | 228 | 228 |
| Additional Dry Risers | 149 | 149 |
| Interviews: * | | |
| - Insurance co. etc. | 149 | 149 |
| - After two hours | 97 | 97 |
| Copy of Petroleum Licences * | 37 | 37 |
| Copy plans * | 42 | 42 |
| Standby at Venue | 304 | 304 |
| Fire Investigation Report | 327 | 327 |
| Chemical Protection Suit | 171 | 171 |
| Commercial Training Customers Site (per session up to 20 delegates): | | |
| - Fire Marshal / Warden training (4 hours) | 599 | 599 |
| - Fire Extinguisher training (3 hours) | 599 | 599 |
| - Fire Awareness (3 hours) | 599 | 599 |
| Commercial Training One day course (per delegate) | 187 | 187 |
| Commercial Training Fire Safety at work (1 day, per delegate) | 179 | 179 |
| Commercial Training Fire Talk (without practical, 1 to 3 hours) | 350 | 350 |
| Inspection of Plans for Marriage Act 1994 * | 126 | 126 |
| Environmental search fees * | 118 | 118 |

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

MEDIUM TERM CAPITAL STRATEGY 2021/22 - 2025/26

Overview

The Medium Term Capital Strategy has been developed in line with the Authority's purpose and commitments and its Integrated Risk Management Plan (IRMP). 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 & Hove. Where decisions have already been taken to change the service (including IRMP), which have capital investment implications, these are reflected in this strategy (excepting the review of special appliances).

The main areas covered within the strategy are summarised below.

Estates Strategy – General Schemes

This Strategy seeks to achieve property maintenance and improvements as identified by the most recent condition surveys undertaken in 2018 as part of the review of the Estates Strategy. 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 includes the Estates related costs of the investment in our station end IT equipment and investment in excess of £1m in the Fire Training Units at Service Training Centre.

Spend against budget is significantly reduced in 2020/21 due to the need to suspend works during Covid 19 lockdown and the legacy impact on the supply chain and their resources. Future plans have been adjusted accordingly.

Estates Strategy – Strategic Schemes

These Schemes reflect the improvements necessary to deliver the standards set out in the Design Guide across our estate (including STC but excluding Shared Investment Schemes shown below). They reflect the condition surveys carried out in 2018 and the overall cost includes a contingency of c15% and provision for inflation for the last three years of the Strategy.

We are now two years into the strategy and have developed five schemes to a good level of design. However it has become apparent that due to key issues beyond the control of the team such as outcome of IRMP and impact of Covid there is a need to review and re-sequence the programme of works to ensure both sufficient internal and external resource are available to support the successful project delivery.

This review and re-sequencing work is Work in Progress and being undertaken in consultation with operational colleagues, prioritising whole time stations, the need to support the implementation of the IRMP and the recommendations of the Condition surveys.

Since the last version of the Capital Asset Strategy was approved, planned Estates works have been re-packaged with generic upgrades e.g. heating, roofing etc rolled

into Design Guide schemes for each station. In addition planned refurbishment of live fire training facilities at Service Training Centre is shown as a separate scheme. This has resulted in an overall reduction in the total cost of General Schemes and an increase in the total cost of Strategic Schemes.

This part of the Strategy includes key strategic schemes to improve security and renewables across the whole estate and also to deliver upgrades to fuel tanks. The latter project is part of the Integrated Transport Project and following the approval of an updated business case is part funded by Fire Transformation Grant held by Surrey CC on behalf of the ITF and a partner contribution from Sussex Police. Batch 1 of this project was completed in August this year with the remaining scope due for delivery in 2021/22. Confirmation is awaited from Sussex Police as to whether they wish to continue to partner on this scheme; should they withdraw this will not impact the grant funding but could affect their £60,000 contribution.

Estates Strategy – Shared Investment Schemes

The Authority has a programme of property schemes which involve shared investment with partners either through the One Public Estates Programme (East Sussex and Greater Brighton) and the Integrated Transport Function (ITF). This includes major refurbishments to existing sites and new build projects and these are summarised below:

Integrated Transport Function (ITF) – South Eastern Hub Workshop – the ITF, part of the wider Emergency Services Collaboration Project (ESCP), has identified the need for a new workshop site in the South East of the Surrey / Sussex area. This was originally planned as a partnership between ESFRS and Sussex Police on a site near Bexhill but initial feasibility studies have confirmed that the proposal was unaffordable and Sussex Police have subsequently withdrawn from the project.

The Authority is currently working with SECAMB to assess the feasibility of a joint facility in Polegate. Should the project progress on a partnership basis £1.5m of funding would be available from the Fire Transformation Grant awarded to the ITF in 2015/16 in addition to the £1m provided from the Authority's own resources.

The impact of this delay to agreeing the brief is that the likely programme for delivery has slipped by about one year.

Preston Circus Fire Station– this station is the Authority's main asset in the City and we have determined that redevelopment of a modern, fit-for-purpose facility on the existing site is our preferred option. The project has yet to be signed off at RIBA Stage 2 and is now subject to further review to ensure the appliance bays are fit for purpose for the current fleet.

As such the programme has not significantly progressed for almost a year and spend forecast have therefore been pushed on by a year.

The preferred option to maintain business as usual during project delivery is to take temporary off site accommodation, the costs are included within the overall project cost. Our preferred option for the surplus space on site is for this to be redeveloped as part of the project and let on a commercial basis. This will require additional

investment in the project and a proposal will be brought once we have more certainty on the deliverability within with current scheme budget.

Lewes Fire Station – the current Lewes Fire Station site forms part of the planned North Street Quarter redevelopment. As part of the redevelopment it is proposed that a new fire station is provided as part of an emergency services hub at the rear of the current North Street Police Station and the adjacent Springman House site. Discussions remain ongoing and in principle the project should be at no cost to the Authority, at this stage a budget of £250,000 has been included to cover internal project management and other costs.

Lewes District Council and its partners in the project have recently agreed to sell their landholdings to developer Human Nature (HN). We are currently awaiting a meeting with HN to understand their approach and timeline for the NSQ project and the Lewes Blue Light Hub.

Uckfield and Heathfield – These OPE projects to bring Sussex Police and SECamb onto the existing fire station sites in Uckfield and Heathfield were approved in November 2018. Since that time and following changes to policing numbers locally and nationally Sussex Police confirmed that they would not be able to commit to these projects for several years. The Authority is therefore assessing the viability of proceeding solely with SECamb as a partner and also reviewing the detriment to the budget of the loss of the partner contribution from Sussex Police.

Fleet and Equipment Strategy

The Authority has a rolling programme of replacing its vehicle fleet in line with its agreed lifing policy. This encompasses fire appliances (approximately three each year), aerial appliances, ancillary vehicles and the light fleet (cars and vans). An interim review of the fleet replacement programme was carried out in 2018/19 and reduced the total number of appliances required by three. As a result of the IRMP it was agreed to remove the Water tenders from 5 day crewed stations including 2 water tenders from Rye and Battle. Eastbourne and Hastings would have one additional appliance called a P2. Three Appliances from the spares fleet would be based on 3 Day crewed stations Bexhill, Newhaven & Crowborough. As a result of the IRMP it was agreed not to proceed with the flexible fleet review and it would remain with the fire appliance single type design.

Also as part of the IRMP it was also agreed to remove the ARP from Eastbourne and replace it in 2022/23 with a dedicated aerial appliance to mirror the same build as the new aerial appliance for Hastings.

The Authority has taken on a number of national resilience assets and receives a New Burdens grant for their maintenance. Future requirements for these assets once they reach end of life in 2022/23 is being reviewed nationally by the NFCC and the Home Office. Once the outcome of the review is known and the Government confirms funding for new assets a review of local need for any assets where replacement is not funded by Government will be carried out.

Most equipment replacement is funded through our revenue budget, however, schemes can be considered for capital funding where they meet certain criteria. A business case to SLT will be prepared to detail the new policy for capitalising

equipment, the pros and cons of adopting this policy and the net financial impact on both capital and revenue budgets (increase in the cost of borrowing, savings on the revenue budget etc.).

Detailed strategies for Estates, 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 ended in 2014/15 and grant funding thereafter is on a wholly bid-for basis. The Authority has not submitted any bids for the duration of this Strategy. As noted above there is the potential for grant funding to be accessed through the ITF project. The Authority has been successful in a bid for CIL grant funding from Lewes District Council to cover 50% of the cost of Design Guide works at Barcombe and Seaford Fire Stations.

- 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.

- Capital Receipts

Receipts from the disposal of existing capital assets may only be used to fund expenditure on new capital assets. The Government did offer flexibilities for capital receipts generated between 2016/19, to be used to fund the revenue costs of transformation projects, however, given the Authority's position in terms of both funding of the capital programme (primarily through capital receipts) and the availability of one off revenue finance through its Reserves, the offer was not pursued.

Historic capital receipts from the sale of service houses and 20 Upperton Road along with the sale of the former Newhaven Fire Station in Fort Road (£0.525m in 2020/21 & 2021/22) will be used to fund the Capital Strategy. As at 31 March 2021 it is estimated that there will be unapplied capital receipts of £5.752m (Capital Receipts Reserve) including the sale of ARP (£0.120m) plus the balance on the sale of Fort Road (£0.472m) will bring the amount available to £6.224m. It is the Authority's current policy to use capital receipts to fund the capital programme before using the Capital Programme Reserve (which is a revenue reserve).

- 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 2021 it is estimated that there will be a balance of £2.209m in the Capital Programme Reserve (CPR). A revenue contribution to the CPR of £0.5m is included in the base budget annually from 2022/23. The Authority takes the opportunity to set aside additional funding from its revenue budget to help fund the costs of the Capital Programme when it can, in the absence of Government grant. An additional contribution is planned of £0.452m 2022/23 onwards.

- Community Infrastructure Levy (CIL)

The Service has been successful in its bid for Community Infrastructure Levy (CIL) funding from Lewes District Council. £289,000 has been awarded which will part fund the planned enhancements at Barcombe and Seaford Fire Stations, reducing the need for future borrowing.

- 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 implications for our revenue budget. Broadly speaking, every £1m of additional borrowing would add £50,000 - £60,000 of financing costs to the Authority's revenue budget. As capital related reserves are spent down to fund the Capital Strategy, the Authority will need to recommence borrowing to fund capital investment. The borrowing need to finance the Capital Asset Strategy over the next five years is £10.150m and this has been fed into the MTFP and our future borrowing costs.

MEDIUM TERM CAPITAL STRATEGY 2021/22 to 2025/26 – SCHEMES

Capital Programme Expenditure 2021-22 to 2025-26

| | Total Budget | Total Previous Year's Spend | Estimated Spend 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | Remaining Spend |
|--|---------------|-----------------------------|-------------------------|--------------|--------------|--------------|--------------|--------------|-----------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Property | | | | | | | | | |
| Shared Investment Schemes | | | | | | | | | |
| Integrated Transport Project | 1,000 | 0 | 20 | 180 | 800 | 0 | 0 | 0 | 1,000 |
| - Partner contribution | 0 | | | | | | | | |
| Integrated Transport Project net cost | 1,000 | 0 | 20 | 180 | 800 | 0 | 0 | 0 | 1,000 |
| One Public Estate | | | | | | | | | |
| - Heathfield | 50 | 0 | 16 | 0 | 34 | 0 | 0 | 0 | 50 |
| - Partner contribution | 0 | | | | | | | | |
| - Heathfield net cost | 50 | 0 | 16 | 0 | 34 | 0 | 0 | 0 | 50 |
| - Lewes | 250 | 4 | 0 | 0 | 0 | 246 | 0 | 0 | 246 |
| - Partner contribution | 0 | 0 | | | | | | | 0 |
| - Lewes net cost | 250 | 4 | 0 | 0 | 0 | 246 | 0 | 0 | 246 |
| - Preston Circus | 3,138 | 79 | 85 | 750 | 2,224 | 0 | 0 | 0 | 3,059 |
| - Partner contribution | 0 | 0 | | | | | | | |
| - Preston Circus net cost | 3,138 | 79 | 85 | 750 | 2,224 | 0 | 0 | 0 | 3,059 |
| - Uckfield | 100 | 0 | 6 | 0 | 0 | 94 | 0 | 0 | 100 |
| - Partner contribution | 0 | 0 | | | | | | | |
| - Uckfield net cost | 100 | 0 | 6 | 0 | 0 | 94 | 0 | 0 | 100 |
| Total Shared Investment Schemes | 4,538 | 83 | 127 | 930 | 3,058 | 340 | 0 | 0 | 4,455 |
| Strategic Schemes | | | | | | | | | |
| - Replacement Fuel Tanks | 552 | 139 | 220 | 193 | 0 | 0 | 0 | 0 | 413 |
| - Partner contribution | (352) | (137) | (215) | 0 | 0 | 0 | 0 | 0 | (215) |
| - Replacement fuel tanks net cost | 200 | 2 | 5 | 193 | 0 | 0 | 0 | 0 | 198 |
| Design Guide Schemes | 5,605 | 60 | 120 | 1335 | 1015 | 874 | 1008 | 1193 | 5,545 |
| BA Chambers works | 399 | 399 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| STC live fire Training | 1,340 | 0 | 25 | 200 | 1115 | 0 | 0 | 0 | 1,340 |
| Sustainability | 277 | 21 | 31 | 100 | 75 | 50 | 0 | 0 | 256 |
| Security | 215 | 0 | 65 | 20 | 50 | 40 | 20 | 20 | 215 |
| Total Strategic Schemes | 8,036 | 482 | 246 | 1,848 | 2,255 | 964 | 1,028 | 1,213 | 7,554 |
| General Schemes | 1,373 | 677 | 251 | 100 | 100 | 100 | 75 | 70 | 696 |
| Total Property | 13,947 | 1,242 | 624 | 2,878 | 5,413 | 1,404 | 1,103 | 1,283 | 12,705 |

| | Total Budget £'000 | Total Previous Year's Spend £'000 | Estimated Spend 2020/21 £'000 | 2021/22 £'000 | 2022/23 £'000 | 2023/24 £'000 | 2024/25 £'000 | 2025/26 £'000 | Remaining Spend £'000 |
|---------------------------------------|-----------------------|--------------------------------------|----------------------------------|------------------|------------------|------------------|------------------|------------------|--------------------------|
| Information Management | | | | | | | | | |
| - Sussex Control Centre | 1,643 | 1,606 | 37 | - | - | - | - | - | 37 |
| - Grant funds | (1,643) | (1,606) | (37) | - | - | - | - | - | (37) |
| Sussex Control Centre net cost | - | - | - | - | - | - | - | - | - |
| Fleet and Equipment | | | | | | | | | |
| - Vehicle cameras | 118 | - | - | 118 | - | - | - | - | 118 |
| - Grants funds | (118) | 0 | 0 | 118 | - | - | - | - | (118) |
| - Vehicle cameras net cost | - | - | - | - | - | - | - | - | - |
| RPE Project | 993 | 961 | 32 | - | - | - | - | - | 32 |
| - grant funds | (10) | (10) | 0 | - | - | - | - | - | 0 |
| Telemetry | 70 | - | - | 70 | - | - | - | - | 70 |
| Special Projects | 1,053 | 951 | 32 | 70 | - | - | - | - | 102 |
| Aerials | 2,201 | 510 | 190 | - | 743 | 758 | - | - | 1,691 |
| Aerial Rescue Pump | 22 | 22 | - | - | - | - | - | - | - |
| Fire Appliances | 6,603 | 838 | 830 | 1,461 | 891 | 877 | 861 | 845 | 5,765 |
| Ancillary Vehicles | 2,926 | 300 | 191 | 1,149 | 381 | 391 | 368 | 146 | 2,626 |
| Cars | 1,699 | 112 | 175 | 316 | 254 | 64 | 272 | 506 | 1,587 |
| Vans | 1,675 | 689 | 253 | 104 | - | 179 | 288 | 162 | 986 |
| Total Fleet and Equipment | 16,179 | 3,422 | 1,671 | 3,100 | 2,269 | 2,269 | 1,789 | 1,659 | 12,757 |
| Total Property | 14,074 | 1,242 | 624 | 3,005 | 5,413 | 1,404 | 1,103 | 1,283 | 12,832 |
| Total Expenditure | 30,253 | 4,664 | 2,295 | 6,105 | 7,682 | 3,673 | 2,892 | 2,942 | 25,589 |

MEDIUM TERM CAPITAL STRATEGY 2021/22 to 2025/26 - FUNDING

| | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | Total |
|--|--------------|--------------|--------------|--------------|--------------|---------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Fleet and Equipment | 3,100 | 2,269 | 2,269 | 1,789 | 1,659 | 11,086 |
| Estates | 3,005 | 5,413 | 1,404 | 1,103 | 1,283 | 12,208 |
| Original Capital Programme | 6,105 | 7,682 | 3,673 | 2,892 | 2,942 | 23,294 |
| Funded by: | | | | | | |
| Capital Receipts Reserve | 5,991 | 233 | - | - | - | 6,224 |
| Capital Programme Reserve | - | 3,209 | 500 | 500 | 500 | 4,709 |
| Revenue Contributions to Capital Programme Reserve | - | - | - | - | - | - |
| Revenue Contributions to Capital | - | 452 | 452 | 452 | 452 | 1,808 |
| BR Pilot Economic Reserve | 86 | - | - | - | - | 86 |
| CIL | - | 289 | - | - | - | 289 |
| MRP / Internal Borrowing | 28 | - | - | - | - | 28 |
| New Borrowing / Need to Borrow | - | 3,499 | 2,721 | 1,940 | 1,990 | 10,150 |
| Updated Capital Programme | 6,105 | 7,682 | 3,673 | 2,892 | 2,942 | 23,294 |

| Funding – Use of Reserves | | | | | | | |
|-----------------------------------|----------------|--|----------------|----------------|----------------|----------------|----------------|
| | 2020/21 | | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
| | £'000 | | £'000 | £'000 | £'000 | £'000 | £'000 |
| Capital Receipts Reserve | | | | | | | |
| Opening Balance | 7,518 | | 5,752 | 233 | 0 | 0 | 0 |
| Transfers In | 173 | | 472 | 0 | 0 | 0 | 0 |
| Transfers Out | (1,939) | | (5,991) | (233) | 0 | 0 | 0 |
| Closing Balance | 5,752 | | 233 | 0 | 0 | 0 | 0 |
| Capital Programme Reserve | | | | | | | |
| Opening Balance | 1,709 | | 2,209 | 2,709 | 0 | 0 | 0 |
| Transfers In | 500 | | 500 | 500 | 500 | 500 | 500 |
| Transfers Out | 0 | | 0 | (3,209) | (500) | (500) | (500) |
| Closing Balance | 2,209 | | 2,709 | 0 | 0 | 0 | 0 |
| B R Pilot Economic Reserve | | | | | | | |
| Opening Balance | 86 | | 86 | 0 | 0 | 0 | 0 |
| Transfers In | 0 | | 0 | 0 | 0 | 0 | 0 |
| Transfers Out | 0 | | (86) | 0 | 0 | 0 | 0 |
| Closing Balance | 86 | | 0 | 0 | 0 | 0 | 0 |

Reserve Strategy

Introduction and Background

Section 43 of the Local Government Finance Act 1992 requires that, when setting the budget for the forthcoming year, precepting authorities should have regard to the level of reserves needed to provide sufficient resources to finance estimated future expenditure, plus any appropriate allowances that should be made for contingencies.

Best practice on the use and management of reserves and balances is provided by CIPFA and the Local Authority Accounting Panel (LAAP) guidance, specifically LAAP Bulletin 99 - 'Local Authority Reserves and Balances'. This was issued in July 2014, but since then many references have been made to the scale of public sector reserves by various parties.

In May 2018 the Government published the New Fire and Rescue Services Framework which introduced a requirement for Combined Fire and Rescue Authorities to publish a Reserve Strategy on their website and outlined the detail which should be included. The Reserves Strategy can form part of the Medium Term Financial Plan or be a stand-alone document.

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 Assistant Director Resources / Treasurer. This will be based on an assessment of what is appropriate and necessary in the light of the circumstances facing the Authority.

Strategic Context

There are a number of reasons why a Local Authority might hold reserves, these include to:-

- (a) Mitigate potential future risks such as increased demand and costs;
- (b) Help absorb the costs of future liabilities;
- (c) Temporarily plug a funding gap should resources be reduced suddenly;
- (d) Enable the Authority to resource one-off policy developments and initiatives without causing an unduly disruptive impact on council tax;
- (e) Spread the cost of large scale projects which span a number of years.

Reserves only provide one-off funding so the Authority aims to avoid using reserves to meet regular and ongoing financial commitments, other than as part of a sustainable medium-term budget plan.

Long-Term Sustainability - Reserves are an essential tool to ensure long term budget stability particularly at a time when the Authority is facing significant uncertainty about its grant funding over the medium term. Due to the fact that funding for future Capital Projects and the IT Strategy is held as Earmarked Reserves, the current

overall historically high level of reserves held by the Authority will reduce significantly as these programmes are delivered.

Reserve balances have been identified as a key indicator of financial health and the Authority continues to have an appropriate level of reserves to deal with identified risks. As a minimum, there are sufficient balances to support the budget requirements and provide an adequate contingency for budget risks.

There are two different types of reserve, and these are:

Earmarked Reserves – these reserves are held to fund a specific purpose and can only be used to fund spending associated with that specific purpose. Should it transpire that not all of the agreed funds are required then the agreement of the Authority would be sought to decide how any remaining balance is to be utilised.

General Reserve – usage from this Reserve is non-specific and is held to fund any unforeseen spending that had not been included in the base budget e.g. excessive operational activity resulting in significant retained pay costs.

Provisions

In addition to reserves the Authority may also hold provisions which can be defined as follows: a Provision is held to provide funding for a liability or loss that is known with some certainty will occur in the future, but the timing and amount is less certain.

Unusable Reserves

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.

Governance

The Authority will agree the level of General Reserves and the purpose and level of Earmarked Reserves.

Business cases for the establishment of new Earmarked Reserves will be subject to initial consideration by the Senior Leadership Team.

The Assistant Director Resources / Treasurer shall advise SLT and the Authority on the adequacy of both General and Earmarked Reserves, approve any drawdown from reserves and will monitor and report upon their use through regular financial monitoring reports.

Risk Assessment to Determine the Adequacy of the General Reserve

A well-managed multipurpose authority will strive to maintain as low a level of General Reserve as possible, whilst still covering its financial risks. As a single-purpose authority, the Authority has no opportunity to use cross-service subsidies to meet unanticipated expenditure and so, proportionally, its General Reserve may be slightly higher than for a multi-purpose authority.

The Authority has a robust approach to managing risk and there are effective arrangements for financial control in place. That said, given the high level of influence

that third parties, such as the Local Government Employers and Government departments have on its income and expenditure, there is always a risk that the Authority will unexpectedly become liable for expenditure that it has not budgeted for.

The Authority currently sets its policy for the General Reserve at a minimum of 5% of its net revenue budget. The detailed risk assessment is attached at Annexe A and indicates that the overall assessed risk has not changed since last year. Given that not all assessed risks are likely to crystallise in a single year it is deemed appropriate to maintain the minimum level of 5%. This aligns the Authority's General Reserves with the threshold set out in the National Fire Framework. A review of the NFCC's Survey of Fire Reserves indicates that the average level of General Reserves held will reduce from 7.0% (31/03/2019) to 5.6% (31/03/2020) and then below 5% by the end of 2022/23. Based on the Home Office published analysis of standalone FRA Reserves (as at 31 March 2019) the Authority holds below average levels of General and Earmarked Reserves, but above average levels of Capital Reserves. Capital Reserves are used to support the financing of the Capital Asset Strategy and will be exhausted by the end on 2022/23. The level of General Reserves held also reflects the current uncertainty about Fire Sector funding beyond 2021/22.

At the start of 2021/22, the General Reserve is forecast to represent 4.51% of the Authority's net revenue budget which is a small negative variance. Due to varying revenue budgets, maintaining a consistent level of General Reserve will result in the percentage varying over time. Transfers in or out of the General Reserve to conform to the 5% indicator will be considered annually as part of the budget setting process.

The prudential indicator is a useful control measure but is a rudimentary way of assessing the adequacy of the general reserve and a more meaningful approach is to develop a risk assessment. The Authority will consider both measures as part of its annual reserve strategy.

A risk assessment of the adequacy of the Authority's General Reserve is carried out annually to determine the extent to which the Authority is exposed to uninsured and unbudgeted losses. The risk assessment for the coming financial year, 2021/22, has been prepared as part of the budget setting process and is shown in Annexe A. The impact and scale of potential losses has been estimated to calculate a potential net financial impact of £2.301m. The proposed policy minimum of 5% equates to £2.014m. At the start of 2021/22 the General Reserve is expected to be £1.815m and it is planned to increase by £0.210m to £2.025m by 31 March 2022.

Annual Review of Earmarked Reserves

The Authority has a number of earmarked reserves which have been established for specific purposes where there have been timing differences at budget setting or year end, or emerging risks or cost pressures. The relevance of, and balance in, each of these is reviewed annually and the Authority is informed of the latest plans for the balances held in such reserves over the medium term via the Reserves Strategy. When the Authority endorses the Reserves Strategy for publication it will be made available on its website.

A commentary on the purpose and planned use of each of the existing earmarked reserves is detailed below and a full listing together with phasing of drawdown is set out in Annexe B:

- **Improvement & Efficiency:** This reserve is to enable the Authority to develop its collaborative approach to service delivery, support changes to services that will deliver efficiencies 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. The majority of the forecast balance of £0.646m at 1 April 2021 is currently uncommitted but is forecast to be drawn down over the next two financial years as new bids are made.
- **Insurance:** The Authority has joined the Fire and Rescue Indemnity Company (FRIC) from 1 April 2019 to both improve its risk management practice and provide insurance cover. This reserve is intended to cover the financial costs of: in-year supplementary payments to the FRIC pool should these be necessary; additional costs from the increase in some deductibles; and, investment in pro-active risk management initiatives resulting from best practice benchmarking through FRIC.
- **Mobilising Strategy Reserve:** to facilitate to delivery of the Authority's mobilising strategy – as agreed at the Fire Authority in January 2020 this reserve holds the one off funding for Project 21 (P21) which includes the delivery of a tri-partite mobilising service with Surrey and West Sussex County Fire Authorities and associated investment in other aspects of our mobilising such as pagers & alerters and MDT replacement (outside of that already planned in the IT Strategy and funded from the IT Strategy Reserve). The reserve is expected to be fully drawn down by the end of 2021/22
- **Capital Programme:** To support the provision of the capital infrastructure required to deliver the Authority's strategic priorities. There has been no core capital grant from Government since 2014/15 so the Authority must fund its own investment in capital assets. £0.5m each year is paid into this reserve from the Authority's revenue budget. As a result of the planned investment in the IT Strategy and the Estates Strategy it is forecast that this reserve will be exhausted before the end of the current planning period.
- **Capital Receipts:** Capital receipts not yet applied to capital expenditure. Under statute capital receipts may only be used to finance capital expenditure. Having disposed of its stock of service houses and its HQ building the Authority has only one surplus property, Fort Road, Newhaven and this has been sold to Lewes District Council – subject to LDC obtaining planning permission for development the sale will complete in 2021/22. The agreed sale of the ARP from Eastbourne is expected to deliver a receipt of £120,000 in 2020/21. No further disposals are currently planned and this reserve will be fully utilised over the life of the current Capital Asset Strategy, with the balance remaining at 31

March 2021 primarily being used to fund investment in the new Estates Strategy to bring our property assets up to the standard set out in the Design Guide.

Together the use of the Capital Programme Reserve and the Capital Receipts Reserve, along with other revenue funding, grants and contributions from partners has meant that the Authority has been able to finance its capital investment requirements without recourse to external borrowing since 2008.

- **Sprinklers:** as part of its policy of promoting the use of sprinklers the Authority has made provision for match-funding the retro-fitting of sprinklers in high risk / high rise residential premises. Two projects are currently planned for delivery in 2021/22 (subject to Covid 19), St. James House and Essex Place, and further plans are in the pipeline.
- **Business Rate Pool:** This reserve holds the balance of income from the East Sussex Business Rate Pool which is to be used to fund Business Safety initiatives, in support of the Pool's aim to promote economic growth.
- **IT Strategy:** The Authority has set aside funds to support the delivery of its IT Strategy including the contractual transformation milestones delivered by telent. A Revenue contribution is made into this reserve each year and as agreed at Fire Authority in September 2020 this will continue and will fund the IT Strategy 2020-25.
- **ESMCP Readiness:** this is grant funding from central government is ring-fenced to fund the IT upgrades to mobilising systems that are required as part of the Emergency Services Mobile Communications Project (ESMCP). The timing of drawdown is dependent on national programme timescales (which have been significantly delayed) and decisions about Project 21. Further discussion with the Home Office will be required to determine use of the grant as it was originally intended to fund improvements jointly for East and West Sussex through our joint control service which ended 4 December 2019.
- **ESMCP Regional Programme:** the Authority acts as regional lead for ESCMP implementation and holds grant funding for regional and local resourcing on behalf partner FRAs. The actual drawdown is dependent on regional business cases made to the Home Office.
- **Responding to New Risks:** holds the unspent balance of the Marauding Terrorist Attack grant which will be used for the replacement of specialist equipment and training.
- **People Strategy** (formerly Wholetime Firefighter Recruitment): the balance of this reserve, originally held to finance the recruitment and training of 32 new Wholetime Firefighters over the period 2017/18 to 2019/20, will now be utilised to part fund the implementation of the new People Strategy 2020-25. The reserve will also be used to hold revenue funds committed to the People Strategy as part of the 2021-22 budget and the MTFP.

- **Business Rates Retention Pilot:** holds the additional income from the East Sussex Pilot and is split between financial stability and economic development as set out in the Memorandum of Agreement with other partners. Following the decision of the Fire Authority in July 2019 the majority of the financial stability element (£0.480m) was transferred into the Mobilising Strategy Reserve to fund investment in Project 21. The economic development element will be used to finance estates capital schemes.
- **S31 Business Rate Retention Reliefs** – holds S31 grants received from Government in 2020/21 which compensate for the loss of Business rates income due to reliefs granted by Government but impacted by Covid 19. These amounts will be released in 2021/22 when related losses will be charged via the Collection Fund

Annexe A – Risk Assessment of the Adequacy of General Reserves

| Risk type | RISK | Likelihood | Impact £m | Net Impact £m |
|------------------------------------|--|------------|--------------|---------------------|
| 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 (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 | Medium | 0.300 | 0.150 |
| Pension Costs | With an ageing workforce and the increase in the normal retirement age the risk of ill health retirements is increasing and may exceed the existing budget provision. | Medium | 0.100 | 0.050 |
| External contracts | The Authority has a wide range of contractual arrangements which could see a financial loss in the event of the bankruptcy of a supplier or a customer. The Authority maintains a bad debt provision based on aged debtor analysis but it would be insufficient to fully fund a loss from a major contract. Additionally, Public Sector procurement processes and contracts are coming under | Low | 0.500 | 0.125 |

| Risk type | RISK | Likelihood | Impact | Net Impact |
|-------------------------------------|--|-------------------|---------------|-------------------|
| | | | £m | £m |
| | increasing scrutiny and could be open to legal challenge. | | | |
| Capital Programme / Projects | The Authority has a range of both revenue and capital projects planned for the next five years - there is the risk of cost overruns for a variety of reasons e.g. unforeseen ground conditions, planning approvals, technology risk, impact of Covid 19 | Low | 1.000 | 0.250 |
| 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 remain low and may be pushed lower by UK's exit from the EU and lower interest rates as a result of Covid 19. Amounts invested will reduce significantly over the next few years. Although the amounts involved are small relative to the overall budget they continue to present a risk in year | Low | 0.250 | 0.063 |
| Provision of services | The Authority no longer has delegated responsibility for the delivery of mobilisation and control functions for West Sussex Fire and Rescue Service under a S16 agreement and therefore this risk has reduced significantly. Failure to provide the service to the agreed performance levels could result in additional costs for the Authority | Low | 0.250 | 0.063 |

| Risk type | RISK | Likelihood | Impact | Net Impact |
|--------------------------------------|--|-------------------|---------------|-------------------|
| | | | £m | £m |
| Delivery of savings | 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. However for 2020/21 the savings target is relatively small | Low | 0.500 | 0.125 |
| Legal 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 | Low | 1.000 | 0.250 |
| Service delivery failure | Given the nature of the work of the Authority there is a possibility that it could suffer a major health and safety or environmental failure. | Low | 1.000 | 0.250 |
| System/ Infrastructure Issues | In the event that a key system, such as the control mobilising system or system networks, were to fail, it is possible that urgent consultancy or replacement equipment would be required within short time constraints. | Low | 0.500 | 0.125 |
| Funding Issues | The changes to the funding mechanism for local government, introduced following the Local Government Resource Review, transferred potentially significant levels of financial risk to the Authority. | Medium | 0.500 | 0.250 |
| Inflation | Whilst allowances for inflation have been made within specific budget lines, the uncertainty surrounding Brexit and the UK economy might lead to increased inflation. This may include the impact of new tariffs on | Medium | 0.200 | 0.100 |

| Risk type | RISK | Likelihood | Impact | Net Impact |
|--------------------------------------|--|-------------------|---------------|-------------------|
| | | | £m | £m |
| | the cost of goods purchased from the EU for example vehicle chassis. | | | |
| Employment Issues | Issues that might arise in respect of pay settlements or other factors which might lead to industrial action would, in the first instance, be managed within the revenue budget. Prolonged Action or issues would require funding from Reserves. This risk also addresses the potential for actual pay awards to be higher than that budgeted. | Medium | 1.000 | 0.500 |
| Estimated Reserve Requirement | | | | 2.301 |

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

| Description | 2021/22 | 2021/22 | 2021/22 | Projected Closing Balance |
|---|--------------------------|----------------------|-----------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| | Opening Balance 01/04/21 | Planned Transfers In | Planned Transfers Out | 31/03/22 | 31/03/23 | 31/03/24 | 31/03/25 | 31/03/26 |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Earmarked Reserves | | | | | | | | |
| Improvement & Efficiency | 646 | 0 | (300) | 346 | 46 | 0 | 0 | 0 |
| Sprinklers | 640 | 0 | (347) | 293 | 0 | 0 | 0 | 0 |
| Insurance | 249 | 0 | 0 | 249 | 249 | 249 | 249 | 249 |
| ESMCP ESFRS readiness | 1,425 | 0 | (713) | 712 | 0 | 0 | 0 | 0 |
| ESMCP Regional Programme | 307 | 0 | (307) | 0 | 0 | 0 | 0 | 0 |
| Responding to New Risks | 18 | 0 | 0 | 18 | 0 | 0 | 0 | 0 |
| IT Strategy | 2,029 | 565 | (2,016) | 578 | 128 | 210 | 0 | 0 |
| People Strategy | 40 | 0 | (40) | 0 | 0 | 0 | 0 | 0 |
| Mobilising Strategy | 846 | 0 | (846) | 0 | 0 | 0 | 0 | 0 |
| Business Rates Retention Pilot - financial stability | 107 | 0 | 0 | 107 | 107 | 107 | 107 | 107 |
| Business Rates Retention Pilot - economic development | 86 | 0 | (86) | 0 | 0 | 0 | 0 | 0 |
| Business Rate Pool | 200 | 0 | (50) | 150 | 100 | 50 | 0 | 0 |

| | | | | | | | | |
|-------------------------------------|---------------|--------------|-----------------|--------------|--------------|--------------|--------------|--------------|
| S31 Business Rate Retention Reliefs | 1,415 | 0 | (1,415) | 0 | 0 | 0 | 0 | 0 |
| Carry Forwards | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Capital Programme Reserve | 2,209 | 500 | 0 | 2,709 | 0 | 0 | 0 | 0 |
| Total Earmarked Reserves | 10,217 | 1,065 | (6,120) | 5,162 | 630 | 616 | 356 | 356 |
| General Fund | 1,815 | 210 | 0 | 2,025 | 2,025 | 2,025 | 2,025 | 2,025 |
| Total Revenue Reserves | 12,032 | 1,275 | (6,120) | 7,187 | 2,655 | 2,641 | 2,381 | 2,381 |
| Capital Receipts Reserve | 5,752 | 472 | (5,991) | 233 | 0 | 0 | 0 | 0 |
| Total Capital Reserves | 5,752 | 472 | (5,991) | 233 | 0 | 0 | 0 | 0 |
| Total Usable Reserves | 17,784 | 1,747 | (12,111) | 7,420 | 2,655 | 2,641 | 2,381 | 2,381 |

EAST SUSSEX FIRE AUTHORITY: PRECEPT FOR 2021/22
REF: S43 LOCAL GOVERNMENT FINANCE ACT 1992

| | £ | £ |
|---|------------------------|---------------------------|
| NET BUDGET REQUIREMENT | | 40,275,000 |
| Forecast Business Rates retained | 2,395,000 | |
| Top Up grant | 5,170,000 | |
| Total Base Line funding | 7,565,000 | |
| Add Revenue Support Grant | 3,226,000 | |
| Total Grant funding (excluding transitional/freeze grant) | 10,791,000 | |
| Section 31 Grant Business Rates adjustment | 824,000 | |
| Previous Year's Surpluses/(Deficits) | (75,000) | |
| local council tax support grant | 474,000 | |
| Total Council Tax required | | 28,261,000 |
| Tax base | 290,064 | |
| Basic Council Tax (Band D equivalent) | | 97.43 |
| Basic Council Tax from above calculation | | <u>Council Tax</u> |
| Band A | 6/9 | 64.95 |
| Band B | 7/9 | 75.78 |
| Band C | 8/9 | 86.60 |
| Band D | 9/9 | 97.43 |
| Band E | 11/9 | 119.08 |
| Band F | 13/9 | 140.73 |
| Band G | 15/9 | 162.38 |
| Band H | 18/9 | 194.86 |
| | <u>Tax Base</u> | <u>Precept</u> |
| Brighton and Hove | 89,373.30 | 8,707,641 |
| Eastbourne | 34,532.20 | 3,364,472 |
| Hastings | 25,411.00 | 2,475,794 |
| Lewes | 36,711.40 | 3,576,792 |
| Rother | 37,606.60 | 3,664,011 |
| Wealden | 66,429.60 | 6,472,236 |
| | 290,064.10 | 28,260,946 |

FUNDED STAFFING ESTABLISHMENT

| | FTE @ 1/4/2021 | FTE @ 1/4/2022 |
|--------------------------|-------------------|-------------------|
| Principal Officers | 3 | 3 |
| Wholetime Firefighter | 338 | 334 |
| RDS firefighter Units | 219 | 219 |
| Control Room Staff | 30.21 | 3 |
| Support staff | 152.08 | 152.08 |

Local Government Financial Settlement (provisional) Core Spending Power of Combined Fire Authorities

| Local Authority | Core Spending Power | Settlement Funding Assessment | Compensation for under-indexing the business rates multiplier | Estimated Council Tax excluding Parish Precepts | Core Spending Power | Percentage change in Core Spending Power from 2020-21 to 2021-22 |
|-----------------------------|----------------------------|-------------------------------|---|---|----------------------------|--|
| | £ millions | £ millions | £ millions | £ millions | £ millions | % |
| | 2020-21 | 2021-22 | 2021-22 | 2021-22 | 2021-22 | |
| Avon Fire | 44.291 | 16.052 | 0.568 | 28.819 | 45.439 | 2.590 |
| Bedfordshire Fire | 30.380 | 8.275 | 0.310 | 22.799 | 31.384 | 3.303 |
| Berkshire Fire | 34.508 | 10.417 | 0.371 | 24.719 | 35.508 | 2.898 |
| Buckinghamshire Fire | 28.133 | 7.482 | 0.268 | 21.197 | 28.947 | 2.892 |
| Cambridgeshire Fire | 30.063 | 8.926 | 0.319 | 21.685 | 30.930 | 2.883 |
| Cheshire Fire | 43.981 | 13.482 | 0.493 | 31.263 | 45.239 | 2.860 |
| Cleveland Fire | 27.371 | 14.719 | 0.488 | 12.748 | 27.955 | 2.132 |
| Derbyshire Fire | 38.541 | 13.246 | 0.468 | 25.837 | 39.551 | 2.622 |
| Devon and Somerset Fire | 77.594 | 22.354 | 0.830 | 56.116 | 79.745 | 2.773 |
| Dorset and Wiltshire Fire | 57.176 | 14.332 | 0.545 | 43.857 | 58.786 | 2.816 |
| Durham Fire | 29.355 | 10.622 | 0.371 | 19.097 | 30.090 | 2.505 |
| East Sussex Fire | 39.214 | 10.989 | 0.405 | 28.800 | 40.194 | 2.499 |
| Essex Fire | 73.423 | 25.039 | 0.861 | 49.452 | 75.351 | 2.627 |
| Hampshire Fire | 66.976 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Hereford and Worcester Fire | 32.400 | 7.768 | 0.296 | 25.139 | 33.318 | 2.834 |
| Humberside Fire | 44.451 | 20.162 | 0.666 | 24.731 | 45.559 | 2.493 |
| Kent Fire | 72.781 | 21.361 | 0.777 | 52.834 | 74.971 | 3.009 |
| Lancashire Fire | 56.282 | 24.251 | 0.817 | 32.564 | 57.632 | 2.398 |
| Leicestershire Fire | 36.074 | 13.350 | 0.469 | 23.306 | 37.126 | 2.915 |
| Nottinghamshire Fire | 42.783 | 16.299 | 0.565 | 26.986 | 43.850 | 2.492 |
| Shropshire Fire | 22.629 | 5.243 | 0.204 | 17.625 | 23.409 | 3.447 |

Equality Impact Analysis Record (Inclusion Risk and Benefits)

This form should be completed in conjunction with EIA Tip Sheet and Key EIA Considerations

| Part 1 – The Document | | | | |
|--|---|---|---------------------------------------|--|
| 1. | Name of Policy, Procedure, Activity, Decision or Service: | Fire Authority Service Planning processes for 2021/22 and beyond – Revenue Budget 2021/22 and Capital Strategy 2021/22 to 2025/26 | | |
| | Status of PPADS (please tick) | <input checked="" type="checkbox"/> NEW | <input type="checkbox"/> UNDER REVIEW | <input type="checkbox"/> CHANGING <input type="checkbox"/> EXISTING |
| 2. | a. Main purpose of PPADS: | To set a balanced revenue budget and agree the Capital Asset Strategy in the context of a five year financial plan | b. Project Manager and Process owner: | AD Resources / Treasurer |
| | c. Project/processes this PPADS is linked to: | All budget decisions including revenue and capital projects requiring businesses cases or other approvals | | |
| 3 | List the information, data or evidence used in this analysis: | Budget reports to Senior Leadership Team, P&R Panel and Fire Authority | | |
| Part 2 - Analysis | | | | |
| Characteristics | Neutral Impact (x) | Negative Impact* (Risk Assess & score) | Positive Impact (x) | Narrative Section, detail below why and how you scored impact, you should consider: What are the risks &/or negatives, benefits and or opportunities to that Protected Characteristic? You <u>will</u> need evidence to support your Analysis. |
| A person of a particular age | <input type="checkbox"/> | | <input checked="" type="checkbox"/> | All budget proposals have been assessed by SLT. All proposals linked to strategies, policies and projects will be subject to specific EIAs. Positive impacts relate to IRMP - see separate risk assessment No other proposals are assessed as impacting this group at this stage. |
| A disabled person | <input type="checkbox"/> | X | <input type="checkbox"/> | All budget proposals have been assessed by SLT. All proposals linked to strategies, policies and projects will be subject to specific EIAs. Negative impacts relate to IRMP - see separate risk assessment Cessation of shuttlebus has been subject to consultation with those affected to identify any reasonable adjustments No other proposals are assessed as impacting this group at this stage. |
| A person of a particular sex, male or female | <input type="checkbox"/> | X | <input type="checkbox"/> | All budget proposals have been assessed by SLT. All proposals linked to strategies, |

| | | | | |
|--|-------------------------------------|--------------------------|---|---|
| | | | | <p>policies and projects will be subject to specific EIAs.</p> <p>Negative impacts relate to IRMP - see separate risk assessment</p> <p>Cessation of shuttlebus has been subject to consultation with those affected to identify any reasonable adjustments</p> <p>No other proposals are assessed as impacting this group at this stage.</p> |
| Pregnancy, Maternity, Marriage or Civil Partnership | <input checked="" type="checkbox"/> | | <input type="checkbox"/> | <p>All budget proposals have been assessed by SLT. All proposals linked to strategies, policies and projects will be subject to specific EIAs</p> <p>No other proposals are assessed as impacting this group at this stage.</p> |
| A person of a gay, lesbian or bisexual sexual orientation | <input checked="" type="checkbox"/> | | <input type="checkbox"/> | <p>All budget proposals have been assessed by SLT. All proposals linked to strategies, policies and projects will be subject to specific EIAs</p> <p>No other proposals are assessed as impacting this group at this stage.</p> |
| A person of a particular race | <input checked="" type="checkbox"/> | | <input type="checkbox"/> | <p>All budget proposals have been assessed by SLT. All proposals linked to strategies, policies and projects will be subject to specific EIAs</p> <p>No other proposals are assessed as impacting this group at this stage.</p> |
| A person of a particular religion or belief | <input checked="" type="checkbox"/> | | <input type="checkbox"/> | <p>All budget proposals have been assessed by SLT. All proposals linked to strategies, policies and projects will be subject to specific EIAs</p> <p>No other proposals are assessed as impacting this group at this stage.</p> |
| Transgender a person whose gender identity/expression does not make their assigned sex | <input checked="" type="checkbox"/> | | <input type="checkbox"/> | <p>All budget proposals have been assessed by SLT. All proposals linked to strategies, policies and projects will be subject to specific EIAs</p> <p>Positive impact relates to IRMP - see separate impact assessment</p> <p>No other proposals are assessed as impacting this group at this stage.</p> |
| <p>Community considerations</p> <p>Application across communities or associated with socio-economic factors considering the 10 dimensions of Equality</p> | <input type="checkbox"/> | | <input checked="" type="checkbox"/> | <p>All budget proposals have been assessed by SLT. All proposals linked to strategies, policies and projects will be subject to specific EIAs</p> <p>Positive impact relates to IRMP - see separate impact assessment</p> |
| Criminal convictions | <input checked="" type="checkbox"/> | | <input type="checkbox"/> | No other proposals are assessed as impacting this group at this stage. |
| Rural living | <input type="checkbox"/> | | <input checked="" type="checkbox"/> | |
| Human rights | <input checked="" type="checkbox"/> | | <input type="checkbox"/> | |
| Part 3 – The results | | | | |
| | Yes | No | | |
| Are there negative scores in Low? (see guidance) | <input checked="" type="checkbox"/> | <input type="checkbox"/> | If Yes, list any actions required to adjust the activity and any mitigation you will implement in the action plan below in section 6 | |

| | | | |
|---|-------------------------------------|-------------------------------------|---|
| Were positive impacts identified? | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <i>If No, I & D will contact you about this</i> |
| Are some people benefiting more than others? If so explain who and why. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | See separate IRMP impact assessment |
| Are one or more negative scores in Medium or High ? (See guidance) | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <i>If Yes, Contact I & D for further consultation</i> |

Part 4 - Consultation, decisions and actions

If medium or high range results were identified who was consulted and what recommendations were given?

N/A

Describe the overall decision on this Policy, Procedure, Activity, Service or Decision:

N/A

List all actions identified to address/mitigate negative risk or promote positively

| Action | Responsible person | Completion due date |
|--|---|---------------------|
| 1. IRMP Equality Impact Assessment and Actions 2. Cessation of Shuttlebus Service - identification of individual impacts and mitigations / reasonable adjustments rests with individual line managers in the first instance 3. Procurement Category Strategy activities 4. EIA of all strategies, policies and projects | 1. IRMP Implementation Board 2. Identification of individual impacts and potential mitigations / reasonable adjustments rests with line managers supported by HR / Estates 3. Procurement Manager / service lead for each procurement 4. Relevant SRO / lead officer | Various / on-going |

When, how and by whom will these actions be monitored?

Responsible persons are set out above

Part 5 – Sign Off

| | |
|---|-----------------------------------|
| Created by (Print Name): Duncan Savage | Department: Resources / Treasurer |
| Signature**Duncan Savage | Date: 11-01-2021 |
| To be completed by Equalities Team | |
| Signature** | EIA number: |
| Assessment date: | Review date: |

**** Please type your signature to allow forms to be sent electronically****

Part 6 - Equality Improvement Plan

| Issues Area of adverse impact and Reasons | Solution Action What can be done to mitigate impact, what can be done to obtain further information | Responsibility/Lead Manager Who will be responsible for this action | Target Timescales When will this be completed Financial factors | Comments Corporate Risk Factors |
|--|--|--|--|--|
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