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Policy & Resources Panel
20 January 2022

Membership:

Councillors: Peltzer Dunn (Chairman), Evans, Galley, Lambert, Powell and Taylor

You are requested to attend this meeting to be held in the Council Chamber, County Hall, East Sussex County Council, St Anne's Crescent, Lewes BN7 1UE at 11.30 am

Quorum: 3

Contact:	Ellie Simpkin, Democratic Services Officer 01323 462085 democraticservices@esfrs.org

Agenda

20. 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.

21. Apologies for Absence/Substitutions

22. 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.

24. 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.

25.	**Revenue and Capital Budget 2021/22 and Capital Programme 2021/22 to 2025/26 Monitoring at Month 8** Report of the Assistant Director Resources/Treasurer	**13 - 40**
26.	**Fire Authority Service Planning processes for 2022/23 and Beyond - Revenue Budget 2022/23 and Capital Asset Strategy 2022/23 to 2026/27** Report of the Assistant Director Resources/Treasurer	**41 - 96**
27.	**Developing Situation on Firefighters' Pension Schemes (FPS) Age Discrimination, Remedy & Immediate Detriment** Report of the Assistant Director People Services	**97 - 108**
28.	**IT Delivery Contract Extension** Report of the Assistant Director Resources/Treasurer	**109 - 112**
29.	**Exclusion of Press of Public** To consider whether, in view of the business to be transacted or the nature of the proceeding, the press and public should be excluded from the remainder of the meeting on the grounds that, if the press and public were present, there would be disclosure to them of exempt information.	
30.	**IT Delivery Contract Extension - Confidential Appendix** Report of the Assistant Director Resources/Treasurer	**113 - 124**

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

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Information for the public

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POLICY & RESOURCES PANEL

Minutes of the meeting of the POLICY & RESOURCES PANEL held at Council Chamber, County Hall, East Sussex County Council, St Anne's Crescent, Lewes BN7 1UE at 11.30 am on Thursday, 11 November 2021.

Present: Councillors Redstone (In place of Peltzer Dunn), Galley (Chairman), Lambert, Powell and Taylor.

Also present: M O'Brien (Deputy Chief Fire Officer), D Savage (Assistant Director Resources/Treasurer), L Woodley (Deputy Monitoring Officer), J King (Assistant Director Safer Communities), J Olliver (Payroll, Pensions & HR Assurance Manager) and E Simpkin (Democratic Services Officer)

9 Declarations of Interest

Councillor Powell declared a personal, non-prejudicial interest in item 16 as a Member of Brighton and Hove City Council.

10 Apologies for Absence/Substitutions

Apologies for absence were received from Councillor Evans and Councillor Peltzer Dunn. In the absence of the Councillor Peltzer Dunn it was necessary for the Panel to appoint a replacement Chairman for the duration of the meeting.

Councillor Galley was nominated by Councillor Lambert. This was seconded by Councillor Powell and agreed by the Panel.

RESOLVED: That Councillor Galley be appointed as Chairman of the Policy & Resources Panel for the duration of the meeting.

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

As it was the Deputy Chief Fire Officer (DCFO) Mark O'Brien's last Policy & Resources Panel meeting before his retirement the Panel recorded its thanks to the DCFO for his support, diligence and contributions over the years. The Panel wished the DCFO all the best for his retirement.

12 Minutes of the last Policy & Resources Panel meeting held on 22 July 2021

RESOLVED: That the minutes of the meeting of the Policy & Resources Panel held on 22 July 2021 be approved as a correct record and signed by the Chairman.

13 Callover

Members reserved the following items for debate:

14 Revenue and Capital Budget 2021/22 and Capital Programme 2021/22 to 2025/26 Monitoring at Month 6 (end September).

15 Treasury Management-Half Year Review For 2021/22

16 Local Council Tax Reduction Schemes (LCTRS) – Consultation on Proposed Changes for 2022/23

18 Widening of the Joint Funding of Sprinklers to a Community Safety Intervention Fund

19 Firefighters' Pension Schemes (FPS) Age Discrimination, Remedy - Immediate Detriment Framework (IDF)

14 Revenue & Capital Budget 20/21& Capital Programme 2021/11 to 2025/26 Monitoring at Month 6

The Panel received a report from the Assistant Director Resources/Treasurer (ADR/T) which updated Members on the findings of the month 6 monitoring undertaken on the Revenue and Capital Budget 2021/22 and Capital Programme 2021/22 to 2025/26.

With regard to the Revenue Budget, a net revenue underspend to the sum of £1,000 had been identified which was a favourable variation of £81,000 from the position identified in the last report to the Panel. This was mainly due to vacancies across the service and the identification of savings within Information Technology Governance offset by overspends in relation to overtime, additional staff allowances, ill health retirements and over budgeting on business rates. It was noted that most in-year pressures could currently be dealt with by use of contingency, use of reserves or service underspends. The Capital Budget for 2021/22 was approved by the Fire Authority at £6,105,000 and updated to £6,540,000 including slippage of £364,000 brought forward from 2020/21. A review of capital projects had identified slippage totalling £2,773,000 (£1,828,000 from Estates/Property and £945,000 from Fleet and Equipment). Current risks to the Revenue and Capital programme included the impact of Covid-19 on both the Business Rate and Council Tax Collection Funds and pressures in resources relating to Capital projects. Further detail on these risks were set out in section 3 of the report.

The Panel asked for further clarification on the £250,000 underspend on the flexible crewing pool. The ADR/T explained that funding had been identified for the implementation of the flexible crewing pool as per the agreed Integrated Risk Management Plan, however there had been delays and the flexible crewing pool was not yet fully established. The underspend had offset staffing overspend elsewhere in the operational establishment.

Members also asked about the increase in earmarked reserves of £1,579,000 due to the re-profiling of projects linked to P21 funded from the mobilising strategy reserve. The ADR/T explained that this resulted from spend on the P21 project being re-profiled from 2020/21 to 2021/22 after the 2021/22 budget had been set.

RESOLVED: That the Panel notes:

(i) the risks to Revenue Budget and the projected overspend,

(ii) the risks to the Capital Programme,

(iii) the increased net forecast drawdown from reserves,

(iv) the grants available and spending plans,

(v) the monitoring of savings taken in 2021/22; and

(vi) the current year investments and borrowing;

(vii) SLT approval of a variation to the capital programme to add an £85,000 scheme for the relocation of the High Volume Pump to Seaford with funding of £85,000 from the corporate contingency.

15 Treasury Management - Half Year Review 2021/22

The Panel received the treasury management half yearly report from the ADR/T, a requirement of the Fire Authority's reporting procedures. The report covered the treasury activity for the first six months of 2021/22 and included an update on the first half year of Prudential Indicators which related to treasury activity.

The Panel asked about the consideration being given to Environmental, Social and Governance (ESG) in future investment decisions. The ADR/T clarified that officers were considering how ESG issues could be considered in future treasury management strategies, as requested by the Fire Authority. Recommendation would be made in the Treasury Management Strategy Report to the Fire Authority in February 2022. The ADR/T cautioned that given it was an emerging market, options meeting our current counter-party criteria may be limited.

The Panel also queried as to why there were large amounts of long-term debt, as shown in the debt maturity profile provided on page 53 of the report. The ADR/T explained that Authority aimed to have a balanced debt profile and that it also reflected a combination of historic borrowing required to meet the Authority's capital investment needs since it became a separate body in 1997 and prevailing interest rates at the time. No new borrowing had been taken out since January 2008 as capital investment since that time and been self-financed.

RESOLVED: That the Panel notes the treasury management performance for the first half year of 2021/22.

16 Local Council Tax Reduction Schemes (LCTRS) - Consultation on Proposed Changes for 2022/23

The Panel considered a report from the ADR/T which sought agreement on the Authority's response to a consultation by Brighton & Hove City Council (BHCC) on proposed changes to its Local Council Tax Reduction Scheme for 2022/23. The ADR/T introduced the report, noting that Members would be familiar with Local Council Tax Reduction Schemes (LCTRS), having recently considered proposals from both Lewes District Council and Rother District Council. Billing authorities were required to review their LCTRS annually and to consult publicly on any proposed changes. Precepting authorities were statutory consultees in the process, however, the decision to set or change a LCTRS rested solely with each billing authority.

The ADR/T added that the BHCC proposals had 2 main elements; to make the scheme more generous and align it with changes in the overall welfare system and to improve the efficiency and cost of the administration. The overall financial impact on the Fire Authority was estimated to be £21,000. The suggested response to the consultation was set out in the report and was consistent with that given to the Lewes District Council proposals.

Members queried whether the proposals had considered the changes to welfare announced in the recent government budget. The ADR/T responded he was not aware of any intention by BHCC to amend their proposals from that which was being consulted upon.

RESOLVED: That Panel:

i) notes the proposed changes to BHCC's LCTRS; and

ii) agrees the Authority's response to the consultation as set out in paragraph 1.14 of the report.

17 East Sussex Business Rate Pool 2022/23

The Panel received a report from the ADR/T which sought approval to continue participation in the East Sussex Business Rates Pool. The County Council, the five Districts and Boroughs and the Fire Authority had operated the East Sussex Business Rates Pool during 2015/16 and 2016/17. They then de-pooled in 2017/18 due to the risks associated with the revaluation of business rates properties and knock-on effects of business rates appeals, however, the Pool was re-established in 2018/19 and continued operating through to 2021/22. During 2019/20 it became a Business Rate Pilot. The rationale for the Pool is to encourage economic growth therefore Pool Members are encouraged to use the additional resource to promote further economic growth. Pools allow local areas to retain a greater proportion (50%)

of the growth in income from business rates that would otherwise have been paid over to HM Treasury. The Pool has succeeded in retaining significant additional funding within East Sussex.

The Panel noted that the Chief Finance Officers of the Pool Members had reviewed the position for 2022/23 and building on previous analysis provided by Local Government Futures and consideration of the performance of and risks associated with the Pool had applied to the Department for Levelling Up, Housing & Communities to continue the Pool in 2022/23. Formal approval of the Pool application was due to be announced as part of the Provisional Local Government Finance Settlement (LGFS) expected in late December and as it was likely that the consultation period would end before the Policy & Resources Panel meeting on 20 January 2022, the report sought delegated authority to the ADR/T after consultation with the Chairman and the Chief Fire Officer, to make the final decision on the Pool membership.

RESOLVED: That the Panel:

(i) approves the Authority's continued membership of the East Sussex Business Rates Pool;

(ii) delegates the final decision on whether to participate in the Pool to the Assistant Director Resources / Treasurer after consultation with the Chairman and the Chief Fire Officer; and

(iii) authorises the Assistant Director Resources/ Treasurer to take any steps necessary to give effect to the decision in (ii) above.

18 Widening of the Joint Funding of Sprinklers to a Community Safety Intervention Fund

The Panel considered a report from the Assistant Director Safer Communities (ADSC) which recommend a widening of the scope of the Joint Funded Sprinkler Project to a Community Safety Intervention Fund.

The ADSC introduced the report, reminding the Panel that in 2013, the Fire Authority agreed to set aside funding to support a sprinkler project to assist key partners to retrofit sprinklers in their high-risk premises through a joint funding contribution. The original fund amounted to a total of £750,000 over a period of four years of allocation. Although the project had seen some success, due to a number of challenges, £638,000 of the fund was unspent. This included £340,000 which until recently had been allocated to two high rise buildings in the Brighton and Hove area. Given the large amount of unallocated funding, the Panel was being asked to consider approving a proposal to expand the scope of fund to allow spend on other measures with the aim to reduce fire risk for vulnerable residents and those in high risk premises.

The Panel asked for further details on the measures that funds would be spent on and queried whether it would be more beneficial for any unspent money to be used to help ease any budgetary pressure. The ADSC explained that resident engagement with proposals to fit sprinklers had been very challenging and whilst sprinklers would still form part of the offer, widening the of the fund to include alternative, cheaper solutions would mean that many more residents would be helped than was currently possible. Measures could include evacuation alert systems and premises information boxes. If approved, more detailed spend criteria and the priorities of the Community Safety Intervention Fund would be developed. With regard to the use of the unallocated funds for budget savings, the ADR/T explained that the fund was established to be community facing and the proposal reflected this fact, however, the Fire Authority could consider whether part of the uncommitted funding should be used to address identified budget pressures as part of the budget setting process for 2022/23.

Members asked for further details regarding the projects in Brighton & Hove which were not being progressed. The ADSC explained there had been significant delays due to Covid and she had recently been informed by officers at BHCC that their priorities had now changed in terms of where sprinklers would be installed and therefore the projects at Essex Place and St James House would not be progressed at this time.

The Panel welcomed the expansion of the fund especially given concerns over the role and scale of responsibility of the Responsible Person in relation to the forthcoming Building Safety Bill. Members agreed the recommendations with Councillor Powell choosing to abstain from the vote. The Panel asked that a follow up report be made to a future Panel meeting to give further detail on the specific spend and benefit of the fund.

RESOLVED: That the Panel agrees to widen the scope of the Joint Funded Sprinkler Project to a Community Safety Intervention Fund.

19 Firefighters' Pension Schemes (FPS) Age Discrimination Remedy - Immediate Detriment Framework (IDF)

The Panel received a report from the Assistant Director People Services which informed Members of the further developments in the situation relating to McCloud/Sargeant judgement on Age Discrimination. The report set out how the Service was able to proceed with future and past retirements that were immediately affected and included the Service's legal position as well as identifying the scope and risks.

The Payroll, Pensions & HR Assurance Manager Panel briefly introduced the report reminding Members that at its previous meeting the Panel had agreed that ESFRS should pay under Immediate Detriment, wherever possible, to those in scope at that time under that informal guidance. He added that since then the Fire Brigades Union (FBU) had been successful in bringing about tribunal cases which had led to an agreement by the FBU and the Local Government Association (LGA), through a Memorandum of Understanding on a Framework, recommending how services proceed with regard to paying pension benefits and compensation under Immediate Detriment to both retrospective and prospective retirees. The Panel was being asked to consider adopting the Immediate Detriment Framework, as attached at appendix 3 to the report. The Panel could choose not to follow the Framework, however this would lead to a severe risk of litigation.

The ADR/T added that in terms of financial impact, there was significant risk but it could not be quantified at present. The Service and West Yorkshire Pension Fund (the pension fund administrators) were already incurring additional costs in relation to administration and software. There was also the possibility of tax charges and claims relating to injury to feelings, the cost of which would have to be borne by the Authority. Additional guidance from Her Majesty's Revenue and Customs on tax charges was expected. Due to the level of uncertainty, there was currently nothing provided for in reserves for the additional costs. A bid could be made for funds from the corporate contingency or General Balances. It was expected that the costs associated with the administration of the remedy would be borne by the Service whilst monies owed to members would be met by government. The additional impact on employers contribution levels had not been taken into account in the latest Comprehensive Spending Review as it fell outside of the period but the Sector continued to lobby Government to fully fund all of these additional costs.

The Payroll, Pensions & HR Assurance Manager highlighted that resources were a challenge given the 90 calendar day deadline from application by the member/dependent to payment of benefits, as set out in the Immediate Detriment Framework. The Panel asked further about resourcing and whether an automated system was available or being developed, whether there was a short-term solution or if there was opportunity to outsource processes. The ADR/T responded that discussions were taking place at a national level on the upgrading of the software packages used to administer FPS to facilitate the remedy. Officers were exploring options to use Excel spreadsheets to semi-automate aspects of the ID process. Availability of staff with the level of expertise and knowledge required was a challenge. Options, such as employing temporary lower level resource to do volume processing which could then be overseen by specialist staff, were being considered.

RESOLVED: That the Panel agrees to payment under the Immediate Detriment Framework and allowing those Firefighters' Pension Scheme members in scope to be offered payment under their legacy pension scheme regulations.

The meeting concluded at 12.15 pm

Signed

Chairman

Dated this day of 2022

EAST SUSSEX FIRE AUTHORITY

Meeting	Policy and Resources Panel
Date	20 January 2022
Title of Report	Revenue and Capital Budget 2021/22 and Capital Programme 2021/22 to 2025/26 Monitoring at Month 8 (end November).
By	Duncan Savage – Assistant Director Resources/Treasurer
Lead Officer	Alison Avery - Finance Manager

Background Papers	Fire Authority Service Planning processes for 2021/22 and beyond – Revenue Budget 2021/22 and Capital Asset Strategy 2021/22 to 2025/26 Revenue and Capital Budget 2020/21 and Capital Programme 2020/21 to 2024/25 – Provisional Outturn Revenue and Capital Budget 2021/22 and Capital Programme 2021/22 to 2025/26 Monitoring at Month 6 (end September)

Appendices	Appendix 1: Revenue Budget 2021/22 Objective Appendix 2: Savings Programme 2021/22 Appendix 3: Grants and Spending Plans 2021/22 Appendix 4: Capital Programme 2021/22 to 2025/26 Appendix 5: Capital Budget 2021/22 Appendix 6: Engineering Capital Budget 2021/22 Appendix 7: Reserves 2021/22

Implications

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

PURPOSE OF REPORT	To report on the findings of the Month 8 monitoring undertaken on the Revenue and Capital Budget 2021/22 and Capital Programme 2021/22 to 2025/26.

EXECUTIVE SUMMARY

This is the fourth report to Members for the 2021/22 financial year and highlights the findings from the Month 8 monitoring undertaken on the Revenue Budget 2021/22 and 5 year Capital Programme 2021/22 to 2025/26, approved by the Authority in February 2021.

A net revenue underspend to the sum of £388,000 has been identified which is an increase in underspend of £387,000 from the position identified in the last report to P&R of £1,000 underspend, as summarised in Appendix 1. This is mainly due to vacancies across the service, the identification of savings within ITG, underspends within OSR, offset by overspends in relation to overtime, DCFO recruitment, additional allowances for Logistics & Control Support staff (previously RMT team), ill health retirements and over budgeting on S31 business rates. Most in-year pressures will be dealt with through the use of contingency, use of reserves or service underspends.

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

Performance against grants and spending plans is summarised in Appendix 3 and detailed in section 5.

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.

The original 2021/22 Capital Budget and five year Capital Strategy of £23,294,000 was approved by the Fire Authority on 11 February 2021. This is updated to £23,885,000 including slippage brought forward from 2020/21 (£364,000), IRMP vehicles and equipment (£142,000) and work at Seaford required for it to house the High Volume Pump (£85,000). The updated Capital Programme is forecasted to underspend by £18,000 as detailed in Appendix 4.

The current year Capital Budget was approved by the Fire Authority at £6,105,000 and revised to £6,625,000 including slippage (£364,000) brought forward from 2020/21, IRMP vehicles and equipment (£71,000) and work at Seaford required for it to house the High Volume Pump. Officers have reviewed the capital plans for 2021/22 and report slippage on delivery of projects to the value of £3,925000 (59.2%). This is primarily the result of a formal review of the phasing of the Estates Strategy and its associated capital schemes as well as delays within Engineering. In addition, underspend of £18,000 is expected against Engineering capital schemes. Detailed information is contained within section 7 and summarised in Appendix 5. The Fleet and Equipment Capital Projects 2021/22 are detailed in Appendix 6.

The position on reserves shows an opening balance of £22,961,000 including the provisional net revenue underspend 2020/21 brought forward of £386,000. The forecast net drawdown from reserves is £7,643,000, a reduction in drawdown of £2,329,000 compared to the planned drawdown of £9,972,000. This results in an estimated closing balance of £15,318,000, as detailed in section 8 and summarised in Appendix 7. Work is ongoing to review likely drawdown of reserves (including grants brought forward) for the rest of the current year on both Revenue and Capital projects.

There is a reduction in the interest receivable on the Authority's cash investments of £22,600,000 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 £47,000, resulting in a surplus of £7,000 when compared to the budget. Interest payments on fixed rate loans of £10,298,000 are unaffected. In the last month the Service has placed £1m in a Standard Chartered 6 month fixed term Environmental, Social and Governance account.

RECOMMENDATION

Policy and Resources Panel is recommended to note:

(i) the risks to Revenue Budget and the projected overspend,
(ii) the risks to the Capital Programme,
(iii) the increased net forecast drawdown from reserves,
(iv) the grants available and spending plans,
(v) the monitoring of savings taken in 2021/22; and
(vi) the current year investments and borrowing

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1. INTRODUCTION

1.1 The Original Revenue Budget 2021/22 and Capital Strategy 2021/22 to 2025/26 was approved at the meeting of the Fire Authority on 11 February 2021.

1.2 This is the fourth report to Members for the 2021/22 financial year and highlights the findings from Month 8 (end November) monitoring undertaken on the Revenue and Capital Budget 2021/22 and Capital Programme 2021/22 to 2025/26. 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 (Month 8) **£'000**	**Last P&R (Month 6)** **£'000**	**Movement** **£'000**
Revenue (see section 2)	(388)	(1)	(387)
Capital in year (see section 7)	(3.925)	(2,773)	(1,152)

1.3 The Revenue Budget, approved by the Fire Authority in February 2021, was a net expenditure requirement of £40,704,000.

1.4 A net revenue underspend to the sum of £388,000 has been identified at Month 8 (end November) which is an increase in underspend of £387,000 to that previously reported (£1,000 underspend) which is reflected in the Revenue Budget 2021/22 objective summary at Appendix 1 and detailed in section 2.

1.5 The savings requirement 2021/22 is £504,000. The current position shows we have delivered or are on course to deliver £454,000 (91%) of savings. IRMP implementation and Community Safety Restructure savings will not be achieved in full, whilst the reduction in admin cost saving of £25,000 (5%) linked to the introduction of the HSV part of the CRM project will not be delivered in the current financial year, for which mitigations are required.

1.6 The grants available total £6.2m, including grants brought forward from previous years, of which spending plans total £4.5m for the current year. The quarter 1 and 2 grant claims have been concluded, as summarised in Appendix 3, and detailed in section 5.

1.7 The five year Capital Strategy 2021/22 to 2025/26 was approved by the Fire Authority in February 2021 at £23,294,000 and updated to £23,885,000 including slippage of £364,000 brought forward from 2020/21, IRMP related vehicles, equipment and estates work. The revised 5 year Capital Programme is projected to underspend by £18,000 within Engineering as detailed in section 7 and summarised in Appendix 3.

1.8 The Capital Budget for 2021/22 was approved by the Fire Authority at £6,105,000 and updated to £6,625,000 including slippage of £364,000 brought forward from 2020/21 and IRMP related vehicles, equipment and estates work. A review of capital projects has identified slippage of £3,334,000 (50.3%) (Estates / Property £2,128,000, Fleet and Equipment £1,206,000) into 2022/23, as detailed within section 7 and summarised in Appendices 4 and 5.

1.9 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 £388,000 which is an increase in underspend from the forecasted underspend of £1,000 reported to Members at the November Policy & Resources Panel. This is summarised across divisions in Appendix 1 and detailed explanations are provided below.

2.2 **People Services:** There is a projected overspend of £70,000 as follows:

2.2.1 **HR:** Overspend of £25,000 in relation to the DCFO recruitment process.

2.2.2 **Training:** Overspend of £45,000 attributable to an overspend of £95,000 on firefighter recruitment training, offset by underspend on training, partially offset by overtime. The outstanding training budget will be discussed at the Strategic HR meeting in January at which point there will be greater clarity about the training outturn position.

2.3 **Resources/Treasurer:** There is an overall projected underspend of net £203,000 as follows:

2.3.1 **Estates:** Estates projects an overspend of £140,000 largely due to increased electricity (£80,000), cleaning costs (£40,000) and hired and contracted services (£144,000), which are offset by underspends on staff (£54,000), planned maintenance (£48,000) and improvement works (£26,000).

2.3.2 **ITG:** The I.T. Manager projects an under-spend of £343,000 (previously reported underspend £105,000) following an updated comprehensive review of the ITG revenue budget compared to known commitments. Additional underspend of £238,000 relates to underspends on CRM licences (£124,000), consultancy (£72,000), software (£36,000), integrated health & safety system with implementation delayed to 2022/23 (£23,000) and a number of small underspends across various headings (£5,000) offset by overspends on pay (£12,000) and wireless equipment (£10,000).

2.4 **Planning and Improvement:** The provisional outturn is an underspend of £26,000. (Underspends are expected in relation to consultancy (£15,000), postage (£3,000) and staff (£8,000) due to delays in recruiting to vacancies.

2.5 **Safer Communities:** The service projects an overall underspend of £5,000 (previously £92,000), which is shown across Areas in the table below:

Area	Budget £'000	Projected Outturn £'000	Month 8 Variation £'000	Month 6 Variation £'000
AD Safer Communities	108	103	(5)	(11)
Flexible Crewing Pool	250	0	(250)	(250)
IRMP	172	172	0	(25)
Central	5,378	5,554	176	204
West	7,598	7,863	265	265
East	5,486	5,374	(112)	(115)
Protection	1,724	1,574	(150)	(186)
Community Safety	920	991	71	26
Total Safer Communities	**21,636**	**21,631**	**(5)**	**(92)**

2.5.1 **AD Safer Communities:** Underspend of £5,000 on pay costs.

2.5.2 **Flexible Crewing Pool:** Underspend of £250,000 as IRMP crewing pool positions remain vacant and will not be filled this financial year, this is offset by staffing overspends elsewhere within Safer Communities.

2.5.3 **West and Central:** Projected overspend due to posts being over-establishment and additional overtime costs incurred as a result of challenges in crewing due to absences.

2.5.5 **East:** Underspend due to vacancies.

2.5.6 **Protection:** Underspend attributable to vacancies within the department, which are now filled.

2.5.7 **Community Safety:** Overspend relates to pressure from their un-achievable saving of £25,000 (detailed in Appendix 2) and staff costs, including recruitment of additional temporary staff.

2.6 **Operational Support & Resilience:** The provisional outturn is an underspend of £266,000 as follows:

2.6.1 **AD OSR:** Underspend of £8,000 expected in relation to equipment.

2.6.2 **Engineering:** Underspend of £139,000 expected (previously to budget). This relates to additional income for vehicle sales (£58,000), maintenance based on historic trends and adjusted for expected contracted out maintenance (£35,000) and equipment as the budget is based on an obsolete equipment replacement programme (£60,000). These are offset by an overspend of £14,000 on fuel as prices have risen by 21% since April

2.6.3 **Ops P&P:** Underspend of £23,000 expected. This relates to staffing, due to delays in recruiting (£12,000), hydrants (£5,000) and specialist training and equipment (£20,000) offset by the Logistics & Control Support Team (previously Resource Management Team) receiving 10% allowances from 1 September (£14,000).

2.6.4 **Control Room:** An underspend of £96,000 is expected. Additional overtime to cover vacancies during the delay in go live date and running costs continuing for Haywards Heath to year end are offset by savings due to carrying vacancies.

2.7 **Treasury Management:** This income budget is projected to overachieve by £7,000. Interest rates on investments have reduced significantly 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 £40,000 interest budget (reduced from £75,000 in 2020/21) and deliver additional income of £7,000.

2.8 **Non-Delegated Costs:** An overspend of £66,000 is projected. Overspend of £84,000 relates to previously approved ill health retirements (IHRs) and further IHRs expected this year. These costs are spread over three financial years. These are not controllable costs and it is possible the pressure will increase during the year once IHRs in the pipeline are confirmed. The financial information on recent approvals is awaited. This is offset by underspend of £18,000 in relation to compensation and unfunded pensions based on year to date information.

2.9 **Corporate Contingency:** This budget is intended to provide some flexibility for SLT to manage in-year budget pressures and was set at £341,000 for 2021/22. The total amount available has increased to £407,000 following approvals by SLT. Approved pressures total £363,000, as detailed in section 6. The remaining £44,000 has been reported as an underspend.

2.10 **Transfer to and from Reserves:** Underspend of £136,000 expected as the contribution to the Improvement and Efficiency reserve has been reduced to offset the section 31 business rates pressure. £257,000 of general fund reserves have been utilised to finance the in-year agreed 1.5% pay-award for staff on grey and gold book terms and conditions. The funding for green book staff will be provided following conclusion of national negotiations.

2.11 **Financing:** a pressure is identified of £136,000 due to the Section 31 business rates retention grant being budgeted at a higher rate than confirmed recently by the Home Office. The pressure has been offset by a reduction in contribution to the Improvement and Efficiency reserve. In addition, there is a pressure of £50,000 as a result of the amounts paid for the Government's compensation scheme for council tax and business rates are lower than budgeted figures.

3. REVENUE BUDGET AND CAPITAL PROGRAMME RISKS

3.1 **Covid 19:** The immediate financial impacts of Covid 19 in 2019/20 and 2020/21 have been funded (whole or in-part) by grant from Government. These included increased expenditure on PPE, staffing, shortfalls in fees and charges income and delays to capital projects resulting in significant revision to the Capital Programme. Covid 19 will continue to impact on the Authority's finances during 2021/22 where impact on both the Business Rate and Council Tax Collection Funds will be felt. There is currently £170,000 Covid grant held in reserve which is anticipated to be utilised in the current year (£110,084 drawn down in quarters 1 and 2).

3.2 **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 2024/25 onwards. The Authority will be directly liable for the cost of any Injury to Feelings claims and any additional administrative costs of implementing the remedy. The Government has also recently announced that it will not fund non scheme costs including unauthorised tax charges and scheme sanction charges in the current tax year. A Pension Admin grant of £47,000 is being held in reserves to fund expected pension administration software upgrade costs resulting from remedy implementation. In the light of potential additional unfunded costs an additional £100,000 has been allocated to the Pension Administration Reserve from contingency.

3.3 **Pay Award 2021/22:** Negotiations have concluded between unions and pay awarding bodies resulting in a 1.5% pay award for staff on gold and grey book terms and conditions, with the cost of £257,000 fully funded from general fund reserve.

3.3.1 There was no allowance made for an increase in all pay conditions in the budget following the Government's call for a pay freeze which causes an estimated ongoing funding issue of around £460,000 (full year) which will need to be resolved as part of the MTFP 2022/23+ process. The outcome of pay-award negotiations for green book staff is awaited, with the latest employer offer being 1.75%. For every 1% increase, this would cost an extra £67,000.

3.3.2 Following approval from SLT £117,000 has been transferred from the General Reserve to an earmarked reserve to cover the green book pay award.

3.4 **Potential Capital Project Cost Increases:** The impact of Brexit, Covid-19 and the Suez blockage are holding up construction projects across the nation. The dwindling supplies along with increased costs and long delivery times being experienced by the construction industry could impact on the Capital Programme. The Estates team are working to understand the potential financial impact and it is likely that this will become evidence as we move planned projects through procurement to delivery during the year.

4. SAVINGS PROGRAMME 2021/22

4.1 Appendix 2 summarises the net savings requirement 2021/22 of £504,000. Work is in ongoing with Service managers to identify and report actual delivery of savings compared to budgeted savings.

4.2 Current projections show we have delivered or are on course to deliver £454,000 (91%) of savings. IRMP implementation and Community Safety Restructure savings will not be achieved in full, whilst the reduction in admin cost saving of £25,000 (5%) linked to the introduction of the HSV part of the CRM project will not be delivered in the current financial year, for which mitigations are required.

R.A.G. Rating	£'000	
Delivered	(144)	29%
Part Delivered	(335)	66%
Not Delivered	(25)	5%
Total Net Savings	(504)	100%

5. GRANTS AND FEES & CHARGES INCOME COMPENSATION SCHEME

5.1 The Government has awarded grants for use on specific purposes and your officers will ensure these are delivered in accordance with grant conditions. These include grants awarded in year, brought forward from previous years where their spending plans fall over more than financial year and others that require development of spending plans. The amount available is £6.2m compared to agreed spending plans of £4.5m in 2021/22. The quarter 1 grant returns have been submitted, with the quarter 2 grant returns currently being prepared as summarised in Appendix 3.

5.2 The latest grants are detailed below:

5.3 **Covid-19:** This is to alleviate an increase in expenditure and shortfall in income relating to Covid-19. £170,000 has been brought forward in a grants reserve, of which £43,769 was spent in quarter 1 and a further £66,315 in quarter 2.

5.4 **Surge Protection Grant Funding:** this 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 further allocation of £421,366 has recently been awarded. A project group has been set up and delivery plans drawn up to ensure full use of the grant (£653,149 in 2021/22). The Service's plan for increasing capacity within its Protection function will require funding beyond that available through the Grant available. A further £0.3m is forecast to be required (in 2022/23 & 2023/24) and options for funding this are being explored through the budget setting process.

5.5 **Grenfell Infrastructure Fund:** £46,607 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.

5.6 **Fire Fighter Pension Scheme:** this is used towards the shortfall in employer's pension contributions and £1.7m has been received.

5.7 **Government Income Compensation Scheme for Fees and Charges:** In 2020/21, the Government launched a compensation scheme which provided for net budgeted fees and charges income loss due to the impact of Covid19 in accordance with the scheme principles. A claim for April to June 2021 has recently been submitted.

6. CONTINGENCY 2021/22

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 2021, the Fire Authority agreed a contingency of £341,000 for the 2021/22 financial year.

6.2 An additional £66,000 has been transferred to contingency following transfers of underspends in relation to fuel, transport, travel and subsistence due to Covid-19, as approved by SLT. This brought the total contingency amount available within 2021/22 to £407,000.

6.3 Commitments approved to date total £363,000. The remaining contingency balance is £44,000 following approvals by SLT, as detailed in the table below:

		£'000
Opening Balance 1 April 2021	**Lead**	**341**
Fuel and Transport Underspend agreed by SLT in August		39
Travel & Subsistence Underspend agreed by SLT in November		27
Available		**407**
P21 Change control part year impact	MO'B	23
Extension of Pension Adviser to 31/12/2021	DM	61
Pensions awareness training	DM	2
Finance Improvement Plan Resource	DS	62
HVP move to Seaford	DS	85
Extention of Pension Advisor to 31/03/2022	DM	30
Transfer to Pension Admin Reserve to cover unfunded costs	DM	100
Total Commitments		**363**
Amount Remaining end November 2021		**44**

7.0 CAPITAL PROGRAMME COMMENTARY

7.1 The original 2021/22 Capital Budget and five year Capital Strategy of £23,294,000 was approved by the Fire Authority on 11 February 2021. This is updated to £23,885,000 including slippage brought forward from 2020/21 of £364,000 and IRMP vehicles, equipment and estates work.

7.2 The Capital Programme is funded by: Capital Receipts Reserve £6,500,000, Capital Programme Reserves £4,709,000, Revenue Contributions to Capital £1,893,000, BR Pilot Economic Reserve £86,000, Community Infrastructure Levy (CIL) £289,000, Internal Borrowing £28,000 and New Borrowing £10,362,000 as shown in the table below. Overall, the revised 5 year Capital Programme is forecasted to come in underspent by £18,000, as summarised in Appendix 4.

	£'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 Approved Programme	6,105	7,682	3,673	2,892	2,942	23,294
Slippage from 2020/21	364	0	0	0	0	364
Addition to Fleet and Equipment	71	36	35	0	0	142
Addition to Estates	85	0	0	0	0	85
Underspend	(18)	0	0	0	0	(18)
*Slippage into 2022/23	(3,925)	3,925	0	0	0	0
Updated Capital Programme	**2,682**	**11,643**	**3,708**	**2,892**	**2,942**	**23,867**
Funded by:						
Capital Receipts Reserve	2,483	4,017	0	0	0	6,500
Capital Programme Reserve	0	3,209	500	500	500	4,709
Revenue Contributions to Capital	85	452	452	452	452	1,893
BR Pilot Economic Reserve	86	0	0	0	0	86
CIL	0	289		0	0	289
MRP / Internal Borrowing	28	0	0	0	0	28
New Borrowing / Need to Borrow	0	3,676	2,756	1,940	1,990	10,362
Updated Capital Programme	**2,682**	**11,643**	**3,708**	**2,892**	**2,942**	**23,867**

7.3 **Capital Funding** – the sale of the old Fort Rd site in Newhaven to Lewes District Council for £525,000 is proceeding with a 10% deposit received in 2020/21 and the balance due subject to planning this year. There is a risk that the amount received will be lower than originally agreed as Lewes DC has experienced problems with its planning application. 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.

7.4 The **Capital Budget 2021/22** was approved by the Fire Authority at £6,105,000 and updated to £6,625,000 (Property £3,148,000 and Fleet and Equipment £3,477,000) including slippage of £364,000 brought forward from 2020/21 and £71,000 IRMP related pool cars and vehicles and £85,000 for alterations to Seaford.

7.5 A review of the 2021/22 capital budget by officers has identified significant slippage to the value of £3,925,000 (59.2%) (Estates / Property £2,719,000, Fleet and Equipment £1,205,000) into 2022/23 and additional underspend of £18,000 within Fleet, as summarised in Appendices 5 and 6.

7.5.1 The Estates / Property slippages totalling £2,719,000 relate to delays at Preston Circus due to an identified operational issue which required resolution and resulted in a 9 month delay, with work not expected to commence this financial year and in addition there has been delays in relation to the four Design Guide stations due to significant end-user engagement and further consultation to revisit and develop the agreed schemes and detailed scrutiny of tender documents. Additional slippage of £889,000 is reported since P6 which is due to delays in the tender process for the Design Guide stations, with work starting at Hove in April, rather than February as originally planned. Estates are currently reviewing the overall capital programme and spend profiles and have put in place further risk assessments and management measurements to ensure programmes progress as planned and any slippages are reported as early as possible.

7.5.2 The Fleet underspend is £1,223,000, of this £1,205,000 relates to slippage. Underspend of £18,000 relates to duplicate budget for a van purchase. The slippage is due to delays in chassis deliveries due to the global shortages of semi-conductors and the capacity within the Engineering team to deliver the replacement vehicles in 2021-22 as planned. A review of the programme has resulted in additional slippage of £261,000 since P7, with vehicles expected to be built in quarter 1 2022/23.

8. RESERVES 2021/22

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 £22,961,000 including the provisional net underspend 2020/21 of £386,000 brought forward in an earmarked reserve.

8.3 The forecast net drawdown from reserves totals £7,643,000 compared to the original planned net drawdown of £9,972,000. This is a net reduction in drawdown of £2,329,000 resulting in an estimated balance at 31 March 2022 of £15,318,000 as summarised in the table below and detailed over individual reserves in Appendix 7.

		Original Planned Net Transfers	Forecast Net Transfers	Net change	Month 8
	Balance @ 1 April 2021	2021/22	2021/22	2021/22	Balance @ 31 March 2022
	£'000	£'000	£'000	£'000	£'000
Earmarked Reserves	14,973	(4,663)	(5,368)	(705)	9,605
General Fund	1,960	210	(164)	(374)	1,796
Total Revenue Reserves	**16,933**	**(4,453)**	**(5,532)**	**(1,079)**	**11,401**
Total Capital Reserves	6,028	(5,519)	(2,011)	3,508	4,017
Total Usable Reserves	**22,961**	**(9,972)**	**(7,543)**	**2,429**	**15,418**

8.4 The net changes are explained in section 8.5 below. Work continues with budget managers to confirm the planned use of revenue and capital reserves in 2021/22.

8.5 The main reasons for the overall net reduction in forecast drawdown from reserves of £2,329,000 are as follows:

8.5.1 **Earmarked Reserves - Increase of (£705,000)**

- £422,000 – share of Business Rates Pool, based on the final 20/21 pool monitoring
- (£577,000) – use of grant funding brought forward on eligible expenditure according to grant spending plans (Covid-19, Protection, Council Tax and Business Rates Guarantee Scheme, New Dimensions etc.)
- (£65,000) - reduced commitments on the Improvement and Efficiency Reserve including £136,000 to finance over budgeting S31 business rates retention.

- (£1,579,000) - re-profiling of projects linked to P21 funded from the mobilising strategy reserve

- (£309,000) - use of provisional net underspend 2020/21 brought forward in Carry Forward reserve on in-year priorities

- £713,000 – delayed drawdown to future years on ESMCP readiness reserve

- (£20,000) – use of ITG Strategy to fund resource support for the Finance Improvement Programme

- £46,000 – allocation of remaining Protection grant funding

- £50,000 – decision not to fund Demand Reduction Manager

- £50,000 – return to People Strategy reserve in relation to Appraisals and HR Intelligence

- £347,000 – delayed drawdown from Sprinklers Reserve

- £117,000 – from general reserve for green book pay award at 1.75% prior to formal agreement.

- £100,000 – allocation from contingency to fund additional unfunded pensions costs

8.5.2 **General Fund Reserve – Increase of (£374,000)**

- (£257,000) due to the financing of 1.5% for staff on gold and grey book terms and conditions.
- (£117,000) transferred to earmarked reserve for green book pay award, yet to be formally agreed.

8.5.3 **Capital Reserves – Decrease of £3,508,000**

- (£364,000) – due to the slippage in capital schemes brought forward from 2020/21 for completion in 2021/22 (refer to capital section 7 above).

- (£71,000) – inclusion of IRMP related pool cars and equipment (refer to capital section 7 above).

- £3,925,000 – due to slippage of capital projects into 2022/23

- £18,000 – due to expected underspend on Engineering capital projects

9. BORROWING AND INVESTMENT

9.1 As at end November, the Authority held cash balances of £22,600,000 which are invested in accordance with the Treasury Management Strategy, as follows:

Counterparty	Duration	Amount	Interest Rate
		£m	%
Aberdeen Cash Money Market Fund	Overnight Access	4.000	0.01
Barclays	95 Day Notice	4.000	0.15
Deutsche Cash Money Market Fund	Overnight Access	2.600	0.02
Goldman Sachs	95 Day Notice	4.000	0.18
Goldman Sachs	Fixed to 04/02/22	1.000	0.19
Natwest	35 Day Notice	2.000	0.10
Santander	95 Day Notice	4.000	0.40
Standard Chartered	Fixed to 25/05/22	1.000	0.29
Total Investments		**22.600**	

9.2 Further work is in progress to confirm the forecast level of drawdown from reserves during the year. The current forecast of a reduction in reserves of £7.643m mean that the Service will need to monitor its liquidity and cashflow closely during the year and this may involve giving notice on some of its existing investments. Finance continues to work with the ESCC Treasury Management team to improve cash-flow monitoring. In the last month the Service has placed £1m in a Standard Chartered 6 month fixed term Environmental, Social and Governance (ESG) account, on the basis that the yield was consistent with other similar non ESG accounts
.

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 seeing an impact as Banks reduce their rates on investments, resulting in lower interest receivable. Latest modelling indicates the income of around £47,000 can be achieved, £7,000 above the budgeted level of £40,000. The interest income budget was reduced from £75,000 to £40,000 for 2021/22 to reflect the planned reduction in funds available for short term investment and the reduction in interest rates.

9.4 The Authority has borrowing totalling £10,298,000 and there is no impact on the interest payable, as these are subject to fixed interest rate deals.

Revenue Budget 2021/22 – Objective Summary

	Original Budget	Revised Budget	Projected Outturn	Month 8 Variance	Variance	Variance Month 6 Reported to P&R	Variance From Last Reported
	£'000	£'000	£'000	£'000	%	£'000	
Peoples Services	3,813	3,843	3,913	70	1.8	(10)	80
Resources/Treasurer	7,855	7,931	7,728	(203)	(2.6)	15	(218)
Planning and Improvement	1,222	1,203	1,177	(26)	(2.2)	(26)	0
Total Deputy Chief Fire Officer	**12,890**	**12,977**	**12,818**	**(159)**	**(1.2)**	**(21)**	**(138)**
Safer Communities	21,462	21,636	21,631	(5)	(0.0)	(93)	88
Operational Support	4,739	4,679	4,413	(266)	(5.7)	(59)	(207)
Total Assistant Chief Fire Officer	**26,201**	**26,315**	**26,044**	**(271)**	**(1.0)**	**(152)**	**(119)**
CFO Staff	781	782	759	(23)	(2.9)	(23)	0
Treasury Management	875	960	953	(7)	(0.7)	(7)	0
Non Delegated costs	(1,348)	(1,211)	(1,145)	66	5.5	66	0
Corporate Contingency	341	44	0	(44)	(100.0)	0	(44)
Covid-19	0	0	0	0	0.0	0	0
Transfer from Reserves	(597)	(874)	(874)	0	0.0	0	0
Transfer to Reserves	1,561	1,711	1,575	(136)	(7.9)	0	(136)
Total Corporate	**1,613**	**1,412**	**1,268**	**(144)**	**(10.2)**	**36**	**(180)**
Total Net Expenditure	**40,704**	**40,704**	**40,130**	**(574)**	**(1.4)**	**(137)**	**(437)**
Financed By:							
RSG	(3,226)	(3,226)	(3,226)	0	0.0	0	0
Council Tax	(28,303)	(28,303)	(28,303)	0	0.0	0	0
Business Rates	(7,801)	(7,801)	(7,801)	0	0.0	0	0
Covid-19 Local Tax Support Grant	(474)	(474)	(474)	0	0.0	0	
S31 Grants	(833)	(833)	(697)	136	16.3	136	0
Collection Fund Surplus/Deficit	(68)	(68)	(18)	50	(73.5)	0	50
Total Financing	**(40,704)**	**(40,704)**	**(40,518)**	**186**	**0.5**	**136**	**50**
Total Over / (Under) Spend	**0**	**0**	**(388)**	**(388)**	**0.1**	**(1)**	**(387)**

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Savings Programme 2021/22

Division	Team	Responsible Officer	Business Area Lead Name	Description	Savings 2021/22	Projection 2021/22	At Risk	R.A.G Rating	Business Area Lead Comments
					£'000	£'000	£'000	Select Status	
All	All	All	All	Travel & subsistence (one year only)	(16)	(16)	0	Part Delivered	Given continued Covid lockdown until late July and likelihood that homeworking and virtual meetings / training will continue as part of new working arrangements then ongoing reductions in travel and subsistence costs should be deliverable across the Service.
All	All	All	All	Stationery contract savings	(10)	(10)	0	Part Delivered	Reduced budgets subject to regular monitoring
RT	Estates	Duncan Savage	Nicky Boruch	Estates Strategy revenue maintenance savings.	(40)	(40)	0	Part Delivered	Savings targets under review by Estates Manager. If targetted savings cannot be delivered through efficiencies will aim to manage through underspend in revenue maintenance budget.
RT	Estates	Duncan Savage	Nicky Boruch	Cessation of HQ shuttlebus service	(18)	(18)	0	Delivered	Shuttlebus service ceased in 2020/21
RT	Corporate	Duncan Savage	Duncan Savage	Reduce Corporate Contingency (one year only)	(106)	(106)	0	Delivered	Reduced contingency reported to SLT and monitored through monthly reporting.
RT	ITG	Duncan Savage	Ken Pearce	IT Strategy - delay some projects from 21/22 to 22/23 (one year only)	(100)	(100)	0	Delivered	Delayed projects agreed through budget setting.
RT	Procurement	Duncan Savage	Claire George / All	Category Strategy Savings	(25)	(25)	0	Part Delivered	Savings will be delivered through year as procurements are concluded. Procurement Manager to provide analysis of areas targetted.
PS	Training	Doug Marshall	Chris Baker	STC Catering contract savings	(4)	(4)	0	Part Delivered	Yr 1 saving on contract relet then Yr 2 reduction in ingredient costs
PS	Training	Doug Marshall	Chris Baker	Abatement cost savings	(5)	(5)	0	Delivered	
SC	Business Safety	Julie King	George O'Reilly	Abatement cost savings	(5)	(5)	0	Delivered	
SC	Community Safety	Julie King	David Kemp	Community Safety - Adaptations contract income target (net of contract costs)	(15)	(15)	0	Delivered	
SC	Community Safety	Julie King	David Kemp	Community Safety Restructure	(79)	(54)	(25)	Part Delivered	This overall saving is linked to a number of smaller savings that have been identified, some have been realised
SC	Community Safety	Julie King	David Kemp	Reduction in administration costs in Safer Communities	(25)	0	(25)	Not Delivered	This saving is linked to the introduction of the HSV part of the CRM project.
SC	All OPS	Mark Matthews	Fleur Wilks	Savings arising from the Implementation of IRMP 2020-2025 including operational policy and practice	(146)	(146)	(93)	Part Delivered	Subject to regular governance and scrutiny at IRMP Board and Strategic Board. Re-basing of budget in progress taking account of timing differences and policies.
OSR	Emergency Planning	Hannah Scott-Youldon	Matt Elder	Abatement cost savings	(5)	(5)	0	Delivered	
OSR	Engineering	Hannah Scott-Youldon		Fuel (one year only)	(15)	(15)	0	Part Delivered	Reduced budgets subject to regular monitoring
				Total Gross Savings	(614)	(564)	(143)		
	Central / Finance	Duncan Savage		Use of BR Pooling to support service delivery (fall-out of 2020/21 saving -one year only)	50	50		Delivered	
OSR	Engineering	Hannah Scott-Youldon		Engineering - cutting equipment purchased early (fall out of 2020-21 saving - 1 year only)	60	60		Delivered	
				Total Net Savings	(504)	(454)	(143)		

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Grants and Spending Plans 2021/22

Grants Requiring Claims	Lead AD	*Grant Brought Forward 1 April 2021	Grant 2021/22	Total Available Grant	Spending Plan 2021/22	Claim Quarter 1	Claim Quarter 2	Claim Quarter 3	Claim Quarter 4	Balance Remaining
		£	£	£	£	£	£	£	£	£
Accreditation Grant Funding	Julie King	22,737	0	22,737	22,737	0	-	0	0	0
COVID - 19	Duncan Savage	170,032	0	170,032	170,032	43,769	66,315	0	0	0
ESMCP - LTR Regional	Hannah Scott-Youldon	309,000	0	309,000	260,000	53,316	30,547	0	0	49,000
**ESMCP - Infrastructure	Hannah Scott-Youldon	1,425,000	0	1,425,000	0	0	-	0	0	1,425,000
Grenfell Infrastructure Fund	Hannah Scott-Youldon	46,607	0	46,607	46,607	24,796	12,939	0	0	0
Surge Protection Grant Funding - Protection Uplift	Julie King	277,957	421,366	699,323	653,149	60,536	113,055	0	0	46,174
Surge Protection Grant Funding -BRR	Julie King	76,773	-	76,773	76,773	49,266	27,507	0	0	0
		2,328,105	**421,366**	**2,749,472**	**1,229,298**	**231,683**	**250,363**	0	0	**1,520,174**

Grants - No Claims Requirement	Lead AD	*Grant Brought Forward 1 April 2021	Grant 2021/22	Total Available Grant	Spending Plan 2021/22	Comments	Balance Remaining
		£	£	£	£		£
BR losses 75% grant	Duncan Savage	4,000	0	4,000	1,333	Planned to use over 3 years 2021/22 to 2023/24	2,667
CT losses 75% grant	Duncan Savage	85,000	0	85,000	28,333	Planned to use over 3 years 2021/22 to 2023/24	56,667
Section 31 Business Rates Retention	Duncan Savage	1,309,000	0	1,309,000	1,309,000	Planned to use in 2021/22	0
Firelink	Duncan Savage	0	216,100	216,100	216,100	Planned to use on ITG Strategy Projects in 2021/22	0
New Dimensions	Hannah Scott-Youldon	26,000	27,430	53,430		Spending plan being developed	53,430
Pensions Grant	Duncan Savage	0	1,700,000	1,700,000	1,700,000	Planned to use in 2021/22	0
Responding to New Risks	Hannah Scott-Youldon	24,000	-	24,000		Spending plan being developed	24,000
Total		**1,448,000**	**1,943,530**	**3,391,530**	**3,254,767**		**136,763**
Overall Total Grants		**3,776,105**	**2,364,896**	**6,141,002**	**4,484,064**		**1,656,937**

Notes:
* the grants brought forward are held in earmarked reserves (Appendix 7)
** planned to spend 2022/23 and 2023/24
*** 2021/22 grants will be added as annouced by Government

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Capital Programme 2021/22 to 2025/26

Capital Programme Expenditure 2021-22 to 2025-26	Total Budget £'000	Total Previous Year's Spend £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	Remaining Spend £'000	Variance £'000
Property									
Shared Investment Schemes									
Integrated Transport Project	1,000	0	200	800	0	0	0	**1,000**	0
- Partner contribution	0							**0**	
Integrated Transport Project net cost	**1,000**	**0**	**200**	**800**	**0**	**0**	**0**	**1,000**	**0**
One Public Estate									
- Heathfield	50	8	8	34	0	0	0	**42**	0
- Partner contribution	0							**0**	
- Heathfield net cost	**50**	**8**	**8**	**34**	**0**	**0**	**0**	**42**	**0**
- Lewes	251	5	0	0	246	0	0	**246**	0
- Partner contribution	0	0						**0**	0
- Lewes net cost	**251**	**5**	0	**0**	**246**	**0**	**0**	**246**	**0**
- Preston Circus	3,138	87	827	2,224	0	0	0	**3,051**	0
- Partner contribution	0	0						**0**	0
- Preston Circus net cost	**3,138**	**87**	**827**	**2,224**	**0**	**0**	**0**	**3,051**	**0**
- Uckfield	101	7	0	0	94	0	0	**94**	0
- Partner contribution	0	0						**0**	0
- Uckfield net cost	**101**	**7**	0	**0**	**94**	**0**	**0**	**94**	**0**
Total Shared Investment Schemes	**4,540**	**107**	**1,035**	**3,058**	**340**	**0**	**0**	**4,433**	**0**
Strategic Schemes									
- Replacement Fuel Tanks	492	332	160	0	0	0	0	**160**	0
- Partner contribution	(292)	(292)	0	0	0	0	0	**0**	0
- Replacement fuel tanks net cost	**200**	**40**	**160**	**0**	**0**	**0**	**0**	**160**	**0**
Design Guide Schemes	5,605	355	1160	1015	874	1008	1193	**5,250**	0
BA Chambers works	399	399	0	0	0	0	0	**0**	0
STC live fire Training	1,340	0	225	1115	0	0	0	**1,340**	0
Sustainability	277	21	131	75	50	0	0	**256**	0
Security	215	60	25	50	40	20	20	**155**	0
Total Strategic Schemes	**8,036**	**875**	**1,701**	**2,255**	**964**	**1,028**	**1,213**	**7,161**	**0**
Seaford HVP Alterations	**85**		**85**	**0**	**0**	**0**	**0**	**85**	0
General Schemes	**1,498**	**826**	**327**	**100**	**100**	**75**	**70**	**672**	0
Total Property	**14,159**	**1,808**	**3,148**	**5,413**	**1,404**	**1,103**	**1,283**	**12,351**	**0**
Information Management									
- Sussex Control Centre	1,643	1,643	0	0	0	0	0	**0**	0
- Grant funds	(1,643)	(1,643)	0	0	0	0	0	**0**	0
Sussex Control Centre net cost	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Fleet and Equipment									
- Vehicle cameras	118	0	118	0	0	0	0	**118**	0
- Grants funds	(118)	0	(118)	0	0	0	0	**-118**	0
- Vehicle cameras net cost	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
RPE Project	1,128	1,128	0	0	0	0	0	**0**	0
- grant funds	(10)	(10)	0	0	0	0	0	**0**	0
Telemetry	70	0	70					**70**	0
Special Projects	**1,188**	**1,118**	**70**	**0**	**0**	**0**	**0**	**70**	**0**
Aerials	2,201	695	5	743	758	0	0	**1,506**	0
Aerial Rescue Pump	22	22	0	0	0	0	0	**0**	0
Fire Appliances	6,591	1,377	1,740	891	877	861	845	**5,214**	0
Ancillary Vehicles	2,915	480	1,149	381	391	368	146	**2,435**	0
Cars	1,765	281	352	290	64	272	506	**1,484**	0
Vans	1,670	915	108	0	179	288	162	**737**	(18)
Equipment	70	0	35	0	35	0	0	**70**	0
Total Fleet and Equipment	**16,422**	**4,888**	**3,459**	**2,305**	**2,304**	**1,789**	**1,659**	**11,516**	**(18)**
Total Property	**14,159**	**1,808**	**3,148**	**5,413**	**1,404**	**1,103**	**1,283**	**12,351**	**0**
Total Expenditure	**30,581**	**6,696**	**6,607**	**7,718**	**3,708**	**2,892**	**2,942**	**23,867**	**(18)**

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Capital Budget 2021/22

Capital Programme Expenditure	CFA 11 Feb,Budget 2021/22	Slippage from 2020/21	P & R 22/7/21	SLT 20/10/21	Total Budget 2021/22	Projected spend 2021/22	Variance	Variance due to slippage	% Variance	Variance Reported at P6 P&R	Variance from Last Report
	£'000	£'000	£'000		£'000	£'000	£'000	£'000	%	£000	
Property											
Shared Investment Schemes											
Integrated Transport Project	180	20			200	5	(195)	(195)	(97.5)	(195)	0
- Partner contribution											
Integrated Transport Project net cost	**180**	**20**	**0**		**200**	**5**	**(195)**	**(195)**	**(97.5)**	**(195)**	**0**
One Public Estate											
- Heathfield		8			8	10	2		0.0	2	0
- Partner contribution											
- Heathfield net cost	**0**	**8**	**0**		**8**	**10**	**2**	**0**	**0.0**	**2**	**2**
- Preston Circus	750	77			827	30	(797)	(797)	(96.4)	(797)	0
- Partner contribution											
- Preston Circus net cost	**750**	**77**	**0**		**827**	**30**	**(797)**	**(797)**	**(96.4)**	**(797)**	**0**
Total Shared Investment Schemes	**930**	**105**	**0**		**1,035**	**45**	**(990)**	**(992)**	**(95.7)**	**(990)**	**0**
Strategic Schemes											
- Replacement Fuel Tanks	193	27			220	38	(182)	(182)	(82.7)	(182)	0
- Partner contribution	0	(60)			(60)	0	60	60	0.0	60	0
- Replacement fuel tanks net cost	**193**	**(33)**	**0**		**160**	**38**	**(122)**	**(122)**	**(63.2)**	**(122)**	**0**
Design Guide Schemes	1,335	(175)			1,160	150	(1,010)	(1,010)	(87.1)	(256)	(754)
STC Live Fire Training	200	25			225	25	(200)	(200)	(88.9)	(175)	(25)
Sustainability	100	31			131	45	(86)	(86)	(65.6)	(86)	0
Security	20	5			25	3	(22)	(22)	(88.0)	(12)	(10)
Total Strategic Schemes	**1,848**	**- 147**	**-**	**-**	**1,701**	**261**	**(1,440)**	**(1,440)**	**(392.8)**	**(651)**	**(789)**
Seaford HVP Alterations				85	85	85	0	0	0.0	0	0
General Schemes	**227**	**100**			**327**	**40**	**(287)**	**(287)**	**(87.8)**	**(187)**	**(100)**
Total Property	**3,005**	**58**	**0**	**85**	**3,148**	**431**	**(2,717)**	**(2,719)**	**(86.3)**	**(1,828)**	**(889)**
Fleet and Equipment											
Telemetry											
- Telemetry	70				70	0	(70)	(70)	(100.0)	(70)	0
Special Projects	**70**	**0**	**0**		**70**	**0**	**(70)**	**(70)**	**(100.0)**	**(70)**	**0**
Aerial Rescue Ladder		5			5	5	0	0	0.0	0	0
Fire Appliances	1,461	279			1,740	1740	0	0	0.0	0	0
Ancillary Vehicles	1,149				1,149	145	(1,004)	(1,004)	(87.4)	(706)	(298)
Cars	316		36		352	265	(87)	(87)	(24.7)	(169)	82
Vans	104	22			126	63.6	(62)	(45)	(49.5)	0	(62)
Equipment			35		35	35	0	0	0.0	0	0
Total Fleet and Equipment	**3,100**	**306**	**71**		**3,477**	**2,254**	**(1,223)**	**(1,206)**	**(35.2)**	**(945)**	**(279)**
Total Expenditure	**6,105**	**364**	**71**	**85**	**6,625**	**2,685**	**(3,940)**	**(3,925)**	**(59.5)**	**(2,773)**	**(1,167)**

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Engineering Capital Budget 2021/22

	CFA 11 Feb,Budget 2021/22	Slippage from 2020/21	P & R 22/7/21	Total Budget 2021/22	Projected spend 2021/22 Reported	Variance	Variance due to slippage	Variance
	£	£	£	£	£	£	£	%
Aerial Appliances								
Aerial Ladder Platform GX04BMY STN 76		5,000		5,000	5,000	0	0	0.0
Fire Appliances								
Appliances 19/20 GX05ABZ		9,000		9,000	9,000	0	0	0.0
Replace GX56NWP	195,800	90,000		285,800	285,800	0	0	0.0
Replace GX57EUK	195,700	90,000		285,700	285,700	0	0	0.0
Replace GX57EUR	195,600	90,000		285,600	285,600	0	0	0.0
Replace GX57EUN	291,300			291,300	291,300	0	0	0.0
Replace GX57EUP	291,300			291,300	291,300	0	0	0.0
Replace GX57EUT	291,300			291,300	291,300	0	0	0.0
Ancillary Vehicles								
Replacing Y87GNJ GP Truck Stn 84								
Replace Land rover GX02AZO								
Animal Rescue GX51 UBM	145,000			145,000	145,000	0	0	0.0
Replacing Land Rover GX03 AXM	100,000			100,000	0	(100,000)	(100,000)	(1.0)
Wildfire Vehicle 2019/20 GX53AZU	98,000			98,000	0	(98,000)	(98,000)	(1.0)
Wildfire Vehicle GX53 AZV	100,000			100,000	0	(100,000)	(100,000)	(1.0)
Replacing foam special (OSU) OU04 VNW	200,000			200,000	0	(200,000)	(200,000)	(1.0)
Replace GX56NWR	253,000			253,000	0	(253,000)	(253,000)	(1.0)
Replace GX56NWS	253,000			253,000	0	(253,000)	(253,000)	(1.0)
Cars 21-22								
GV18ABF	40,500			40,500	0	(40,500)	(40,500)	(1.0)
GX15JUY	28,700			28,700	28,700	0	0	0.0
GX15JVA	28,700			28,700	28,700	0	0	0.0
GX15JVC	28,700			28,700	28,700	0	0	0.0
GX15JVD	28,600			28,600	28,600	0	0	0.0
GX15JVE	28,600			28,600	28,600	0	0	0.0
GX15JVF	28,600			28,600	28,600	0	0	0.0
GX15JVG	28,600			28,600	28,600	0	0	0.0
GX15JVH	28,600			28,600	28,600	0	0	0.0
GX64DXE	11,600			11,600	0	(11,600)	(11,600)	(1.0)
GX64DXF	11,600			11,600		(11,600)	(11,600)	(1.0)
GX64DXG	11,600			11,600		(11,600)	(11,600)	(1.0)
GX64DXH	11,600			11,600	0	(11,600)	(11,600)	(1.0)
Pool Cars			36,000	36,000	36,000	0	0	0.0
Vans								
Vans 20/21 - GX15 JJK SSO van		5,000		5,000	5,000	0	0	0.0
Vans 20/21 - Station Van (76 Shift)		17,000		17,000	17,000	0	0	0.0
GX64DXZ	14,900			14,900	0	(14,900)	(14,900)	(1.0)
GX64DYA	14,900			14,900	0	(14,900)	(14,900)	(1.0)
GX64DYB	14,900			14,900	0	(14,900)	(14,900)	(1.0)
GU16LVH	41,600			41,600	41,600	0	0	0.0
New Station Van 6	17,700			17,700	0	(17,700)	0	(1.0)
Equipment			35,000	35,000	35,000	0	0	0.0
Telemetry	70,000			70,000	0	(70,000)	(70,000)	(1.0)
Total Fleet and Equipment	**3,100,000**	**306,000**	**71,000**	**3,477,000**	**2,253,700**	**(1,223,300)**	**(1,205,600)**	**(35.2)**

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Reserves 2021/22

Description	Opening Balance	2021/22	2021/22	2021/22	2021/22	2021/22	2021/22	2021/22	Projected Closing Balance	Lead AD
	01/04/2021	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	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Earmarked Reserves										
Business Rate Pool Reserve	319	0	(50)	(50)	422	(58)	364	414	683	Duncan Savage
Business Rates Retention Pilot - economic development	86	0	(86)	(86)	0	(86)	(86)	0	0	Duncan Savage
Business Rates Retention Pilot - financial stability	112	0	0	0	0	0	0	0	112	Duncan Savage
Capital Programme Reserve	2,209	500	0	500	500	0	500	0	2,709	Duncan Savage
Covid-19	170	0	0	0	0	(106)	(106)	(106)	64	Duncan Savage
ESMCP ESFRS readiness	1,425	0	(713)	(713)	0	0	0	713	1,425	Hannah Scott-Youldon
ESMCP Regional Programme	309	0	(307)	(307)	0	(226)	(226)	81	83	Hannah Scott-Youldon
Improvement & Efficiency	546	286	(300)	(14)	286	(365)	(79)	(65)	467	Duncan Savage
Insurance	249	0	0	0	0	0	0	0	249	Duncan Savage
ITG Strategy	4,137	565	(2,016)	(1,451)	623	(2,036)	(1,413)	38	2,724	Duncan Savage
Mobilising Strategy	2,425	0	(846)	(846)	0	(2,425)	(2,425)	(1,579)	0	Hannah Scott-Youldon
People Strategy	40	0	(40)	(40)	50	(40)	10	50	50	Doug Marshall
Sprinklers	640	0	(347)	(347)	0	0	0	347	640	Hannah Scott-Youldon
BRR - Protection Uplift - Accreditation & RPL	23	0	0	0	0	(23)	(23)	(23)	0	Julie King
BRR - Protection Uplift - Building Risk Review	77	0	0	0	0	(77)	(77)	(77)	0	Julie King
BRR - Protection Uplift - Grenfell / Infrastructure	47	0	0	0	0	(47)	(47)	(47)	0	Hannah Scott-Youldon
BRR - Protection Uplift - Protection	278	0	0	0	46	(278)	(232)	(232)	46	Julie King
Business Rate Tax Income Guarantee Scheme (75%)	4	0	0	0	0	(1)	(1)	(1)	3	Duncan Savage
Council Tax Income Guarantee Scheme (75%)	85	0	0	0	0	(28)	(28)	(28)	57	Duncan Savage
New Dimensions Grant	26	0	0	0	0	(26)	(26)	(26)	0	Hannah Scott-Youldon
Pensions Administration	47	0	0	0	100	(47)	53	53	100	Doug Marshall
Responding to New Risks	24	0	0	0	0	(24)	(24)	(24)	0	Hannah Scott-Youldon
S31 Business Rate Retention Reliefs	1,309	0	(1,309)	(1,309)	0	(1,309)	(1,309)	0	0	Duncan Savage
Carry Forwards	386	0	0	0	0	(309)	(309)	(309)	77	Duncan Savage
Pay Award - Green Book	0	0	0	0	117	0	117	117	117	Duncan Savage
Total Earmarked Reserves	**14,973**	**1,351**	**(6,014)**	**(4,663)**	**2,144**	**(7,512)**	**(5,368)**	**(706)**	**9,605**	
General Fund	1,960	210	0	210	210	(374)	(164)	(374)	1,796	Duncan Savage
Total Revenue Reserves	**16,933**	**1,561**	**(6,014)**	**(4,453)**	**2,354**	**(7,886)**	**(5,532)**	**(1,079)**	**11,401**	
Capital Receipts Reserve	6,028	472	(5,991)	(5,519)	472	(2,483)	(2,011)	3,608	4,017	Duncan Savage
Total Capital Reserves	**6,028**	**472**	**(5,991)**	**(5,519)**	**472**	**(2,483)**	**(2,011)**	**3,608**	**4,017**	
Total Usable Reserves	**22,961**	**2,033**	**(12,005)**	**(9,972)**	**2,826**	**(10,369)**	**(7,543)**	**2,429**	**15,418**	

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EAST SUSSEX FIRE AUTHORITY

Panel	Policy and Resources
Date	20 January 2022
Title of Report	Fire Authority Service Planning processes for 2022/23 and beyond – Revenue Budget 2022/23 and Capital Asset Strategy 2022/23 to 2026/27
By	Chief Fire Officer and Assistant Director Resources / Treasurer
Lead Officer	Alison Avery, Finance Manager

Background Papers

Fire Authority Service Planning processes for 2021/22 and beyond – Revenue Budget 2021/22 and Capital Strategy 2021/22 to 2025/26: Fire Authority 11 February 2021.

2022/23 to 2026/27 Strategic Service Planning and Medium Term Financial Plan: Fire Authority 2 September 2021

Economic and Fiscal Outlook, October 2021- Office of Budget Responsibility.

Bank of England Monetary Policy Report – November 2021

Appendices

A – Medium Term Finance Plan 2022/23 – 2026/27
B – Revenue Budget Summary 2022/23
C – Fees and Charges
D – Capital Asset Strategy 2022/23 – 2026/27
E – Reserves and Balances Policy
F – Precept for 2022/23
G – Establishment 2022/23
H – Local Government Financial Settlement (provisional) Core Spending Power of Combined Fire Authorities
I – Equality Impact Assessment

Implications

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

PURPOSE OF REPORT	To present the Fire Authority's draft Revenue Budget 2022/23, Capital Strategy 2022/23 – 2026/27 and Medium Term Finance Plan for 2022/23 – 2026/27 for initial consideration prior to its formal consideration by the Fire Authority at its meeting on 10 February 2022.

EXECUTIVE SUMMARY

The Authority's budget proposals for 2022/23 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 16 December with a consultation period to 13 January 2022
- 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 £0.826m of savings in 2022/23.

This report outlines proposals for setting a balanced revenue budget for 2022/23, including commitments, growth bids and new savings. The Government conducted a Comprehensive Spending Review (CSR) 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.

Although the CSR covered a three year period, the Government has announced a one year settlement for 2022/23 only. The provisional LGFS delivered a better settlement than the Authority had expected, primarily because of an additional £0.535m Services Grant, which is un-ringfenced and expected to cover costs such as pay, inflation, increase in National Insurance contributions and other pressures. However, this grant is for one year only. Fire pensions grant was not baselined into the LGFS but we expect this to be extended for a further year at the same level as in the current financial year. The Provisional LGFS did not grant additional council tax flexibility for the fire service, maintaining the referendum threshold at 2%, excepting those eight services in the bottom quartile who were granted flexibility to increase their precept by £5.

At the time of writing a number of key elements of the budget setting process remain outstanding:

- Confirmation of fire specific grants e.g. pensions and protection surge from the Home Office (HO)
- Final information on the council taxbase, business rates and collection fund positions from the billing authorities

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%.

There remains significant uncertainty for funding for 2023/24 and beyond and the Authority will need to remain flexible in its approach to its financial planning. The Government is expected to implement its review of the local government funding formula and make changes to the business rates system for 2023/24 which could impact on the quantum and distribution of fire funding. There remain severe financial pressures post Covid-19 across health and local government sectors and competing policy priorities both within and outside the Home Office. Given this, the future for public finance remains challenging. There also remains a series of other risks for the Authority to consider in setting its budget and MTFP which are set out in this Report.

In order to balance the budget in 2022/23 a total of £0.432m will be funded from reserves. This includes £0.200m to support investment in protection services beyond the one-off grant funding provided by Government. The use of reserves to balance the budget is a legitimate approach where it assists with smoothing the impact/delivery of planned savings, but the approach cannot form an ongoing part of budget setting as it is not financially sustainable.

The revised MTFP (mid case scenario) shows a need to deliver further savings of £1.533m in the revenue budget by 2026/27. It is essential that the Authority focuses on identifying additional savings that will enable it to balance its revenue budget against the mid case scenario from 2023/24 onwards. If these cannot be found from the efficiency areas of focus set out in paragraph 6.7.2 of this report then the Authority will need to consider other options including the revisiting of options proposed but not adopted as part of its IRMP 2020-25.

The Capital Asset Strategy (CAS) reflects the Authority's identified capital investment requirements for the next five years. 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 2022/23 additional work will be undertaken to review the sustainability of the Capital Asset Strategy and its required funding. This will be informed by further review of the Fleet and Equipment Strategy and Phase 2 of the review of the Estates Strategy.

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. The MTFP includes a number of measures to support financial sustainability over the medium term including additional contributions from the revenue budget into the General Balances and a number of earmarked reserves to maintain some flexibility for future investment and reduce reliance on borrowing for maintaining and replacing existing capital assets.

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;

   (d) that the Home Office has still to announce the quantum and allocation of fire specific grants for 2022/23; and

   (e) 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. Recommend that the Fire Authority, subject to any changes as a result of recommendation 1, 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 £41.718m for 2022/23;
      (ii) the council tax requirement of £29.240m; 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 £7.250m for 2022/23 including the plans to use CIL, capital receipts, revenue contributions and new borrowing to finance capital expenditure;

   (c) that the General Balance remains below the Authority's policy minimum of 5% of the net revenue budget until 2024/25.

   (d) the fees and charges set out in Appendix C;

   (e) the use of reserves as follows to balance the revenue budget in 2022/23:
      - £0.2m from Sprinkler reserve

- £0.2m from BR Pool reserve (to fund investment in protection services)
- £0.032m from Financial Stability reserve

(f) 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.

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1. INTRODUCTION

1.1 The report sets out the proposed Revenue Budget for 2022/23, a revised MTFP for 2022/23 to 2026/27 as well as the proposed CAS and Capital Programme for the Authority for the period 2022/23 to 2026/27 for the Panel to consider. The report is based on the latest information available, but Members should note that 2022/23 represents a one-year settlement and may 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 2022/23 for Fire Authorities (excepting those in the bottom quartile) and that remains the basis of our modelling as agreed by the Fire Authority at previous meetings.

1.3 The Government has issued a one year Provisional LGFS for 2022/23. This means that there is still significant uncertainty about the Authority's funding for 2023/24 onwards.

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 £1.448m including £0.578m identified as part of the 2022/23 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 and the use of reserves.

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 has conducted a three year Comprehensive Spending Review (CSR21) but has only provided a one year funding settlement. This is believed in part to be due to the Government's intention to implement the Fairer Funding Review for 2023/24 and also make changes to the business rates retention system. Both are expected to be influenced by the Government's levelling up agenda. Whilst the Fairer Funding Review will not lead to immediate changes in the fire funding formula (this is expected for the next CSR) it could influence the division of fire funding through its treatment of council tax and any changes to the area cost adjustment. Alongside this, issues such as the supply chain disruption, 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 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 2022/23 will depend heavily on these factors. Our scenario modelling (mid case) indicates the requirement to make savings of £1.003m in 2023/24, £1.523m in 2024/25, £1.513m in 2025/26 and £1.533m in 2026/27.

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 vaccine rollout has allowed the economy to reopen, with recovery faster than previously anticipated and expected growth of 6.5% in 2021. UK GDP rose by 1.5% in Q3 2021 and is expected to rise in Q4, despite supply chain disruption, with an expectation it will be back to its pre-pandemic levels in Q1 2022.

2.2 The official UK bank interest rate was increased to 0.25% from 0.10% in December 2021, having been at 0.10% since March 2020 as the Bank of England sought to respond to the economic shock of Covid-19. The cost of borrowing through the Public Works Loan Board (PWLB) remains low. The PWLB 25 year certainty rate is currently 2.1% and is expected to remain below 2.5% until at least the end of 2023.

2.3 The Government continues to set the target for CPI at 2%. The November 2021 figure was over 3% and the OBR expects it to rise further in the near term, peaking at around 5% in April 2022. CPI is then expected to fall back materially, with it projected to be a little above the target in two years' time and just below it in three years' time.

3. NATIONAL FUNDING

3.1 The CSR21 announced in November 2021 set out a more positive settlement for the fire sector nationally than had been anticipated, with core spending power increasing for East Sussex by 4.1%, the lowest of any CFA and below the sector average of 4.7%. However this increase is primarily due to the provision of £0.535m in one off Service Grant which is intended to cover all pay and price inflation including the increase in employer's National Insurance contributions. The Home Office is yet to confirm sector specific grants, but it is expected the Fire Pensions Grant will remain at £1.7m for 2022/23.

3.2 The LGFS proposes a council tax referendum threshold of 2% for fire authorities. The Authority and the sector nationally have 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. The £5 precept flexibility has been offered only to those eight CFAs in the bottom quartile.

3.3 The Provisional LGFS was released on 16 December 2021 and is in line with expectations set out in CSR. 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) is as set out in the provisional LGFS
- Additional Service Grant received to cover pay, inflation, National Insurance contributions and other pressures
- that the council tax referendum threshold will be set at 2%
- that the East Sussex Business Rate Pool continues for 2022/23 and any income will be transferred into the earmarked reserves (given current uncertainty regarding business rates the Authority does not budget for Pool income).

- that the 2021/22 pensions grant will be extended at the same level for another year, although this is yet to be confirmed by the HO.

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 2022/23 and beyond.

3.5 The Local Government Finance Report (England) 2022/23 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 10 February 2022. 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 2023/24 and beyond and the Authority will need to remain flexible in its approach to its financial planning. The Government has conducted a three year Comprehensive Spending Review (CSR21) but has only provided a one year funding settlement. This is believed in part to be due to the Government's intention to implement the Fairer Funding Review for 2023/24 and also make changes to the business rates retention system. Both are expected to be influenced by the Government's levelling up agenda. Whilst the joint National Fire Chief's Council (NFCC) / Local Government Association (LGA) CSR21 Submission was well argued and apparently well received in Government, the outcome was mixed. A 4.7% average increase in Core Spending Power, primarily due to the additional one-off Service Grant, the expected extension of the pension grant and additional precept flexibility but only for Fire Authorities in the bottom quartile. 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 funding continues to be challenging.

3.7 Part of the Sector's offer to Government through CSR was to deliver improvements in both productivity and efficiency and work continues through the NFCC's Productivity and Efficiency Group to develop this, particularly how to define and track improvements in operational productivity.

3.8 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 2021/22 actual data and announcements relating to the one-year LGFS supported by modelling provided by Local Government Futures.

3.9 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 in 2020/21 and 2021/22 and was expected to be rolled into the settlement baseline for 2022/23. Whilst the Government has not yet made an announcement about sector specific grants, we understand that the pension grant will remain a direct grant from the HO for 2022/23 and in the MTFP, we have assumed that the 2021/22 grant will continue at the same value for the life of the MTFP (£1.735m).

3.10 There has been no announcement on specific grants for the fire service to date. The Authority has assumed cash flat for 2022/23 and beyond for ongoing grants such as Firelink and New Dimensions, but has assumed no additional income from protection grants at this stage. We understand that further funding may be made available to the sector in 2022/23 but at a lower level than in previous years.

3.11 As part of the LGFS the Government has not announced any further Covid-19 grant funding for the fire sector for 2022/23. The balance of the Tax Income Guarantee Scheme (TIG) grant received in 2021/22 will continue to be used to offset collection fund losses incurred as a result of Covid-19 in 2020/21 but accounted for in 2021/22, 2022/23 and 2023/24. Current assumptions are based on the information provided by Government so far, but this may change when the TIG second instalment due in January 2022 is confirmed.

4. MEDIUM TERM FINANCIAL PLAN

4.1 The MTFP (Appendix A) reflects the modelling for 2022/23 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 detail and 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 2023/24 to 2026/27 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:

- 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
- changes to the local government funding formula expected for 2023/24 will have a neutral impact on the distribution of fire funding
- 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 based on current forecasts to 2026/27.
- An increase in council tax base of 1.3% for 2022/23, an increase of 0.75% 2023/24, and an increase of 1% 2024/25 thereafter;
- Increases of 1.99% in council tax in 2022/23 and thereafter;
- Provision for pay increases of 2% for all staff in 2022/23 and thereafter;
- Provision for price increases of 2% in 2022/23 and 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 and 2021/22.
- The continued 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 in 2022/23.

4.3 Following a review by the East Sussex Finance Officers Association (ESFOA) an application to continue the East Sussex Business Rate Pool in 2022/23 was made and approval was confirmed in the provisional LGFS. Any member authority can decide to withdraw from the Pool before the consultation deadline of 13 January but this means that the whole Pool will cease. This decision was delegated, at the Policy & Resources Panel meeting on 11 November 2021, to the Assistant Director Resources / Treasurer after consultation with the Chairman and the Chief Fire Officer. The Authority has not budgeted for any Pool income in 2022/23 and any income received will be transferred into the Business Rate Pool Reserve. 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 £0.271m in 2022/23 net of the release of S31 grants held in reserves and the relevant amount of TIG grant.

4.5 For 2022/23 pay inflation for all terms and conditions is 2%. 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 2022/23 revenue budget is 2% and the remainder of the MTFP is 2%. As noted earlier in this report the OBR forecast is for CPI to remain above the Government's 2% target for the next two years which could result in additional budgetary pressures. Additional inflationary pressures for specific items such as utilities, catering and timber have been provided for in the MTFP.

4.7 The MTFP as currently presented uses the 1.99% council tax increase for 2022/23 and for the duration of the MTFP in line with the modelling assumptions previously agreed with the Authority.

4.8 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;
- 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 remaining two years of the three year Comprehensive Spending Review
    - the impact of the Fairer Funding Review
    - proposals for changes to the business rates system
- The impact of local growth and additional housing, road and commercial risks;
- Any further development of local devolution proposals;
- the outcomes of the expected White Paper on the role of Police & Crime Commissioners and any impacts locally 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.

4.9 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 £0.251m in 2022/23 increasing to £0.335m by 2026/27.

4.10 In order to produce a balanced budget for 2022/23 a total of £0.432m will be funded by reserves. This includes £0.200m to support investment in protection services beyond the one-off grant funding provided by Government. The use of reserves to balance the budget is a legitimate approach where it assists with smoothing the impact/delivery of planned savings, but the approach cannot form an ongoing part of budget setting as it is not financially sustainable.

4.11 The following financial sustainability provisions have been added into the MTFP:

- Increased contributions to the capital programme reserve, up to £2m by 2026/27
- Additional provision of £0.2m a year from 2024/25 to support further improvement and efficiency
- Provision of £0.5m to fund ESN and other IT projects beyond the current IT strategy
- Transfer of £0.442m to the general reserve to return to the reserve to the 5% policy minimum by 2024/25

4.12 In overall terms the assumptions set out in the report mean that the revised MTFP shows a balanced budget in 2022/23 and then a need to deliver savings of £1.003m in 2023/24, £1.523m in 2024/25, £1.513m in 2025/26 and £1.533m by 2026/27.

4.13 Due to the uncertainty over future funding levels an additional two scenarios have been modelled:

- Best case – assumes that the one-off Service Grant of £0.535m is rolled into the baseline from 2023/24 and there is an increase of 2% pa on Settlement Funding Assessment thereafter
- Worse case – assumes a reduction of 5% pa on Settlement Funding Assessment

Under the worse case scenario required savings rise to £3.798m by 2026/27, whereas the saving requirement reduces under the best case scenario, peaking at £0.733m in 2024/25.

5. PROJECTED REVENUE POSITION 2021/22

5.1 The revised Service Revenue Budget for 2021/22 is £40.704m. Based on figures to the end of November 2021, and as reported elsewhere on this Agenda, the revenue budget is forecast to underspend by £0.388m.

5.2 The underspend is a forecast and cannot be relied upon to provide additional funds. If an underspend does materialise, then it is proposed this is utilised to reduce reliance on existing reserves to fund the revenue budget in 2022/23.

6. REVENUE BUDGET 2022/23

6.1 Impact of national funding changes on local position

6.1.1 The Revenue Budget Summary for 2022/23 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.

Table 1: Summary of Impact of Local Government Finance Settlement

	2022/23 £'000
Locally Retained Business Rates	2,594
Top Up Grant	5,170
Business Rates Baseline	7,764
Revenue Support Grant	3,325
Service Grant Allocation	535
Settlement Funding Assessment	**11,624**
Estimated value of Business Rates Pool	0
S31 Grant - Business Rates Adjustment	1,125
Total for comparative purposes	**12,749**
As reported to Fire Authority September	11,724
Increase/(decrease) in funding	**1,025**

6.1.2 The Authority's council tax base for 2022/23 is calculated as 294,258.70, an increase of 1.30% on 2021/22. This increase tax base combined with a council tax increase of 1.99% yields additional income of £0.938m. In comparison, the tax base decreased for 2021/22 by 0.64% and increased for 2020/21 by 0.63%.

6.1.3 Overall, current forecasts for Collection Funds indicate a deficit of £0.271m in 2022/23 net of the release of S31 grants held in reserves and the relevant amount of TIG grant.

Table 2: Movement in Resources

	2022/23 Latest position £'000	2022/23 Fire Authority September 2021 £'000	Increase / (Decrease) £'000
Locally Retained Business Rates	2,594		
Business Rates Top up	5,170		
Business Rates Baseline	7,764		
Revenue Support Grant	3,325		
Service Grant Allocation	535		
Settlement funding assessment	**11,624**	**11,027**	**597**
Section 31 Grant Business Rates adjustment	**1,125**	**697**	**428**
Collection Fund Surplus / (Deficit) Council Tax and Business Rates	(1,136)	(169)	(967)
Covid-19 Collection Fund 75% compensation	29	29	0
Release from reserves	836	0	836
Collection Fund	**(271)**	**(140)**	**(131)**
Council Tax Requirement	29,240	28,951	290
Total Resources	**41,718**	**40,535**	**1,183**

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 2022/23 this Authority's increase in core spending power is assessed as 4.1% which is lower than the fire sector average of 4.7%. Out of 29 standalone fire authorities this is the second lowest increase with Hereford & Worcester at 4.0% and North Yorkshire at 4.1%. Eight authorities have increases of 5.0% or more with Cleveland the highest at 5.4% (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 rather than the actual 2022/23 figure. Almost a third of the Authority's cash increase in CSP for 2022/23 is accounted for by the one-off Service Grant. 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 2021/22 shows that this Authority ranks fourth highest out of 20 combined fire authorities. The Authority's Band D tax for 2021/22 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 the significant uncertainty for future funding

6.3.2 The Authority has since 2010/11 achieved £9.973m of operational and non-operational savings. The current MTFP has a savings of an additional £1.448m 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 2022/23 Revenue Budget has been prepared against a background of continued uncertainty regarding future funding for public services.

Table 3: Summary of Net Budget Requirement

	£'000	Change %
Original Estimate 2021/22	**40,704**	
Pay inflation	590	1.45%
Non pay inflation	227	0.56%
Changes in capital financing	(25)	(0.06%)
Commitments and bids	1,480	3.64%
Savings	(826)	(2.03%)
Reserve funding	(432)	(1.06%)
Original Estimate 2022/23	**41,718**	**2.49%**

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 submissions[1] 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 2022/23 and any feedback from this process will be included in the final report to Fire Authority on 10 February 2022.

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 increase in pay it is proposed to increase the fees and charges in line with this inflation.

6.6 **Main Variations**

6.6.1 In setting the 2022/23 Revenue Budget a number of commitments have already been agreed, either previously as part of the 2021/22 budget setting or from the

2022/23 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: 2022/23 Budget Commitments

Budget Pressures	**Directorate**	**Current position £'000**
Removal of temporary increases		
Contribution to I&E Reserve	Corporate	(286)
Remove Interim Control Room	OSR	(526)
Reversal of resilience funding	SC	(120)
Existing service pressures (approved Feb 2021)		
Fleet strategy adjustments	OSR	36
Joint Fire Control full year effect	OSR	613
Dry riser testing – reinstatement of income target	SC	(20)
Maritime – transition to ship alongside – delayed removal of allowance	SC	(6)
IRMP Implementation team	SC	2
Reduced Treasury Management income	Corporate	20
New Service pressures		
Protection Apprentices	SC	200
Procurement of timber (excess inflation)	PS	41
Catering food costs (excess inflation)	PS	13
Ill health retirements	PS	120
Logistics control support team allowances	OSR	13
Software licences	P&I	5
Insurance	RT	28
SAP Maintenance and hosting	RT	12
Electricity (excess inflation)	RT	70
Gas (excess inflation)	RT	8
Water (excess inflation)	RT	7
Cleaning	RT	49
Winshuttle for Firewatch	RT	2
CRM Power Platform	RT	35
CRM Support Uplift	RT	7
Wide Area Network – new contract	RT	93
Joint Fire Control – BOSS and DCT licences	RT	28
Business Intelligence SQL licences	RT	19
Staff Pay – impact of 21/22 pay award	All	366
Staff Pay – incremental pay progression and change to pension contribution averages	All	93
NI increase	All	230
Total Pressures		**1,152**
Budget Bids		

Originating in 2021/22 budget setting process		
Training suite for EDI	PS	10
Leadership Development Training	PS	15
Development of toolkit resource (reversal of one-off funding)	PS	(45)
Rewards & benefits strategy	PS	10
Mentoring system development	PS	15
Grievance training (reversal of one-off funding)	PS	(10)
Korn Ferry – salary structure review	PS	30
Staff survey (reversal of one-off funding)	PS	(10)
Appraisal process (reversal of one-off funding)	PS	(40)
HR Operating models	PS	10
Firefighter recruitment	PS	340
Flu vaccinations	PS	(6)
Return general balances to 5% minimum (reversal of one-off funding)	Corporate	(210)
Bids 2022/23		
Technical pensions resource (two years only)	PS	60
Additional pensions resource (one-off only)	PS	40
Accessibility module	PS	1
Online testing	PS	15
BA washing machine feasibility study (one-off only)	OSR	15
Joint Fire Control – additional GM post	OSR	24
Finance Improvement Plan (£40k one-off)	RT	65
Total Bids		**329**
Overall Total		**1,481**

6.6.2 The main variations reflect:

- Mobilising – the removal of the old SCC budget and the inclusion of full year effect for the cost of the new tri-partite service.
- Fleet Strategy adjustments – reflecting the additional equipment costs related to the high number of new appliances due to be delivered in 2022/23.
- 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
- National Insurance – increase of 1.25% to fund NHS and social care.
- Ill Health Retirements – to fund the pressure due to the increased number of retirements expected.
- Firefighter Recruitment – the Service has determined that it needs to run regular whole time firefighter recruitment and training over the MTFP to reflect it expected retirement profile. This commenced during 2021/22 and costs totalling £1.005m over the MTFP.
- Technical / Additional Pensions Resource – extension of technical pension resource to support Service in relation to Immediate Detriment cases and the

implementation of the FPS Remedy, and provision of extra processing resource in 2022/23 only.

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 £11.421m of which £9.973m will have been delivered by the end of 2021/22. The MTFP includes savings of £0.827m for 2022/23 and savings of £1.448m over the duration of the MTFP. These are shown in table 5 below:

Table 5: Savings

Div	Team	Description	2022/23	2023/24	2024/25	2025/26	2026/27	Net savings
			£'000	£'000	£'000	£'000	£'000	£'000
RT	Estates	Estates Strategy revenue maintenance savings.	(45)	(45)	(45)	(45)	(45)	(225)
All	All	Travel & subsistence	16	0	0	0	0	16
OSR	Engineering	Fuel	15	0	0	0	0	15
PS	HR	Firewatch Project	(25)	0	0	0	0	(25)
PS	Training	STC Catering contract savings	(6)	0	0	0	0	(6)
RT	ITG	IT Strategy - delay some projects from 21/22 to 22/23	100	0	0	0	0	100
RT	Procurement	Category Strategy Savings	(25)	(25)	(25)	(25)	0	(100)
SC	All ops	IRMP Savings	(130)	(79)	(77)	(108)	(71)	(465)
PS	Training	Catering contract	(6)	0	0	0	0	(6)
PS	Training	Deep cleaning contract	(2)	0	0	0	0	(2)
PS	Training	First Aid training	(9)	0	0	0	0	(9)
PS	Training	IOSH training	(3)	0	0	0	0	(3)
PS	Training	CMI leadership	(2)	0	0	0	0	(2)
PS	HR/Payroll	Firewatch Benefits Realisation	0	(12)	(13)	0	0	(25)
OSR	Engineering	C-trak extension	(5)	0	0	0	0	(5)
OSR	AD	Equipment	(8)	0	0	0	0	(8)
OSR	Ops P&P	External Training	(1)	0	0	0	0	(1)
OSR	Ops P&P	Equipment	(1)	0	0	0	0	(1)
OSR	Ops P&P	Hydrants Repairs	(2)	0	0	0	0	(2)
OSR	Ops P&P	Subscription (Services)	(4)	0	0	0	0	(4)
SC	Groups	RDSO Post	(50)	0	0	0	0	(50)
SC	Community Safety	Education Team	(40)	0	0	0	0	(40)
SC	All	Advert & Publicity	(43)	0	0	0	0	(43)
P&I	PMO	Consolidation of Project Management capacity	(25)	0	0	0	0	(25)
P&I	Comms	External Printing	(10)	0	0	0	0	(10)
P&I	Comms	Stationery	(1)	0	0	0	0	(1)
P&I	Comms	Postage	(4)	0	0	0	0	(4)

P&I	P&I	Advert & Publicity	(1)	0	0	0	0	(1)
P&I	P&I	Car Allowances	(1)	0	0	0	0	(1)
P&I	P&I	Consultants Fees	(10)	0	0	0	0	(10)
P&I	P&I	Officer Subsistence	(1)	0	0	0	0	(1)
P&I	Dem Services	Subscriptions	(1)	0	0	0	0	(1)
P&I	Dem Services	Member conferences	(1)	0	0	0	0	(1)
RT	Finance	Insurance	0	(15)	(15)	0	0	(30)
RT	Finance	Non pay budgets	(10)	0	0	0	0	(10)
RT	Procurement	Accommodation & conference fees	(2)	0	0	0	0	(2)
RT	ITG	Password Management	(15)	0	0	0	0	(15)
RT	ITG	CAM Management	(3)	0	0	0	0	(3)
RT	ITG	Telent Contract	(63)	3	(8)	(12)	48	(32)
Central	Contingency	Reduce contingency (one year only)	(97)	60	0	0	0	(37)
RT	ITG	Control - IT	(218)	0	0	0	0	(218)
RT	ITG	IT Strategy - delay some projects from 22/23 to 23/24	(33)	33	0	0	0	0
SC		CRM	(55)	(100)	0	0		(155)
		Total Proposed Savings	**(827)**	**(180)**	**(183)**	**(190)**	**(68)**	**(1,448)**

6.7.2 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 2022/23 for delivery from 2023/24 onwards. These are in addition to efficiencies that have already been built into the MTFP e.g. IRMP, Estates Strategy, CRM and Firewatch. 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
- Process Digitisation
- Administration Review
- Fleet & Equipment Strategy
- Review of Senior / Middle Management
- Shared Engineering Service
- Tripartite Mobilising Service– operational / joint working efficiencies
- Post Covid ways of working

Work has commenced on a number of these areas in 2021/22 but progress as a whole has been limited both as a result of Covid-19 and other Service priorities. It is essential that there is real focus on these areas in order that potential cashable efficiency options are identified and can be taken to balance the budget from 2023/24 onwards.

7. CAPITAL PROGRAMME

7.1 The Capital Asset Strategy (CAS) reflects the Authority's identified capital investment requirements for the next five years. During 2022/23 further work will be undertaken to review the sustainability of the Capital Asset Strategy and its required funding.

7.2 The main change in the CAS is the additional investment in training facilities for both Live Fire Training (at Service Training Centre, STC) and Multi-purpose Training Hubs (at STC and three other stations). These investments are essential to ensure that operational competency can be maintained and enhanced. The total cost of these schemes in the CAS has increased by £3.761m to £5.101m. This has been offset in part by reductions in cost of the replacement of some fleet assets, particularly Aerial Ladder Platforms, and the reprofiling of the Estates Strategy.

7.3 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 reductions of £29,000 in 2022/23, £176,000 in 2023/24 and £10,000 in 2024/25 as borrowing is delayed due to slippage and reprofiling of the capital programme, with increases of £122,000 in 2025/26 and £320,000 in 2026/27 as new borrowing is required. As at 31 March 2022 the Authority's debt will be £10.298m and is forecast to stand at £21.812m by the end of the MTFP. The total revenue costs of borrowing (MRP and interest) will increase by £0.646m to £1.557m over the MTFP.

7.4 In order to move towards a more sustainable approach to funding the capital programme it is proposed that for planning purposes revenue funding for the CAS is increased gradually over the life of the MTFP from £0.5m (2022/23) to £2.0m (2026/27). The principal being that normal replacement and maintenance of existing capital assets can wherever possible be funded from revenue and that additional borrowing is required only to fund new projects, where a business case has been made that takes into account the cost of borrowing against any savings. Further work to assess the cost of the CAS over the longer term and validate the underlying cost of replacement / maintenance will be undertaken in 2022/23.

Table 6: Change in Capital Investment 2021/22 to 2026/27

	Total resource £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	*2025/26 £'000*	*2026/27 £'000*
2022/23 Strategy							
Fleet	12,475	2,271	3,521	2,105	1,763	1,559	1,215
Property	15,696	429	3,729	3,719	2,878	2,779	1,873
IMD	0						
Total Cost	**28,171**	**2,700**	**7,250**	**5,824**	**4,641**	**4,378**	***3,088***
2021/22 Strategy							
Fleet	11,157	3,100	2,305	2,304	1,789	1,659	
Property	12,208	3,005	5,413	1,404	1,103	1,283	
IMD							
Total Cost	**23,365**	**6,105**	**7,718**	**3,708**	**2,892**	**2,942**	
Increase / (Decrease) in planned spend							
Fleet	1,318	(829)	1,216	(199)	(26)	(100)	1,215
Property	3,488	(2,576)	(1,684)	2,315	1,775	1,496	1,873
IMD	0	0	0	0	0	0	*0*
Total Increase / (Decrease)	**4,806**	**(3,405)**	**(468)**	**2,116**	**1,749**	**1,396**	***3,088***

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 In order to produce a balanced budget for 2022/23 a total of £0.432m will be funded from reserves (£0.2m Sprinkler reserve, £0.2m BR Pool reserve and £0.032m Financial Stability reserve). This is a legitimate approach where it assists with smoothing the impact/delivery of planned savings, however this approach cannot form an ongoing part of budget setting as it is not financially sustainable

8.4 The Authority holds a number of earmarked reserves to support the delivery of a range of strategies and projects. 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 £467,000. Further contributions of £200,000 a year from 2024/25 will be made to the Improvement and Efficiency reserve to support further work. The I.T. reserve is topped up annually from the revenue budget (by £592,000 a year from 2022/23) to deliver the IT strategy and a one off additional payment of £0.25m is planned for 2025/26.

8.5 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. The NFCC has published a more recent survey covering 2020/21 but the results are significantly skewed by the impact of Covid-19 both in delays in projects funded by reserves and by Authorities holding significant levels of unspent specific grants. 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 2022/23. A summary of the forecast year end reserves and balances position is set out in table 7 below.

8.6 The general reserve is currently 4.58% of the revenue budget during 2022/23. The MTFP includes provision for increasing the reserve by £0.442m over 2023/24 and 2024/25 to return the reserve to the 5% minimum as per the policy.

TABLE 7: Summary of Forecast Reserves

	31/03/2022 £'000	31/03/2023 £'000	31/03/2024 £'000	31/03/2025 £'000	31/03/2026 £'000	31/03/2027 £'000
Capital Programme Reserve	2,709	0	48	429	1,143	2,191
Other Earmarked Reserves	8,205	3,034	2,565	935	830	722
Total Earmarked Reserves	**10,914**	**3,034**	**2,690**	**1,364**	**1,973**	**2,913**
General Fund	1,796	1,796	2,017	2,238	2,238	2,238
Capital Receipts	4,017	0	0	0	0	0
Total Useable Reserves	**16,727**	**4,830**	**4,630**	**3,602**	**4,211**	**5,151**

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. This report sets out how the Authority plans to use reserves to balance its budget in 2022/23 and whilst this is an appropriate approach in the short term, it is not sustainable over the longer term. It is essential that the Authority focuses on identifying additional savings that will enable it to balance its revenue budget from 2023/24 onwards. If these cannot be found from the efficiency areas of focus set out in paragraph 6.7.2 of this report then the Authority will need to consider other options including the revisiting of options proposed but not adopted as part of its IRMP 2020-25.

9.2 Given the continuing uncertainty around funding after 2023/24, the planned reduction in the Authority's reserves, 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. Other budget proposals are not assessed to impact on any protected characteristics at this stage, other than a small additional cost for the accessibility module of the Authority's e-recruitment system.

APPENDIX A

MEDIUM TERM FINANCIAL PLAN 2022/23 – 2026/27

	2022/23	2023/24	2024/25	2025/26	2026/27
	£'000	£'000	£'000	£'000	£'000
Gross Revenue Service Budget	**42,495**	**42,719**	**43,382**	**43,983**	**44,543**
Less					
Specific grants	(1,790)	(1,790)	(1,791)	(1,791)	(1,792)
Other income	(483)	(487)	(492)	(497)	(502)
Total income	**(2,273)**	**(2,277)**	**(2,282)**	**(2,288)**	**(2,293)**
Net Service Budget	**40,222**	**40,442**	**41,100**	**41,695**	**42,250**
Capital financing costs less interest receivable	866	886	1,152	1,349	1,547
Capital expenditure from the Revenue Account	0	0	0	0	0
Transferred from reserves	(462)	(100)	0	0	0
Transferred to reserves	1,092	1,866	2,435	2,565	2,792
Total Net Expenditure	**41,718**	**43,093**	**44,686**	**45,609**	**46,589**
Net Budget brought forward	**40,704**	**41,718**	**43,093**	**44,686**	**45,609**
Unavoidable cost pressures					
Pay inflation	590	603	607	612	621
Price inflation	227	241	241	250	251
Total inflation	**817**	**844**	**848**	**862**	**872**
Changes in Capital Financing	(25)	10	266	197	199
Budget commitments	1,480	568	661	54	(23)
Savings approved	(826)	(179)	(182)	(190)	(68)
Reserve Funding	(432)	132	0	0	0
Total Net Expenditure	**41,718**	**43,093**	**44,686**	**45,609**	**46,589**
Sources of Funding	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**2026/27**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Locally Retained Business Rates	2,594				
Business Rate Top Up	5,170				
Business Rates Baseline	**7,764**				
Revenue Support Grant	3,325				
Settlement Funding Assessment	**11,089**	**12,214**	**12,214**	**12,214**	**12,214**
Service Grant Allocation	535				
Section 31 Grant Business Rates adjustment	1,125				
Collection Fund (Deficit) / Surplus	(1,136)	(200)			
Release of S31 Reserve	836				
Covid-19 Collection Fund Deficit 75% compensation CT & BR	29	29			
Collection Fund (Deficit) / Surplus (Adjusted)	**(271)**	**(171)**	**0**	**0**	**0**
local council tax support grant					
Council Tax Requirement	**29,240**	**30,047**	**30,949**	**31,882**	**32,842**
Total Resources Available	**41,718**	**42,090**	**43,163**	**44,096**	**45,056**
Additional Savings Required / (surplus)	**(0)**	**1,003**	**1,523**	**1,513**	**1,533**
Refreshed MTFP - best case scenario - Service grant baselined in 23/24 and SFA increase 2% from 24/25		468	733	463	217
Refreshed MTFP - worse case scenario - SFA reduce 5%		1,614	2,714	3,255	3,798

APPENDIX B

REVENUE BUDGET OBJECTIVE SUMMARY

	2021/22 Original Estimate £'000	2022/23 Original Estimate £'000
People Services	3,813	4,338
Resources/Treasurer	7,855	8,179
Planning and Improvement	1,222	1,248
Total Deputy Chief Fire Officer	**12,890**	**13,765**
Safer Communities	21,462	21,964
Operational Support	4,739	4,566
Total Assistant Chief Fire Officer	**26,201**	**26,530**
CFO Staff	781	805
Treasury Management	875	870
Non delegated costs	(1,348)	(1,108)
Corporate Contingency	341	251
Transfers from Reserves	(597)	(487)
Transfers to Reserves	1,561	1,092
Total Corporate	**1,613**	**1,423**
Total Net Expenditure	**40,704**	**41,718**

APPENDIX B

REVENUE BUDGET SUBJECTIVE SUMMARY

	2021/22 Original Estimate £'000	2022/23 Original Estimate £'000
Salaries, Allowances and On-costs	29,604	30,212
Training Expenses	754	981
Other Employees Costs	46	47
Employee Costs	**30,404**	**31,240**
Repair, Maintenance and Other Costs	1,294	1,405
Utility Costs	1,230	1,322
Premises Costs	**2,524**	**2,727**
Vehicle Repairs and Running costs	1,023	1,058
Travel Allowances and Expenses	79	95
Transport Costs	**1,102**	**1,153**
Equipment and Supplies	1,338	1,433
Fees and Services	3,962	4,091
Communications and Computing	1,847	1,973
Other Supplies and Services	301	223
Supplies and Services	**7,448**	**7,720**
Sums set aside from revenue	428	412
Interest Payments	483	474
Capital Financing	**911**	**886**
Grants and Contributions	(2,304)	(2,270)
Interest Received	(40)	(20)
Other Income	(305)	(323)
Income	**(2,649)**	**(2,613)**
Transfers from reserves	(597)	(487)
Transfers to reserves	1,561	1,092
Total Net Expenditure	**40,704**	**41,718**
Financed By:		
Council Tax	(28,302)	(29,240)
Business Rates	(7,801)	(7,764)
Revenue Support Grant	(3,226)	(3,325)
Service Grant Allocation	0	(535)
Covid-19 Local tax support grant	(474)	0
S31 Grants	(833)	(1,125)
Collection Fund Surplus/Deficit	(68)	271
Total Funding	**(40,704)**	**(41,718)**

FEES AND CHARGES **APPENDIX C**

WITH EFFECT FROM 1 APRIL 2022

Fee	**Existing Fees 2021/22 £**	**New Fees 2022/23 £**
The hiring of a major pumping appliance with crew per hour	304	315
The hiring of other pumping vehicles with crew per hour	245	254
The hire of hydraulic platforms or turntable ladders with crew per hour	329	341
Large animal rescue per hour	304	315
Dry Riser (subsequent test at the owner's request):		
First Dry Riser	228	236
Additional Dry Risers	149	154
Interviews: *		
- Insurance co. etc.	149	154
- After two hours	97	100
Copy of Petroleum Licences *	37	38
Copy plans *	42	43
Standby at Venue	304	315
Fire Investigation Report	327	338
Chemical Protection Suit	171	177
Commercial Training Customers Site (per session up to 20 delegates):		
- Fire Marshal / Warden training (4 hours)	599	620
- Fire Extinguisher training (3 hours)	599	620
- Fire Awareness (3 hours)	599	620
Commercial Training One day course (per delegate)	187	193
Commercial Training Fire Safety at work (1 day, per delegate)	179	185
Commercial Training Fire Talk (without practical, 1 to 3 hours)	350	362
Inspection of Plans for Marriage Act 1994 *	126	130
Environmental search fees *	118	122

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

APPENDIX D

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 - Capital Programme

Since the publication of the Estates Strategy in 2018 there have been a number of key developments and changes such as the withdrawal of key partners from Shared Investment Schemes, the impact of Brexit and the pandemic on costs and necessary additional scope requests. This has required a review of scope versus available budget and led to the Capital Projects realignment, approved by the Estates Strategy Delivery Board in December 2021

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.

As reported in the last version of the Capital Asset Strategy planned Estates works have been re-packaged with generic upgrades e.g. heating, roofing etc rand rolled into Design Guide schemes for each station to achieve better value for money. In addition planned refurbishment of live fire training facilities at Service Training Centre and betterment of the BA Chambers are shown as a separate schemes. This has resulted in an overall reduction in the total cost of General Schemes and an increase in the total cost of Strategic Schemes.

Spend against budget is significantly reduced in 2021/22 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.

A Business Case to install electronic access control to support the Estates Security Strategy has also been approved and will be delivered in the first half of 2022 as a General Schemes Project.

Estates Strategy – Strategic Schemes

These Schemes reflect the improvements necessary to deliver the standards set out in the 2018 Design Guide across our estate. They scope reflect the condition surveys carried out in 2018 and the overall cost includes a contingency inflation.

We are now three years into the Strategy and it has become apparent that due to key issues beyond the control of the team such as outcome of the 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.

The Capital Realignment review carried out in the latter half of 2021 has recommended committing to the refurbishment of the five Whole Time Crewed Stations with a Task and Finish Group being established to review scope and programme for the remaining stations across the next 10 years to enable the works to be delivered within budget and available internal resource.

This review and re-sequencing work is being undertaken in consultation with operational colleagues and Health & Safety colleagues and will report to SLT in July 2022.

Two major Strategic Scheme projects have been developed to Full Business Case to support the Training Competency Framework; the Multipurpose Training Hubs which upgrades the existing BA chambers to provide a localised multipurpose training facility and an options appraisal to retain Live Fire Training Facility at Maresfield and address the risk that the burn licence will not be renewed due to levels of emissions and perceived nuisance.

Both Business Cases were approved by SLT and requests for the additional funding have been included with the Budget Setting for 2022/23.

The initial Sustainability Report was received in Dec 2021 and its recommendations will be incorporated into the scope of works for consideration during 2022 either through incorporation into the scope of the Strategic Schemes or a standalone project, where project funding allows.

Estates Strategy – Shared Investment Schemes

The 2018 Estates Strategy had a programme of property schemes which involved shared investment with partners either through the One Public Estates Programme (East Sussex and Greater Brighton) and the Integrated Transport Function (ITF). Whilst dialogue and a search for opportunities remains ongoing, commitment from partners has not been forthcoming.

Integrated Transport Function (ITF) – South Eastern Hub Workshop – the ITF, part of the wider Emergency Services Collaboration Project (ESCP), 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 confirmed that the proposal was unaffordable and Sussex Police withdrew from the project.

The Authority then worked with SECAmb to assess the feasibility of a joint facility in Polegate. After feasibility studies were costed SECAmb confirmed in 2021 that they did not have the capital allocation to commit to such a scheme and withdrew their support. Dialogue then commenced with West Sussex Fire and Rescue, as part of the Shared Service Initiative to assess the viability of collocated workshop on the East /West borders. Given that this is work in progress an interim budget has of £0.2m been allocated to ensure the Authority's existing workshop facilities remain compliant and fit for purpose. This Interim Project will form part of General Schemes.

Should the ITF 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 balance of 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 is currently unknown and has slipped by a further year.

Integrated Transport Function (ITF) – Replacement Fuel Tanks

This project upgrades the fuel tanks across the estate as part of the Integrated Transport Project and is part funded by Fire Transformation Grant held by Surrey CC on behalf of the ITF. In 2021 Sussex Police confirmed they could no longer commit additional funding to the scheme and the budget was reduced accordingly. The management software is now being installed and the project is near completion with spend profile as per forecast, less partner funding.

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 was subject to detailed scrutiny during 2021 to ensure the full scope could be achieved within budget and to the satisfaction of all stakeholders including Fleet and Representative bodies. It has now been signed off at RIBA Stage 2 including a change of strategy with regard retaining operations in situ during the works in lieu of an offsite decant.

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

A full and committed start to RIBA Stage 3 is planned for January 2022 with a target project completion date within FY 2023/24.

The original OPE funding has been fully expended and as such from 2022 this project will be reported on under Strategic Schemes.

Lewes Fire Station – the current Lewes Fire Station originally formed part of the planned North Street Quarter redevelopment. However, in January 2021 LDC sold their interests in the scheme to a new developer, Human Nature but excluded the site of the existing Fire Station and that of the rear of the current North Street Police Station and the adjacent Springman House where it was originally proposed to locate the new fire station. As such there is no longer a funding contribution from others to provide a new station nor a is there a sufficient allowance within the Estates Strategy to refurbish the existing station in line with Design Guide requirements.

The Service has met Human Nature regularly throughout 2021 to ascertain the viability of an alternative site versus new development surrounding the existing site and those discussions remain ongoing.

It has therefore been agreed by the ESDB that the refurbishment of Lewes Fire Station should now fall under Strategic Schemes rather than as a standalone project.

Uckfield and Heathfield –Since formal confirmation was received from Sussex Police in 2021 that they would not be able to commit to these OPE projects for several years the Authority has also been in discussions with SECAmb to assess the viability of proceeding with them as sole partner. Whilst they have expressed an interest in taking space within the stations SECAmb are unable to make a formal commitment of financial contribution at this stage and as such it has been agreed that these stations will form part of the wider Strategic Schemes project rather than as Shared Investment Schemes.

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.

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 2022 it is estimated that there will unapplied capital receipts of £4.017m (Capital Receipts Reserve), this includes the balance on the sale of Fort Road (£0.472m). There is a risk the amount receivable may reduce due to issues with planning permission for the site. 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 2022 it is estimated that there will be a balance of £2.709m 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 £0.5m 2023/24 onwards, increasing over the life of the MTFP to £1.5m.

- **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 £60,000 - £70,000 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 £14.148m and this has been fed into the MTFP and our future borrowing costs.

MEDIUM TERM CAPITAL STRATEGY 2022/23 to 2026/27 – SCHEMES

Capital Programme Expenditure 2021-22 to 2026-27	Total Budget	Total Previous Year's Spend	Estimated Spend 2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	Remaining Spend
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Property									
Shared Investment Schemes									
Integrated Transport Project	1,000	-	5	195				800	995
Heathfield	280	8	10			19	243		262
Lewes	577	5	2				240	330	570
Preston Circus	3,287	87	40	1,335	1,825				3,160
Uckfield	494	7					100	387	487
Total Shared Investment Schemes	**5,639**	**107**	**57**	**1,530**	**1,825**	**19**	**584**	**1,517**	**5,475**
Strategic Schemes									
Replacement Fuel Tanks	492	332	38	122					122
Partner Contribution	(292)	(292)							-
Replacement Fuel Tanks net cost	200	40	38	122	-	-	-	-	122
Design Guide	355	355							
Hove	490		63	427					427
Roedean	493		22	471					471
Eastbourne	550		25	325	200				525
Bohemia Road	485		21	100	364				464
Security	386	60	3	223	100				323
Sustainability	171	21	30	10	80	30			120
MPTH	399	399							-
Eastbourne FBR	259		8	251					251
Training Centre FBR	308		8		300				300
Hove FBR	278		8	270					270
Bohemia Road FBR	258		8		250				250
FTU	4,000	-	20		500	2,500	980		3,980
Total Strategic Schemes	**8,630**	**875**	**252**	**2,199**	**1,794**	**2,530**	**980**	**-**	**7,503**
General Schemes									
General Schemes	826	826							
Seaford (CiL)	296		10		5	281			286
Seaford (CiL) - Partner Contribution	(133)					(133)			- 133
Barcombe (CiL)	392		5		95	292			387
Barcombe (CiL) - Partner Contribution	(156)					(156)			- 156
The Ridge	508					20	488		508
Hailsham	184		10			10	164		174
Rye	532		5			15	512		527
Battle	163		5				52	106	158
Herstmonceux	50							50	50
Bexhill	200							200	200
Seaford HVP Alterations	85	-	85						-
Total General Schemes	**2,946**	**826**	**120**	**-**	**100**	**329**	**1,215**	**356**	**2,000**
Total Property	**17,215**	**1,808**	**429**	**3,729**	**3,719**	**2,878**	**2,779**	**1,873**	**14,978**
- Vehicle cameras	118	-	118	-	-	-	-	-	-
- Grants funds	(118)	-	(118)	-	-	-	-	-	-
Telemetry	70	-	-	70	-	-	-	-	70
									-
Aerials	2,036	695	5	743	593	-	-	-	1,336
Aerial Rescue Pump	22	22	-	-	-	-	-	-	-
Fire Appliances	7,374	1,377	1,740	891	850	835	819	862	4,257
Ancillary Vehicles	2,892	480	145	1,396	391	368	112	-	2,267
Cars	1,964	281	265	377	57	272	506	206	1,418
Vans	1,800	915	63	45	179	288	162	148	822
Equipment	70	-	35	-	35	-	-	-	35
Total Fleet and Equipment	**16,227**	**3,770**	**2,253**	**3,521**	**2,105**	**1,763**	**1,599**	**1,215**	**10,203**
Total Expenditure	**33,442**	**5,578**	**2,682**	**7,250**	**5,824**	**4,641**	**4,378**	**3,088**	**25,181**

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

	2022/23	2023/24	2024/25	2025/26	2026/27	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Estates	3,729	3,719	2,878	2,779	1,873	14,978
Engineering	3,521	2,105	1,763	1,599	1,215	10,203
Capital Programme	**7,250**	**5,824**	**4,641**	**4,378**	**3,088**	**25,181**
Funded By:						
Capital Receipts Reserve	4,017	0	0	0	0	4,017
Capital Programme Reserve	3,209	952	952	952	952	7,017
Revenue Contributions to Capital	0	0	0	0	0	0
BR Pilot Economic Reserve	0	0	0	0	0	0
MRP/Internal Borrowing	0	0	0	0	0	0
New Borrowing/Need to Borrow	24	4,872	3,689	3,426	2,136	14,147
Capital Programme Funding	7,250	5,824	4,641	4,378	3,088	**25,181**

Funding – Use of Reserves

	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
Capital Receipts Reserve					
Opening Balance	**4,017**	**0**	**0**	**0**	**0**
Transfers In	0	0	0	0	0
Transfers Out	(4,017)	0	0	0	0
Closing Balance	**0**	**0**	**0**	**0**	**0**
Capital Programme Reserve					
Opening Balance	**2,709**	**-**	**48**	**429**	**1,143**
Transfers In	500	1,000	1,333	1,666	2,000
Transfers Out	(3,209)	(952)	(952)	(952)	(952)
Closing Balance	**-**	**48**	**429**	**1,143**	**2,191**

APPENDIX E

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 significantly since last year, save for the removal of the provision of services risk and an increase in the capital programme risk resulting in a small increase in the net financial impact calculation of £0.187m. 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 (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. The NFCC has published a more recent survey covering 2020/21 but the results are significantly skewed by the impact of Covid-19 both in delays in projects funded by reserves and by Authorities holding significant levels of unspent specific grants. Capital Reserves are used to support the financing of the Capital Asset Strategy and will be exhausted by the end of 2022/23. The level of General Reserves held also reflects the current uncertainty about Fire Sector funding beyond 2021/22.

At the start of 2022/23, the General Reserve is forecast to represent 4.31% 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, 2022/23, 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 £2.488m. The current policy minimum of 5% equates to £2.087m. At the start of 2022/23 the General Reserve is expected to be £1.796m and it is planned to increase by £0.442m over 2023/24 and 2024/25 to return the balance to £2.238m by 31 March 2025 and meet the policy minimum by this date.

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:

- ***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. The Pool has been utilised to support investment in the Authority's protection (business safety) services and it is proposed to continue this by investing a further £0.3m over 2022/23 and 2023/24 to fund the cost of the recruitment and training of six trainees which cannot be contained within the one-off Protection Surge grant provided by Government.

- ***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, with a proportion (£0.027m) being utilised to balance the 2022/23 budget. The economic development element was fully utilised in 2021/22 to finance estates capital spend.

- ***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). Further discussion with the Home Office will be required to determine use of the grant as it was originally intended in part 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.

- ***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. The Authority has identified a number of areas of future focus for the potential delivery of efficiencies. These areas are built into business plans and it is anticipated that they will require additional resources to progress. The forecast balance of £0.467m at 1 April 2022 is currently uncommitted but is forecast to be drawn down over the next two financial years as new bids are made. Provision has been made in the MTFP for contributions of £0.2m to be made into this Reserve in both 2024/25 and 2025/26.

- ***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.

- ***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. The MTFP includes a one-off additional payment into this reserve of £0.250m in 2025/26 to fund additional investment in new IT beyond the current Strategy.

- ***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 (subject to decommissioning works at Haywards Heath Fire Station) excepting any remaining provision for TUPE related costs e.g. pensions that may not be incurred until 2022/23.

- ***People Strategy***: this Reserve is utilised to hold funds for the implementation of the People Strategy 2020-25. Where projects within the Strategy that are funded from the revenue budget slip or underspend, any unutilised balances will be held in this reserve.

- ***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. The Authority (P&R Panel Nov 2021) agreed in principle that the remaining balance of £0.640m should be re-purposed as a Community Safety Intervention Fund, subject to the budget setting process. The MTFP proposes using £0.200m of the balance to assist in balancing the 2022/23 revenue budget with the remainder being available for the Community Safety Intervention Fund.

- ***BRR – Protection Uplift***: this Reserve holds the balance of grant received from Government for investment in protection services as a result of the Moore Bick and Hackett inquiries. The balance is expected to be spent in 2022/23.

- ***Tax Income Guarantee Scheme (TIG):*** these reserves hold the balance of the grant provided by Government to offset that impact of Covid-19 on business rates and council tax collected in 2020/21. The remaining balance will be utilised over 2022/23 and 2023/24.

- ***Pension Administration:*** this is funding set aside from the revenue budget to fund some of the one-off costs of implementing the Remedy to the discrimination case brought against the Firefighter Pension Scheme, including software costs and tax charges and other costs not funded by the Pension Fund Account or Government. It is expected to be fully spent in 2023/24.

- ***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.

- ***S31 Business Rate Retention Reliefs*** – holds S31 grants received from Government in 2021/22 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 2022/23 when related losses will be charged via the Collection Fund

- ***Carry Forwards***: comprises the balance of the revenue budget underspends from previous financial years which it has been agreed to carry forward to fund specific expenditure.

- ***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. The MTFP proposes to increase the payment into the Capital Programme Reserve in stages to £2.0m by 2026/27. This is part of a strategy to achieve greater financial sustainability by revenue funding the replacement and maintenance of existing assets and seeking only to borrow where a new capital asset in proposed.

- ***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. This process has been delayed and it is possible that the sale will not complete in 2021/22. 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 2022 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.

Annexe A – Risk Assessment of the Adequacy of General Reserves

Risk type	RISK	Likelihood	Impact	Net Impact
			£m	£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. Based on aged debtor analysis the Authority does not currently hold a bad debt provision to fund a loss from a major contract. Additionally, Public Sector procurement processes and contracts are coming under increasing scrutiny and could be open to legal challenge.	Low	0.500	0.125
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, supply chain disruption.	Medium	1.000	0.500

Risk type	RISK	Likelihood	Impact	Net Impact
			£m	£m
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. 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
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 2022/23 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

Risk type	RISK	Likelihood	Impact	Net Impact
			£m	**£m**
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 the UK economy might lead to increased inflation. This may include the impact of new tariffs on the cost of goods purchased from the EU for example vehicle chassis.	Medium	0.200	0.100
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				**2.488**

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

Description	2022/23 Opening Balance 01/04/22 £'000	2022/23 Planned Transfers In £'000	2022/23 Planned Transfers Out £'000	Projected Closing Balance 31/03/23 £'000	Projected Closing Balance 31/03/24 £'000	Projected Closing Balance 31/03/25 £'000	Projected Closing Balance 31/03/26 £'000	Projected Closing Balance 31/03/27 £'000
Earmarked Reserves								
Improvement & Efficiency	467	0	(279)	188	88	188	288	388
Sprinklers	640	0	(200)	440	330	220	110	0
Insurance	249	0	0	249	249	249	249	249
ESMCP ESFRS readiness	1,425	0	(30)	1,395	1,315	0	0	0
ESMCP Regional Programme	83	0	(83)	0	0	0	0	0
BRR -Protection Uplift	46	0	(46)	0	0	0	0	0
IT Strategy	2,724	592	(3,188)	128	210	0	0	0
People Strategy	50	0	(15)	35	0	0	0	0
Mobilising Strategy	425	0	(425)	0	0	0	0	0
Business Rates Retention Pilot - financial stability	112	0	(27)	85	85	85	85	85
Business Rate Pool	683	0	(200)	483	288	193	98	0
S31 Business Rate Retention Reliefs	836	0	(836)	0	0	0	0	0
Tax Income Guarantee Scheme (75%) CT & BR	60	0	(29)	31	0	0	0	0

Covid-19	64	0	(64)	0	0	0	0	0
Carry Forwards	77	0	(77)	0	0	0	0	0
Pensions Administration	147	0	(147)	0	0	0	0	0
Green Book pay award 21/22	117	0	(117)	0	0	0	0	0
Capital Programme Reserve	2,709	500	(3,209)	0	48	429	1,143	2,191
Total Earmarked Reserves	**10,914**	**1,092**	**(8,972)**	**3,034**	**2,613**	**1,364**	**1,973**	**2,913**
General Fund	1,796	0	0	1,796	2,017	2,238	2,238	2,238
Total Revenue Reserves	**12,710**	**1,092**	**(8,972)**	**4,830**	**4,630**	**3,602**	**4,211**	**5,151**
Capital Receipts Reserve	4,017	0	(4,017)	0	0	0	0	0
Total Capital Reserves	**6,726**	**500**	**(7,226)**	**0**	**48**	**429**	**1,143**	**2,191**
Total Usable Reserves	**16,727**	**1,092**	**(12,988)**	**4,830**	**4,630**	**3,602**	**4,211**	**5,151**

APPENDIX F

EAST SUSSEX FIRE AUTHORITY: PRECEPT FOR 2022/23
REF: S43 LOCAL GOVERNMENT FINANCE ACT 1992

	£	£
NET BUDGET REQUIREMENT		**41,718,000**
Forecast Business Rates retained	2,594,000	
Top Up grant	5,170,000	
Total Base Line funding	7,764,000	
Add Revenue Support Grant	3,325,000	
Add Service Grant Allocation	535,000	
Total Grant funding (excluding transitional/freeze grant)	11,624,000	
Section 31 Grant Business Rates adjustment	1,125,000	
Previous Year's Surpluses/(Deficits)	(271,000)	
Total Council Tax required		**29,240,000**
Tax base	**294,259**	
Basic Council Tax (Band D equivalent)		**99.37**

Basic Council Tax from above calculation		**Council Tax**
Band A	**6/9**	**66.25**
Band B	**7/9**	**77.29**
Band C	**8/9**	**88.33**
Band D	**9/9**	**99.37**
Band E	**11/9**	**121.45**
Band F	**13/9**	**143.53**
Band G	**15/9**	**165.62**
Band H	**18/9**	**198.74**

	Tax Base	**Precept**
Brighton and Hove	**91,182.50**	**9,060,805**
Eastbourne	**34,754.00**	**3,453,505**
Hastings	**26,237.00**	**2,607,171**
Lewes	**36,726.60**	**3,649,522**
Rother	**38,170.70**	**3,793,022**
Wealden	**67,187.90**	**6,676,462**
	294,258.70	**29,240,487**

FUNDED STAFFING ESTABLISHMENT

	FTE @ 1/4/2022	FTE @ 1/4/2023
Principal Officers	3	3
Wholetime Firefighter	333	328
RDS firefighter Units	219	219
Control Room Staff	3	3
Support staff	154.10	151.10

APPENDIX H

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

Standalone FRA	CSP (21-22)	SFA	Under Indexing	CT	RSDG	2022/23 Services Grant	CSP (22-23)	Change in CSP
Avon	**45.0**	16.2	0.9	29.3		0.8	**47.1**	4.7%
Bedfordshire	**30.8**	8.3	0.5	23.0		0.4	**32.2**	4.6%
Berkshire	**35.1**	10.5	0.6	25.0		0.5	**36.6**	4.4%
Buckinghamshire	**28.5**	7.6	0.4	21.4		0.4	**29.7**	4.2%
Cambridgeshire	**30.6**	9.0	0.5	22.1		0.4	**32.1**	4.7%
Cheshire	**44.8**	13.6	0.8	31.8		0.7	**46.9**	4.7%
Cleveland	**27.7**	14.9	0.8	12.9		0.6	**29.2**	5.4%
Derbyshire	**39.2**	13.4	0.7	26.3		0.6	**41.1**	4.7%
Devon & Somerset	**78.5**	22.6	1.3	56.4	0.4	1.1	**81.8**	4.2%
Dorset & Wiltshire	**57.9**	14.5	0.9	44.2	0.1	0.7	**60.3**	4.2%
Durham	**29.8**	10.7	0.6	19.4		0.5	**31.2**	4.7%
East Sussex	**39.7**	11.1	0.6	29.1		0.5	**41.3**	4.1%
Essex Fire	**73.5**	25.3	1.4	49.1		1.1	**76.8**	4.5%
Hampshire & Isle of Wight	**74.7**	24.9	1.3	50.6		1.1	**78.1**	4.5%
Hereford & Worcester	**32.8**	7.8	0.5	25.3	0.1	0.4	**34.1**	4.0%
Humberside	**45.0**	20.4	1.1	24.9		0.9	**47.2**	5.0%
Kent	**73.5**	21.6	1.2	53.0		1.0	**76.8**	4.5%
Lancashire	**57.1**	24.5	1.3	33.0		1.1	**59.9**	4.9%
Leicestershire	**36.6**	13.5	0.7	23.6		0.6	**38.5**	5.0%
Merseyside	**63.0**	31.7	1.7	31.5		1.4	**66.2**	5.1%
North Yorkshire Fire	**32.0**	8.8	0.5	23.1	0.5	0.4	**33.4**	4.1%
Northamptonshire Fire	**23.7**	7.7	0.4	16.3		0.4	**24.9**	4.9%
Nottinghamshire	**43.5**	16.5	0.9	27.5		0.7	**45.6**	4.7%
Shropshire	**23.1**	5.3	0.3	18.0	0.3	0.3	**24.2**	4.7%
South Yorkshire	**52.1**	24.4	1.3	28.0		1.1	**54.7**	5.0%
Staffordshire Fire	**42.4**	14.5	0.8	28.3		0.7	**44.3**	4.5%
Tyne & Wear	**50.1**	24.8	1.3	25.4		1.1	**52.6**	5.0%
West Midlands	**99.8**	53.6	2.8	46.4		2.3	**105.0**	5.3%
West Yorkshire	**83.6**	38.8	2.0	45.3		1.7	**87.8**	5.0%
Greater London Authority	**2363.5**	1214.7	88.7	1146.4		36.4	**2486.3**	5.2%
Greater Manchester CA	**121.1**	51.3	2.6	70.9		2.2	**127.0**	4.9%

APPENDIX I

Equality Impact Analysis (EIA) Form

This form should be completed in conjunction with How to Complete an Equality Impact Analysis (14_04b)

Name of Policy, Procedure, Activity or Decision (PPAD):	Fire Authority Service Planning processes for 2022/23 and beyond – Revenue Budget 2022/23 and Capital Strategy 2022/23 to 2026/27	**Date of Analysis:**	10-01-2022
PPAD Owner:	Assistant Director Resources / Treasurer	**EIA Author:**	Assistant Director Resources / Treasurer
Directorate Lead and Department:	**Finance Manager – Resources Directorate**		
Status of PPAD: ('X' as appropriate)	**New**	X	**Existing**

Please list any other policies that are related to or referred to as part of this analysis	All budget decisions including revenue and capital projects requiring business cases or other approvals
Please list the groups of people potentially affected by this proposal. (e.g. applicants, employees, customers, service users, members of the public)	All stakeholders, employees, service users, communities of East Sussex and Brighton & Hove

What are the aims and intended effects of this proposal (PPAD)?
To set a balanced revenue budget for 2022/23, agree the Capital Asset Strategy and Capital Programme for 2022/23 to 2026/27, agree the Reserves and Balances Strategy, agree the Authority's Medium Term Finance Plan for 2022/23 to 2026/27, achieve financial sustainability over the medium term.

Stage 1: Equality Impact Quick Checker

Consider the initial impacts of your PPAD on people below to determine whether a full Equality Impact Analysis is required. Consider impact both as an employer and in service delivery.

Does this PPAD have any impact on the following Protected characteristics?	Will impact	Could impact	Won't impact	Commentary for initial conclusions (identify any positive, neutral, and negative impacts):
Age	☐	☐	X	All budget proposals have been assessed by SLT. All proposals linked to strategies, policies and projects will be subject to specific EIAs. No other proposals are assessed as impacting this group at this stage.
Disability	☐	X	☐	All budget proposals have been assessed by SLT. All proposals linked to strategies, policies and projects will be subject to specific EIAs. Funding is provided to implement the accessibility module of the Service's e-recruitment system and this is likely to have a positive impact on this group. A specific EIA will be conducted as part of the project.
Gender Reassignment	☐	☐	X	All budget proposals have been assessed by SLT. All proposals linked to strategies, policies and projects will be subject to specific EIAs. No other proposals are assessed as impacting this group at this stage.
Marriage and Civil Partnership (employment only)	☐	☐	X	All budget proposals have been assessed by SLT. All proposals linked to strategies, policies and projects will be subject to specific EIAs. No other proposals are assessed as impacting this group at this stage.

Pregnancy and Maternity	☐	☐	X	All budget proposals have been assessed by SLT. All proposals linked to strategies, policies and projects will be subject to specific EIAs. No other proposals are assessed as impacting this group at this stage.
Race	☐	☐	X	All budget proposals have been assessed by SLT. All proposals linked to strategies, policies and projects will be subject to specific EIAs. No other proposals are assessed as impacting this group at this stage.
Religion or Belief	☐	☐	X	All budget proposals have been assessed by SLT. All proposals linked to strategies, policies and projects will be subject to specific EIAs. No other proposals are assessed as impacting this group at this stage.
Sex	☐	☐	X	All budget proposals have been assessed by SLT. All proposals linked to strategies, policies and projects will be subject to specific EIAs. No other proposals are assessed as impacting this group at this stage.
Sexual Orientation	☐	☐	X	All budget proposals have been assessed by SLT. All proposals linked to strategies, policies and projects will be subject to specific EIAs. No other proposals are assessed as impacting this group at this stage.
Other Equality related issues (e.g. socioeconomic)	☐	☐	X	All budget proposals have been assessed by SLT. All proposals linked to strategies, policies and projects will be subject to specific EIAs. No other proposals are assessed as impacting this group at this stage.

If you identified ‘**Will impact’** or ‘**Could impact’** for any Protected Characteristic, go to Stage 2 to conduct a full Equality Impact Analysis.
If you identified **‘Won’t impact’** for all Protected Characteristics, provide your summary rationale for this below and submit this form for record on the ‘Equality Impact Analysis’ Intranet page:

All budget proposals have been assessed by SLT.

All proposals linked to strategies, policies and projects will be subject to specific EIAs.

Funding is provided to implement the accessibility module of the Service's e-recruitment system and this is likely to have a positive impact on this group. A specific EIA will be conducted as part of the project.

No other proposals are assessed as impacting any of the protected characteristics at this stage.

EAST SUSSEX FIRE AUTHORITY

Meeting	Policy & Resources Panel
Date	20 January 2022
Title of Report	Developing Situation on Firefighters' Pension Schemes (FPS) Age Discrimination, Remedy & Immediate Detriment
By	Assistant Director People Services
Lead Officer	John Olliver, Payroll, Pensions and HR Assurance Manager

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Background Papers	Firefighters' Pension Schemes (FPS) Age Discrimination, Remedy & Immediate Detriment Briefing Note Firefighters' Pension Schemes (FPS) Age Discrimination, Remedy and Immediate Detriment Briefing Note and Update – SLT 25 March 2021 Item 8

Appendices	Appendix 1: FPS SAB Letter to HMT (December 2021) Appendix 2: Table of ID Approach of Other Services

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Implications

CORPORATE RISK		**LEGAL**	**X**
ENVIRONMENTAL		**POLICY**	**X**
FINANCIAL	**X**	**POLITICAL**	**X**
HEALTH & SAFETY		**OTHER (please specify)**	
HUMAN RESOURCES		**CORE BRIEF**	

PURPOSE OF REPORT	**Further to the November Policy & Resources Panel decision to adopt Local Government Association MOU and framework in relation to Immediate Detriment, and the subsequent decision made by the December 2021 Fire Authority to pause our position following the withdrawal of the guidance from the Home Office on ID, this paper, with supported appendices is**

an update on the further changes that have been published and the recommended approach for the Service

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EXECUTIVE SUMMARY This report is to inform the Policy and Resources Panel of the changing position in regard to Age Discrimination, Remedy & Immediate Detriment Cases in the Firefighters' Pension Schemes.

There is a fresh need to apprise the Authority of these facts and the how the Service are planning to act from this point.

RECOMMENDATION The Policy & Resources Panel is asked to:

(i) review this paper and the supporting appendices; and

(ii) receive an update from officers and consider the options set out in paragraph 3 of the report.

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1. Age Discrimination Remedy ID Cases and the Withdrawal of Home Office Guidance

1.1 There are a number of urgent and pressing cases (known as "immediate detriment" cases). Immediate Detriment cases are where firefighters who belonged to the legacy pension schemes were obliged to transfer to the FPS 2015 scheme and are now looking to retire and take pension benefits.

1.2 Some of those are urgently seeking Ill Health Retirement pensions and believe that those pensions would be significantly better if the terms of the pre-2015 legacy final salary FPS applied to them.

1.3 Others would have qualified for retirement under the legacy schemes on the grounds of age and length of service and are very keen to claim those pensions now and again believe that their pensions would be more advantageous to them if the rules in the legacy schemes applied to them rather than the FPS 2015.

1.4 Following requests from the Firefighters Pension Scheme (England) Scheme Advisory Board (SAB) and the Fire Brigades Union (FBU) for guidance on how to deal with Immediate Detriment cases, on 21 August 2020, the Home Office issued an informal guidance note directly to English Fire and Rescue Authorities (FRAs).

1.5 This guidance stated it may be possible for schemes to offer members a choice before final Deferred Choice Underpin (DCU) legislation is implemented, however, the legislation that allows schemes to do this was limited in effect. This original guidance did not cover all technical issues satisfactorily in order for FRAs to be able to process any cases under Immediate Detriment.

1.6 It stated that schemes could return eligible members who retire from the reformed schemes to the legacy schemes in relation to service after 1 April 2015 but did not allow for all consequential matters to be dealt with satisfactorily in all cases.

1.7 Following consultations with the Local Government Association (LGA) and the Scheme Advisory Board (SAB), on 10 June 2021 the HO issued an updated guidance note on ID cases. This stated, 'As the guidance is non statutory and informal, it does not in itself place legal obligations on FRAs. However, FRAs have the power to calculate and pay pension entitlements for those members who fall within either of the two categories under their legacy schemes, through the application of section 61 of the Equality Act 2010…'

1.8 After taking legal advice and weighing up the risks and mitigations involved carefully the decision was taken at a meeting of the Policy & Resources Panel of ESFA held on 22 July 2021, for ESFRS to pay pensions by offering ID DCU options wherever possible from then on, in line with the revised Home Office Guidance. So far, four such cases have arisen, and the members affected offered pension benefit options under ID. Three were age retirements and the other was an ill health retirement.

1.9 Subsequent to this on 8 October 2021 the Local Government Association (LGA) and the Fire Brigades Union (FBU) issued a joint 'Memorandum of Understanding & Framework for Managing Immediate Detriment Issues'.

1.10 This stated that; 'Each FRA is asked to consider adoption of the Framework and we would encourage such adoption in order to provide a consistent approach to Immediate Detriment cases across the fire and rescue service.'

1.11 After taking further legal advice and weighing up the risks and mitigations involved carefully the decision was taken at a meeting of the Policy & Resources Panel of ESFA held on 11 November 2021 to adopt the LGA and FBUs Immediate Detriment Framework. For the avoidance of doubt, no cases have yet been processed in line with this Framework.

1.12 On 29 November 2021, the Home Office withdrew its informal and non-statutory guidance on processing certain kinds of immediate detriment case ahead of legislation, with immediate effect. The decision to withdraw the guidance was indicated as being based on HM Treasury's best assessment on the advisability of processing immediate detriment cases.

1.13 The Home Office stated that, although the decision remains for scheme managers to make, it does not advise schemes to process any immediate detriment cases before legislation is in place, given in its view the risk and uncertainty of correcting benefits before the Public Service Pensions and Judicial Offices (PSPJO) Bill, scheme regulations and relevant tax legislation are finalised and all come into force in or before October 2023.

1.14 Although the MoU and the accompanying framework is separate from, and is not subject to or dependent on, any guidance issued in relation to immediate detriment before the legislation comes into force, HMT's note is a cause of concern to FRAs who: (a) are considering adopting the framework; or (b) who have already adopted the framework (but have not reached a final settlement with individual scheme members pursuant to the framework on or before 29 November 2021).

1.15 HMT's note suggests that Section 61 cannot be relied upon to fully rectify a member's benefits and may have unintended and adverse tax consequences. It also indicates that members may face multiple corrections to their benefits once legislation is in place.

1.16 Concerns have also been raised regarding the Home Office's latest position on funding for immediate detriment, which was communicated with the Treasury's note as follows: "… *As the Government does not advise that immediate detriment cases should be processed in advance of the legislation coming into force, we will not be in a position to provide any additional funding for those costs which are paid outside of the pension account. These costs include payments that are not considered to be legitimate expenditure under the pension scheme regulations and any associated administration costs including any charges from your pension administrator. These will need to be funded locally by your fire and rescue authority from local budgets. In relation to immediate detriment costs paid from the pension account in the course of processing pipeline cases, FRAs will need to ensure that these payments comply with the financing regulations of the pension scheme. If they are considered to be legitimate expenditure then they will be considered for payment as part of the established processes for claiming the AME top up grant."*

1.17 The LGA further stated, there has never been a guarantee that costs arising from the Sargeant legal judgment would be covered by government. However, the FRAs position has long been that the government must fund all the costs of remedy, and we have always made that clear in our discussions with government. Further the LGA has been working with Bevan Brittan for some time on recovering costs for FRAs, including under the New Burdens doctrine.

1.18 On 17 December 2021, The Scheme Advisory Board (SAB) wrote an open letter to HM Treasury on the withdrawal of the guidance to request more information on the risks and uncertainties mentioned in their assessment (Appendix 1). As at the date of writing this paper, we have not yet seen any response to this letter.

1.19 As a result of these developments, the following recommendation was adopted by ESFA at their meeting on 9 December 2021. *'That the Fire Authority ask the CFO, in conjunction with the Treasurer and Monitoring Officer, to keep this matter under close review and take appropriate action to mitigate and minimise the risk to the authority prior to further clarity being obtained and in advance of either an update or revised position to be brought back to the Policy & Resources Panel at its meeting on the 20 January 2022.'*

2. ESFRS Actions and Progress Made Since December Fire Authority Meeting

2.1 Requested a group advice pack from PSTax. This has been agreed with approximately 15 other Fires Services across the country. We expect this advice from PSTax before the end of January.

2.2 Advice sought via deputy monitoring office as to the legal position for ESFRS with a request to gather opinion of the wider FireLawyers Network.

2.3 The Treasurer arranged a conference call (7th January 2022) with a number of other Fire Service Financial Directors/Treasurers to canvas their views/concerns and any adopted approaches. This is set to be a recurring activity so that views and approaches can be shared as ourselves and others progress.

2.4 Chief Fire Officer has been able to supply a "straw-poll" document via the NFCC which indicates the direction that other Services are likely to pursue or the status of their decision making processes. See appendix 2. Although useful, this does not indicate a strong trend of approach at this time.

2.5 WYPF Account Manager has been requested to indicate the positions taken by their other customers. Their feedback also reflects no real consistency across other Fire Services.

2.6 We have carried out some financial modelling to give an indication of the exposure that might become payable if we adopt ID for those who retired without the benefit of the legislative changes.

This will require ratification by WYPF but the 6 cases that are currently affected would expose the Service to a total of approximately £40,000.00 of compensation to cover additional “tax” charges that the HO have informed us that they will not fund.

3. Options and Risks

3.1 **Option One:** ESFRA could restart its paused position and action ID for both retirees and pensioners in retirement.

There maybe some cases where the framework cannot support very complex scenarios, however each instance will be actioned under WYPF advisement and communicated appropriately with the individual concerned.

The Home Office are advising against this, by removing their guidance, and will leave the Service exposed for some possible costs associated to compensation to scheme members in relation to the payment of second retirement lump sums and tax relief of employee contribution transfers (as item 2.6).

This would protect the Service from exposure to legal claims from retirees and their representative bodies.

3.2 **Option Two:** ESFRA could remain paused whilst further information and guidance is obtained from those sources/actions described under item 2.

This will delay correcting payments for those intending to retire in the coming months (approximately 4 Firefighters) and pensioners already in receipt of their pensions (currently a maximum of 6 individuals).

This would leave the Service exposed to legal claims from retirees and their representative bodies until we have enough information to make a final decision on its approach.

3.3 **Option Three:** ESFRA opts out of ID entirely until the Full Home Office remedy is published. This would effectively mean that any retirees from January 2022 until October 2023 would have to wait for their legacy Pension entitlement.

This would also leave the Service exposed to legal claims from retirees and their representative bodies for at least another 20 months.

3.4 **Option Four:** ESFRA reverts to its approach agreed in the Summer 2021 and continue with paying legacy benefits for those due to retire in the coming months but not revisiting those already in retirement until we have more certainty of how to action the retrospective changes.

This would leave the Service exposed to limited legal claims from retirees and their representative bodies until we have enough information to make a final decision on its approach.

4. <u>Conclusion</u>

4.1 The Service, along with many other Fire Authorities, remains in a difficult position without any definitive guidance. However, the threat of litigation from representative bodies is real and expected. The cost of any litigation is not possible to predict but we believe that any such action will result with the Service being obliged to make immediate payment under the framework.

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HM Treasury
The Correspondence and Enquiry Unit
1 Horse Guards Road
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Sent by email to the Chief Secretary to the Treasury - The Rt Hon Simon Clarke MP at public.enquiries@hmtreasury.gov.uk

Cc: The Home Office Police Workforce and Professionalism Unit

Published on www.fpsboard.org and www.fpsregs.org

17 December 2021

Dear Sirs

I am writing to you as Chair of the Firefighters' Pensions (England) Scheme Advisory Board (the SAB) in connection with your note, Processing immediate detriment cases – November 2021. This note sets out HM Treasury's best assessment at this point on the advisability of processing immediate detriment cases before new legislation to enact the McCloud remedy is in place, and the implications of this assessment for the Home Office guidance on processing immediate detriment cases published in August 2020 and revised in June 2021.

You will be aware that on 29 November 2021, the Home Office withdrew its informal and non-statutory guidance on processing certain kinds of immediate detriment case ahead of legislation, with immediate effect. This decision was based on the above guidance note from HMT and the Home Office stated that, although the decision remains for scheme managers to make, it does not advise schemes to process any immediate detriment cases before legislation is in place, given the risk and uncertainty of correcting benefits before the PSPJO Bill, scheme regulations and relevant tax legislation come into force.

At our most recent SAB meeting, held on 9 December, we discussed the position as a result of these developments, given our remit to provide advice to scheme managers and local pension boards in relation to the effective and efficient administration and management of this scheme. The SAB would like to be able to fulfil this role by helping the scheme managers to understand better the nature of the risk and uncertainties mentioned in your note.

The scheme managers are the Fire and Rescue Authorities (FRAs) who, as you will be aware, recently considered the extent of their powers. This consideration took the form of an appeal under Schedule 22 of the Equality Act 2010, in which the FRAs argued that they were required to follow the pensions regulations and so by law they had no choice but to implement the transitional protections which have now been established as being discriminatory. On 12 February 2021, the Employment Appeal Tribunal (EAT) gave its judgment on the FRAs appeal which was that FRAs could not rely on the Schedule 22 defence. Effectively, the EAT held that the FRAs in their capacity as scheme manager could have decided not to follow the discriminatory legislation and in fact should have done so by refusing to treat firefighters as having transferred into the 2015 scheme. This is because it held that Section 61 prohibits FRAs from acting in a manner which discriminates on the grounds of age, and it prioritises that obligation over other provisions in the pension scheme which would oblige the FRAs to act in that way. In addition, the EAT held that, under Section 62 of the Equality Act 2010, the FRAs have vested in them the power to pass a resolution making non-discrimination alterations to the scheme of which they are managers.

Legal cases concerning immediate detriment issues were brought in the High Court against two FRAs; the claimants were supported by the FBU. It was apparent similar issues would arise more widely across the sector. The FBU was clear that matters for affected individuals needed to be resolved sooner rather than later and it would, if necessary, support further legal cases.

The SAB understands that, with that in mind, the LGA and the FBU commenced discussions to identify a mutually acceptable Framework, setting out a mechanism for handling immediate detriment cases, to assist all parties prior to completion and implementation of the remedying legislation. Agreement was reached on a Memorandum of Understanding and Framework on 8 October 2021.

Whilst the withdrawal of the Home Office Guidance does not fundamentally alter the position of the Framework, as the MoU is separate from, and is not subject to or dependent on, any guidance issued in relation to immediate detriment before the legislation comes into force, understandably it is a cause of concern to FRAs who are considering adopting or who have adopted the MoU. This is particularly the case given the statements made with regard to funding of immediate detriment cases processed in the interim period between the guidance being withdrawn and the retrospective elements of remedy being effective.

FRAs may now be in the untenable position of having to choose to either process immediate detriment cases at what you have termed to be significant financial risk with unknown consequences for the authority and the member or facing potential legal action if they follow the latest government advice. As noted earlier, the SAB is keen to try to assist the FRAs in being able to analyse these risks and to take an informed decision on them. With over 40 FRAs involved in the English Scheme there is clearly a risk to the overall governance of this public sector scheme if the various managers get their own legal opinions and adopt different practices.

It was therefore agreed that I should write to you to request more information about the benefit risks and uncertainties that you have identified in general about relying on Section 61 (and we assume also Section 62) to remedy the benefits in advance of the retrospective regulations, so that we can consider whether these are relevant in the case of the Firefighters' Pension Schemes. You have indicated that there are some obscure areas of the McCloud remedy where Section 61's impact is not clear.

Whilst we understand that Section 61 may not override some of the taxation impacts where payments are deemed unauthorised, we do not understand for example, the problem you have quoted regarding the payment of contributions to the reformed vs legacy scheme. Contributions to fire schemes all fall into one notional account in this regard and under the EAT's interpretation of the FRA's powers to make resolutions, I might expect that either both contributions and benefits could be determined to have been both paid and earned in the legacy scheme respectively or if this were not the case that the managers could resolve to accept a notional transfer of the contribution for the purposes of remedying the discrimination. Whilst we understand that your legal advice on this issue is privileged, it would be helpful to understand the alternative legal arguments and more about the problems that might be encountered.

It would also be useful to understand whether the risks and uncertainties that have now been identified are likely to be mitigated, at least in part, once the Finance (No.2) Bill is enacted in April 2022 or whether you anticipate that the risk will only be significantly reduced once all remedying legislation is in force; expected to be October 2023 for the FPS, as indicated to me by the Home Office

In particular, we have been informed that members would prefer to see benefits remedied sooner rather than later even though they are already aware of the risk that the tax position may take a little time to sort with potentially iterations of calculations.

I look forward to hearing from you with what I hope will be a more detailed explanation of the risks so that the SAB is able to fulfil its brief. You will appreciate the urgency of this request given the competing challenges and legal risks that FRAs are facing, therefore your early attention would be welcome.

Kind regards

Joanne Livingstone

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EAST SUSSEX FIRE AUTHORITY

Meeting	Policy & Resources Panel
Date	20 January 2022
Title of Report	IT Delivery Contract Extension
By	Duncan Savage, Assistant Director Resources/Treasurer
Lead Officer	Ken Pearce, IT Governance Manager
Background Papers	None
Appendices	Appendix 1 – Senior Leadership Team Report 16 December 2021 - **CONFIDENTIAL by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 in that the Information relates to the financial or business affairs of any particular person (including the authority holding that information).**

Implications

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

PURPOSE OF REPORT

To update members of the Policy & Resources (P&R) Panel on the outcome of Spirit Acuity's review of the current Telent contract performance and the assessment of whether the Authority should take up the option to extend the existing IT delivery contract for a further three years to August 2026.

To update members of the P&R Panel on the outcome of the associated commercial negotiation with Telent, related to the three year extension.

Finally, to seek approval to implement the Senior Leadership Team (SLT) recommendation that ESFRS takes up the option for the three year extension to the telent contract and approval of the associated savings that have been negotiated, based on the planned expenditure detailed in the Authority's IT Strategy 2020-2025.

EXECUTIVE SUMMARY

The Authority awarded a seven year contract for the provision of IT Services to Telent in August 2016. The initial term of the contract expires in August 2023.

The Authority has the option to extend the contract for a further three years to August 2026.

The first five years of the contract have been characterised by projects to address issues with the robustness of the underlying computing and communications infrastructure for the Authority, including the rollout of new mobile working technology, the upgrade of station end IT equipment, appliance Mobile Data Terminals (MDTs) and a project to replace the Authority's control room solution, which resulted in Project 21 and the successful go live with Surrey Joint Fire Control (JFC) on 17th November 2021.

The Authority is now looking to capitalise on its stable technology platform to make strategic changes to the business, enabled by IT solutions such as the new CRM Site Specific Risk Information, Home Safety Visit and Fire Safety systems, Firewatch Human Resources and Business Intelligence systems. The Authority's IT Strategy 2020-2025 describes the next steps of this transformation in more detail.

The Authority contracted an independent 3rd party, Spirit Acuity, in May 2021 to undertake a review of Telent contract performance to date. Spirit assisted the Authority in the original tender process undertaken in 2016 and the drafting of the resulting contract with Telent, and therefore were considered well placed to undertake the independent review.

To determine whether Telent was able to meet the Authority's requirements through the current contract, Spirit carried out a review of all parts of its operation, based on four areas of investigation:

- Partnership
- Services
- Contract Operation
- Value for Money (VfM)

The review comprised a documentation review, stakeholder interviews (Fire Authority and Telent), a SWOT analysis, and a Financial Model review.

Spirit's report concluded that operational delivery against the contract, and partnership working across all four areas of the review are generally perceived as very good, whilst project related partnership working and delivery is, with some relatively minor exceptions, fit for purpose.

In addition, the Spirit report concluded that the current contract offers good value for money and is capable of meeting the Authority's requirements, that there is a good cultural fit between the parties, and both parties are able to work well together.

To ensure that the contract meets the Authority's requirements in the future, Spirit identified a number of recommended improvements, such as enhanced strategic engagement, an improved project pipeline process and enhanced Technical Design Authority.

In summary, Spirit recommended that the Authority should extend the full scope of the current contract by three years (to August 2026), provided that two conditions were met:

- That Telent offers an appropriate level of price improvement, particularly in respect of the price of new project work.

- That Telent and the Authority can agree an action plan to address the recommendations, particularly those related to strategic engagement and project pipeline planning.

Following Spirit's report, the Assistant Director Resources/Treasurer with the support of the ITG Manager completed a commercial negotiation with Telent. The result is a projected saving to ESFRS of £303,000 for the extended contract term to August 2026, based on agreed spend published in the IT Strategy 2020-2025. The negotiated savings are in line with expectations and include a price improvement for new IT strategy project work contracted via Telent

In addition, the commercial outcome includes provision for a new Strategic Engagement Workshop, which will be jointly facilitated by Telent and the Authority on an annual basis. The annual workshop will provide a mechanism for senior stakeholders from both organisations to identify strategic requirements, priorities and align plans, so that both senior leadership teams can forge a shared understanding of business requirement beyond the immediate strategy.

The other key recommendations from the Spirit report will now be built into an agreed improvement plan, which will be tracked via the existing Authority and Telent contract governance bodies.

Further details of the Spirit Acuity Report and the commercial outcomes from the negotiation are set out in Appendix 1 in the confidential part of the Agenda.

RECOMMENDATION

That the Panel:

i) notes the outcome of Spirit Acuity's review of the current Telent contract and recommendation to extend the contract for a further three years to August 2026;

ii) notes that as part of the Spirit Acuity recommendations a new Strategic Engagement Workshop will take place annually, jointly facilitated by Telent and the Authority, to identify strategic requirement, priorities and align plans beyond the immediate IT Strategy;

iii) notes the outcome of the commercial negotiation with Telent, related to the three year extension and the projected saving of £303,000 for the extended term, based on the expenditure detailed in the published ESFRS IT Strategy 2020-2025;

iv) approves the three year extension of the Telent contract to August 2026 and associated £303,000 saving; and

v) delegates authority to the Assistant Director Resources / Treasurer to put in place all arrangements necessary to exercise the contract extension.

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