

Fire Authority

7 December 2023



Membership:

Councillors: Galley (Chairman), Lambert (Vice-Chair), Asaduzzaman, Azad, Dowling, Evans, Geary, Goddard, Maples, Marlow-Eastwood, Muten, Osborne, Redstone, Scott, Shing, Theobald, Ungar and West

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 at 10.30 am

Quorum: 6

Contact:	Abigail Blanshard 07950 877168, democraticservices@esfrs.org
-----------------	---

Agenda

232. 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.

233. Apologies for Absence

234. 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

235. To consider any public questions

236. To receive any petitions

237. Non-confidential Minutes of the Previous Meeting

To approve the Non-confidential Minutes of the last meeting held on

7 September 2023

238. 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 Fire Authority to adopt without debate the recommendations and resolutions contained in the relevant reports for these items which have not been called.

239. Provision of Monitoring Officer, Deputy Monitoring Officer & Legal Services **15 - 18**

Report of the Assistant Director Resources/Treasurer

240. 2024/25 to 2028/29 Strategic Planning and Medium Term Financial Plan **19 - 34**

Report of the Assistant Director Resources/Treasurer

241. Integrated Transport Function - Fort Road Site, Newhaven **35 - 44**

Report of the Assistant Chief Fire Officer

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

Date of Publication: 29 November 2023

Information for the public

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

If you have any particular requirements, for example if you require wheelchair access or an induction loop, please contact democraticservices@esfrs.org for assistance.

Agendas and minutes of meetings are available on the East Sussex Fire & Service website: www.esfrs.org.

This page is intentionally left blank

FIRE AUTHORITY

Minutes of the meeting of the FIRE AUTHORITY held at Council Chamber, County Hall, East Sussex County Council, St Anne's Crescent, Lewes at 10.30 am on Thursday, 7 September 2023.

Present: Councillors Galley (Chairman), Lambert (Vice-Chair), Asaduzzaman, Azad, Denis, Evans, Geary, Goddard, Howell, Kirby-Green, Marlow-Eastwood, Muten, Redstone, Scott, Theobald, Tutt, Ungar and West

Also present: D Whittaker (Chief Fire Officer & Chief Executive), D Norris (Deputy Chief Fire Officer), M Matthews (Assistant Chief Fire Officer), A Ghebre-Ghiorghis (Monitoring Officer), D Savage (Assistant Director Resources/Treasurer), L Ridley (Assistant Director Planning & Improvement), H Scott-Youldon (Assistant Director Operational Support & Resilience), M Lloyd (Assistant Director Safer Communities), L Woodley (Deputy Monitoring Officer), S Milner (Planning & Intelligence Manager), E Curtis (Communications & Engagement Manager) F Le Duc (Press) and A Blanshard (Democratic Services Manager)

157 Declarations of Interest

There were none.

158 Apologies for Absence

Apologies had been received from Councillors Dowling, Maples and Osborne and a vacancy remained on the Fire Authority. Councillors Denis, Howell, Kirby-Green and Tutt had been appointed to attend as substitutes for this meeting.

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

The Chairman reminded Fire Authority Members that there was a Members Seminar being held on the 18 September and encouraged them all to attend if they were able to.

Members were reminded that the East Sussex Fire & Rescue Service Awards ceremony would be taking place on the 29 September and he hoped that Members had responded and were able to support this important event.

The Chairman informed those present that the Chief Fire Officer would be receiving her King's Fire Service Medal at Windsor Castle on 3 October.

160 To consider any public questions

There were none.

161 To receive any petitions

Unconfirmed minutes – to be confirmed at the next meeting of the Fire Authority

There were none.

162 Non-confidential Minutes of the Previous Meeting

RESOLVED – That the minutes of the meeting held on 15 June 2023 be approved and signed by the Chairman.

163 Callover

Members reserved the following items for debate:

- 227 Revenue & Capital Budget 2023/24 and Capital Programme 2023/24 to 2027/28 Monitoring at Month 4
- 228 2024/25 to 2028/29 Strategic Service Planning and Medium Term Financial Plan
- 230 2022/23 Annual Performance Outcome Report

RESOLVED – The Fire Authority agreed that all other reports on this Agenda be approved in full.

164 Revenue and Capital Budget 2023/24 and Capital Programme 2023/24 to 2027/28 Monitoring at Month 4

The Fire Authority received the report of the Assistant Director Resources/Treasurer (ADR/T) presenting the findings of the Month 4 monitoring undertaken on the Revenue and Capital Budget 2023/24 and Capital Programme 2023/24 to 2027/28. A net revenue overspend of £193,000 had been identified due to a number of pressures as listed in the report. The Safer Communities directorate was forecasting an overspend of £1.093m and the Service was maintaining a significant focus on the plan to reduce this pressure to ensure it did not impact the 2024/25 revenue budget. Further work was required to review the forecast, and management action was required in reviewing the staffing and overtime forecasts. There was significant long-term absence amongst operational staff which was also having an impact. The Senior Leadership Team had considered a report detailing the pressures and overspends and setting out those which were one-offs and those which were ongoing. The Authority had benefitted from the rise in interest rates which was resulting in a significant increase in investment income through its Treasury Management activity, which was expected to generate additional income of £0.5m.

The ADR/T, following a review of the capital plans for 2023/24, reported slippage on the delivery of projects to the value of £2,387,000 this particularly related to Estates projects. There had been significant increases in project costs over the last six months, the forecast costs of the Preston Circus project had risen from £3.5m to approximately £4.5m in that period. The enabling works at the station were being done and the Estates team were working with the operational crews to work out how best to undertake the works. The development of the second floor had been paused to focus on the operationally essential areas of the Station. With regards to the wider capital

Unconfirmed minutes – to be confirmed at the next meeting of the Fire Authority

programme, SLT had commissioned an affordability review as part of budget setting for 2024/25.

Members were grateful for the report and the update and that it was reassuring, however acknowledged there would be bigger financial challenges to come. Members asked whether the costs of the Royal Albion Fire were known, there was no figure yet, but most of the costs would be pay, including on-call staff and officer recall, this would start to come through from payroll figures soon.

Members queried why there were IT underspends and what the impact to the Service might be. The ADR/T reminded the meeting that the IT Strategy included a significant investment programme of projects, set out at appendix 7, some of the underspends were because of contract negotiations, timing of the investment programme, new software not yet being switched on and some projects taking longer than anticipated to deliver. In terms of project delivery more broadly IT is a key element, but plans change and require reviewing. one example is the pagers/Alerters project where there are now partnership implications that need to be considered as we are part of the Joint Fire Control. The Assistant Chief Fire Officer (ACFO) explained that although the implementation of the CRM software was delayed the project was on track to provide essential support to the Service's Protection, Prevention and Response work and would enable sharing of information regarding home safety visits, risk assessments amongst all staff.

Members sought some more information on the redevelopment of Preston Circus particularly with regards to its importance to the Service, the local historical links and the lack of a potential partnership for the second floor. As there were some new Fire Authority Members present, the ADR/T went back over the significant work that had been undertaken over many years already on Preston Circus. It is the busiest station in the service and we know it is in the right location to work well with Hove and Roedean, but it is not fit for purpose as a modern Fire Station as it is and it does not provide an appropriate working environment for the staff based there. As the meeting had already heard, the estates team have worked closely with staff, representative bodies, and key stakeholders and the enablement works have started, the main contractor is appointed, but it was necessary to review the delivery of the project due to the increasing costs. A significant amount of time had been spent over the past few years in discussions with potential partners for the second floor accommodation, but nothing had been successful to date. SLT must focus on the operational needs of the Service and therefore it was proposed to remove the planned works on the second floor in order to allow the rest of the essential works to continue. Members agreed that the operationally essential works were the priority and were all committed to getting the works done and help wherever possible.

A discussion followed regarding overtime costs, some Members felt that it was inevitable and it was important to address it, paying particular attention to the levels of long-term sickness. Members were interested to know how much of this was due to workplace stress or injury. The Assistant Director Safer Communities (ADSC) explained that the overtime costs linked to a

Unconfirmed minutes – to be confirmed at the next meeting of the Fire Authority

range of issues, including the day-crewed and duty system changes and honouring leave bookings through this process. There were currently 32 individuals who were off long-term due to suspension, light-duties or sickness. Those who were on light-duties were largely musculo-skeletal problems and the Service is working with Occupational Health to reduce time absent. The ADSC was working to the Safer Communities action plan including reviewing the overtime budget to ensure that it was fit for purpose.

Members asked how the decision was taken to move underspend to contingency, the ADR/T explained that, when deemed appropriate, SLT took decisions to move money out of team budgets to the Service's central contingency fund, lately this has largely related to the additional funds that had been issued to Estates to cover the inflated costs of utilities that had not then been required.

Members were unhappy that the funding from government continued to be short term and too little with Fire Services being asked to do more for less. It was essential that lobbying continue and that wherever possible the Government be reminded that the Fire sector needed to be properly funded. The Chairman reminded those present that the Fire Authority met with the local MPs twice a year and continued to press the case for sustainable funding.

RESOLVED – The Fire Authority agreed to note:

- i. the risks to Revenue Budget and the projected overspend;
- ii. the risks to the Capital Programme;
- iii. the ITG strategy position;
- iv. the reduced net forecast drawdown from reserves;
- v. the grants available and spending plans;
- vi. the monitoring of savings taken in 2023/24; and
- vii. the current year investments and borrowing.

165 2024/25 to 2028/29 Strategic Service Planning and Medium Term Financial Plan

The Fire Authority considered the report of the Assistant Director Resources/Treasurer (ADR/T) which provided an update on the Authority's financial planning position in advance of the start of the Service Planning and Budget Setting process for 2024/25 onwards. Whilst the main purpose of the report was to set the financial context for the service planning process, the fundamental aim of the process was to determine how best to deliver the Authority's Purpose and Commitments, the Integrated Risk Management Plan (IRMP) and the targets and priorities that underpin them, within the context of the current estimate of available financial resources for the period 2024/25 to 2028/29.

The ADR/T reminded the Fire Authority that when it set its budget in February 2023 it used significant reserves to balance the budget for 2023/24 on the condition that permanent savings would be found to balance the budget for 2024/25. This report would normally set out a full review of the Authority's

Unconfirmed minutes – to be confirmed at the next meeting of the Fire Authority

existing five-year Medium Term Financial Plan (MTFP), but due to continued levels of uncertainty regarding both the future of local government funding and inflationary pressures on costs (pay and non-pay) it set out instead an assessment of the 2024/25 revenue budget only. A full review of the MTFP would be presented to the Authority in February 2024.

The Government's Finance Policy Statement had set out the principles it would adopt for the 2024/25 settlement but could only be regarded as indicative at this stage. The fire sector would make a strong submission to the settlement process, but the timetable was unclear and it was unlikely that the outcome would be known until later in the autumn and the provisional statement was not anticipated until late December. As next year would be the end of the current three-year comprehensive spending review period and a Parliamentary General Election was anticipated, the Service expects to receive a further one-year settlement which did not aid planning for the medium term.

Nationally the fire sector remain reliant on significant one-off funding for investment in protection services and payment of employer's pension contributions, and locally forecasting of future Council Tax and Business Rates remained limited, making planning for the 2024/25 budget and beyond extremely difficult. Although inflation had fallen, it was not expected to return to the Bank of England's 2% target until April-June 2025. The Grey book pay award was settled at 12% over two years (2022/23 and 2023/24), 3% higher than the provision in the MTFP and the Green book pay settlement for 2023/24 had not yet been agreed and there was still a risk of industrial action. There is a significant risk that pay settlements for 2024/25 would be materially above the inflation provided for in the MTFP.

This uncertainty has resulted in several assumptions that underpin the current MTFP being updated where possible, highlighting emerging pressures and potential risks. The ADR/T explained that the potential funding gap had now risen from £0.721m to £2.145m in 2024/25, depending on the level of inflation provided for. This did not include any net pressure resulting from the Star Chamber process, running from September – October, and assumed that pressures on the 2023/24 revenue budget would be managed out. This meant that the Fire Authority would need to consider the original savings proposals and a new set of additional options, some one-off some ongoing and this would certainly not be the end point, efficiencies alone would not be sufficient to bridge the funding gap. An update on the development of savings options (Tranches 1-4) was set out in the report.

The Fire Authority and the wider fire sector continued to lobby for additional council tax flexibility of up to £5 which would provide additional income of £0.59m over the 2.99% that was currently modelled. The ADR/T reminded the meeting that they were not making any decisions today, but that they were being asked to provide a steer to officers of the modelling that they would like officers to undertake in order to present them with options when it came to the time to set the budget.

Unconfirmed minutes – to be confirmed at the next meeting of the Fire Authority

Members appreciated the comprehensive report and introduction, it was a difficult and sobering financial environment and economic forecasting was hard. A lengthy discussion followed with some Members expressing their frustration and disappointment with Central Government for both the low levels of funding and the lack of long term provision and how difficult this made decision-making locally. Members agreed on the importance of campaigning and lobbying Government and ensuring that staff and their residents knew that this was happening, as Fire Authority Members they felt a responsibility for maximising the funding available. As a result of their discussions consensus from Members was that, as in previous years, whilst they were not happy about it the Authority would ask officers to model the MTFP based on a £5 Council Tax rise for 2024/25 if that additional flexibility were offered by Government.

Members asked what the National Resilience Assets held by the Service were, the Assistant Director Operational Support & Resilience (ADOS&R) explained that East Sussex held a decontamination unit and a High Volume Pump. As National Resilience Assets these had been provided fully funded, and both remained critical both nationally and locally, however they were reaching end of life and the cost of replacement was estimated at approximately £1m, for which there was no current national funding. Officers advised that there was a national review led by the Home Office and NFCC to review the volume, type, location and funding of National Resilience Assets in the future.

A full and wide-ranging discussion followed including focus on the savings options and the list of risks. Members were informed that whilst the cost of the proposed refurbishment of the Fort Road site as an engineering workshop would be offset in part by a government grant, additional investment would be required which is why it had been flagged as a risk, a more detailed report on this would be presented to the Fire Authority at its meeting in December 2023. Members were concerned about the option to defer Whole-time Firefighter recruitment, it was explained that as there had been fewer retirements than anticipated due to the ongoing national pension issues, in anticipation the Service had recruited 20 Whole-time Firefighters and were therefore running over establishment. The more critical concern was to deal with the 32 cases that were off long-term.

RESOLVED – The Fire Authority:

- i. noted the report and its assessment of the potential funding gap for 2024/25;
- ii. considered and commented, as set out in these minutes, upon the risks set out in section 4.6 and the assumptions set out in the report;
- iii. considered their policy preferences for Council Tax, should the Government set the referendum threshold higher than the 2.99% currently included in the MTFP, requesting that modelling be undertaken for a higher threshold in anticipation of it being an option as in previous years; and

Unconfirmed minutes – to be confirmed at the next meeting of the Fire Authority

- iv. agreed their preference for inflation provision for pay and non-pay in 2024/25 to be 4% and 3% respectively.

166 Financial Regulations Update

The Fire Authority considered the report of the Assistant Director Resources/Treasurer (ADR/T) setting out to Members updates to the Financial Regulations section of the East Sussex Fire Authority Constitution. The regulation updates had considered legislative changes, post titles and provided greater transparency and clarity on approval values, approval limits system and reporting requirements to support greater financial devolution across the Authority.

RESOLVED – The Fire Authority agreed to:

- i. approve the updated to the Authority's Financial Regulations including the delegated financial management scheme as at Appendix 2 to the report; and
- ii. approve the approach to implementation as set out at section 4 of the report.

167 2022/23 Annual Performance Outcome Report

The Fire Authority considered the report of the Assistant Director Planning & Improvement (ADP&I) which provided details of East Sussex Fire & Rescue Service's performance for the period April 2022 – March 2023. The year end results demonstrated an improvement of performance across a number of areas with twelve indicators showing an improvement against the previous year and nine showing a decline. Members wanted to record their thanks to officers for their work to improve the report presentation.

The ADP&I explained that the report aimed to provide a single view of information allowing Members, auditors and the public to hold the Service's senior managers and staff to account in terms of the provision and performance. The report highlighted an increase in performance against the previous year, particularly against the Service's five priority areas. The report showed the lowest ever number of accidental dwelling fires of which 50% did not require any firefighting, a slight reduction in the levels of sickness, the Service's target of undertaking 10,000 home safety visits (HSV) each year had been exceeded and attendance at false alarms had reduced. The Service's agreed Attendance Standards had been achieved and were improved on previous years.

Members were pleased to see the increase in HSV's, these were very popular amongst the public and provided great reassurance and engagement. There was a request for clarity on indicator 10 regarding injuries from primary fires. The ADP&I explained that although the number of injuries had more than doubled, this related to very small numbers and those injuries were less severe largely relating to smoke and fumes, last year there had been fewer,

Unconfirmed minutes – to be confirmed at the next meeting of the Fire Authority

but they had been more serious injuries including burns. It was established that in the new performance reports, there would be additional narrative and context provided in the narrative.

Members noted that although the number of high-rise inspections was increasing, it was not reflected well in terms of the national picture. The ACFO explained that there was an ongoing national discussion on how to define this, the Service were undertaking 2000 inspections per year, up from 500 and most enforcement was from crews undertaking fire safety checks – an approach that was being adopted nationally. It was important to note that the number of enforcement prosecutions had risen from 3-4 per year in previous years to 17 prosecutions this year. The CFO added that the numbers of High-rise in the Service area was higher than many other Fire Authorities, namely the 5th highest number of high-rise and the 2nd highest number of mid-rise buildings. Officers had met with the Home Office and the NFCC to re-emphasise the position that the Service was in and that the current methodology for Protection Grant allocation was considered unfair and did not reflect numbers and therefore the related risk. The Service had lobbied directly for a change to the funding formula as the cost of Protection would only increase. Members were informed that it was highly likely that the Service would have to take enforcement action against Local Authorities, potentially creating difficult political situations for them, the Service would continue to make appropriate and balanced decisions in respect to all Protection matters through the use of the enforcement management model and action would be taken whenever appropriate in the interests of the public and in line with the spirit of the legislation.

RESOLVED – The Fire Authority considered the performance results and progress towards achieving the Service’s purpose and commitments as contained in Appendix 1 to the report.

168 Amendment to Calendar of Meetings 2023-2024

The Fire Authority received the report of the Democratic Services Manager informing them of a proposed change to the date and venue of the February 2024 meeting of the Fire Authority.

RESOLVED – The Fire Authority noted that the date of the February meeting of the Fire Authority would now be Thursday, 8 February 2024 at Brighton Town Hall, Bartholomew Square, Brighton.

The meeting concluded at 12.29 pm

Signed

Unconfirmed minutes – to be confirmed at the next meeting of the Fire Authority

Chairman

Dated this

day of

2023

This page is intentionally left blank

EAST SUSSEX FIRE AND RESCUE SERVICE

Meeting	Fire Authority
Date	7 December 2023
Title of Report	Provision of Monitoring Officer, Deputy Monitoring Officer & Legal Services
By	Duncan Savage, Assistant Director Resources/Treasurer
Lead Officer	Duncan Savage, Assistant Director Resources/Treasurer

Background Papers	<p>Fire Authority: 10 December 2015 – Item 894 - Provision of Monitoring Officer, Deputy Monitoring Officer & Legal Services 2016 – 2018</p> <p>Fire Authority: 6 December 2018 – Item 70 - Provision of Monitoring Officer, Deputy Monitoring Officer & Legal Services</p>
--------------------------	---

Appendices	None
-------------------	------

Implications

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

PURPOSE OF REPORT	To consider the arrangements for the provision of legal services and Monitoring Officer support from 1 April 2024.
--------------------------	--

EXECUTIVE SUMMARY	<p>The current legal services collaboration agreement between East Sussex Fire Authority and Brighton & Hove City Council (B&HCC) expires on 31 March 2024. The Authority has already exercised the two year extension provided for within the existing collaboration agreement which commenced 1 April 2019.</p>
--------------------------	---

As the Fire Authority is responsible for the appointment of the Monitoring and Deputy Monitoring Officer this paper outlines the current position and recommends a course of action which suits business need and secures best value.

RECOMMENDATION

The Fire Authority is recommended to:

- i. agree that the Monitoring Officer of Brighton & Hove City Council continues to be the appointed Monitoring Officer for the Authority;
- ii. agree that the provision of Legal Services, Monitoring Officer appointment and deputising arrangements are to be provided by B&HCC for a three-year period with an option to extend for two further years;
- iii. delegates authority to the AD Resources/Treasurer to agree the detail of the new agreement with BHCC; and
- iv. note that, in accordance with the Authority's Procurement Standing Orders (PSOs) 4.1, the Treasurer, after consultation with the Monitoring Officer, Procurement Manager and Chairman, has approved a waiver of PSO 2.7.

1. INTRODUCTION

- 1.1 The existing five-year collaboration agreement between both parties expires on 31 March 2024 after the expiry of the two year extension. Brighton & Hove City Council has provided Monitoring Officer, Deputy Monitoring Officer and Legal Services since the establishment of the Fire Authority in 1997. A separate contract is in place for legal support for the Authority's enforcement role (Business/Fire Safety).

2. LEGAL ASSESSMENT

- 2.1 Counsel's opinion was sought when the previous agreement was approved in 2018 and this confirmed that under Regulation 12(7) of the Public Contracts Regulations 2015, the Hamburg exception, a competitive procurement process for these services is not required.
- 2.2 The appointment of the Monitoring Officer is governed by s5 of the Local Government & Housing Act 1989. The Monitoring Officer role has to be an appointment of an individual person. Whilst general legal services can be undertaken by a company or body, the Monitoring Officer role has to be the appointment of a named person. It does not have to be an employee of the Fire Authority – the Fire Authority can designate any suitably qualified person to be the Monitoring Officer.

3. ASSESSMENT OF CURRENT SERVICE

- 3.1 The management of the current collaboration agreement for the provision of MO, DMO and Legal Services rests with the Assistant Director Resources/Treasurer who meets to review performance on a quarterly basis with the Head of Legal Services at B&HCC. A suite of key performance indicators has been put in place,

including customer feedback and this is reported to SLT as part of the annual review presented by the Head of Legal Services. The Service has accessed a wide range of legal advice under the existing agreement (general, commercial, contract, employment, governance etc) and has found the service to be responsive and able to provide support effectively outside of normal office hours when required. Specialist support has been provided for key projects for example P21 and for a wholesale review of the Authority's Constitution.

3.2 There are alternative models of delivering these services, for example the Authority could appoint a suitably qualified individual as its Monitoring Officer and separately contract with a legal services provider. This model is in operation elsewhere within the fire sector.

4. **FINANCIAL ASSESSMENT**

4.1 The actual expenditure with B&HCC on the provision of MO, DMO and legal services for the previous years is shown below:

Year	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000 (forecast)
Budget	114.9	117.2	118.4	120.8	127.2
B&HCC spend	117.3	98.1	99.5	96.3	117.2
Non B&HCC/ Project spend	31.9	11.0	19.2	1.2	4.1
Total spend	149.2	109.1	118.7	97.5	121.3

4.2 The current spend for 2023/24 is based on Q1 & Q2 actuals only.

4.3 Price increases during the current arrangement have reflected increases in staff costs (primarily pay awards and changes to pension costs) and are fixed at 3.5% pa. In addition to this, there are a number of added value areas which should be taken into account, namely:

- Every effort is made by B&HCC to prioritise our work. Given the emergency 24/7 nature of our work, this is of considerable assistance and would not necessarily be achieved with a more commercial contract;
- B&HCC / Orbis Public Law have specialist lawyers across all fields and, in the event that usual lawyers are not available, resources are allocated from elsewhere so resilience is built in;
- Availability of 24/7 support;
- Is consistent with the ethos and spirit of public sector partnership;
- There is a high level of understanding and experience of the FRS 'modus operandi'; and
- Research indicates that hourly rates remain competitive when compared to the NEPO and CCS framework rates.

5. PROCUREMENT STANDING ORDERS (PSO)

- 5.1 The proposal to proceed is permitted under PSO section 4.1 which states:

In the event that the application of these orders prevents or inhibits the delivery or continuity of service, a waiver may be sought. A waiver is required for any proposed procurement or contractual action which is not compliant with these Orders.

A waiver cannot be given if it would contravene the Public Contracts Regulations 2015 or any other applicable legislation.

You must obtain approval for a waiver in writing specifically identifying the PSO that is being waived and the reason for which the waiver is sought, including justification and risk. When a waiver is sought, advice from Procurement should be sought at the earliest opportunity. A waiver cannot be granted retrospectively; this is viewed as non-compliance with these Orders.

Any proposal to waive any of the provisions of one or more PSOs in relation to a Contract must be referred by the Internal Customer to the Assistant Director Resources/Treasurer. Except in an emergency, the proposal must be in writing, setting out the reason(s) for the waiver.

The Assistant Director Resources/Treasurer may waive any provision of one or more PSOs in relation to a proposed Contract, except where it contravenes any applicable legislation. Except in an emergency, the Assistant Director Resources/Treasurer shall consult the Monitoring Officer, the Procurement Manager and the relevant Member of the Authority before making a decision.

Procurement must maintain a log of all waivers, and store documentation for waivers within the Contracts Register.

- 5.2 B&HCC officers have confirmed that they are content to put in place a new Collaboration Agreement under the current terms.

6. CORPORATE RISK

- 6.1 The Authority and the Service cannot operate without the provision of legal services and a nominated MO. Without a contract to support this provision in place at 1 April 2024, there would be a corporate risk to the Authority.

7. CONCLUSION

- 7.1 Whilst there are alternative options for the provision of MO, DMO and Legal Services, on the basis that the current service model meets the Authority's need and can demonstrate value for money it is recommended that the Fire Authority approve a new collaboration agreement with B&HCC for a period of up to five years.

EAST SUSSEX FIRE AND RESCUE SERVICE

Meeting	Fire Authority
Date	7 December 2023
Title of Report	2024/25 to 2028/29 Strategic Service Planning and Medium Term Financial Plan
By	Duncan Savage, Assistant Director Resources/Treasurer
Lead Officer	Alison Avery, Finance Manager

Background Papers	<p>Revenue and Capital Budget 2023/24 and Capital Programme 2023/24 to 2027/28 Monitoring at Month 6 (end September)</p> <p>Bank of England Quarterly Monetary Policy Report November 2023</p> <p>Fire Authority Service Planning processes for 2023/24 and beyond – Revenue Budget 2023/24 and Capital Asset Strategy 2023/24 to 2027/28</p>
--------------------------	---

Appendices	<ol style="list-style-type: none"> 1. Medium Term Financial Plan 2023/24 to 2027/28 2. Illustrative update for 2024/25 Revenue Budget planning 3. 2024/25 Budget Gap following Flexibilities
-------------------	---

Implications

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

PURPOSE OF REPORT	To provide an update on the Authority’s financial planning position in advance of the receipt of the Provisional Local Government Finance Settlement (LGFS) for 2024/25 and the submission of budget proposals and a refreshed Medium Term Finance Plan (MTFP) to the Fire Authority in February 2024.
--------------------------	--

EXECUTIVE SUMMARY

Whilst the main purpose of this report is to set the financial context for the service planning process, the fundamental aim of the process is to determine how best to deliver the Authority's Purpose and Commitments, the Integrated Risk Management Plan (IRMP) and the targets and priorities that underpin them, within the context of the current estimate of available financial resources for the period 2024/25 to 2028/29.

Close alignment of business and resource (including finance) planning is necessary to ensure that the Authority can continue to deliver its corporate strategy and IRMP outcomes more effectively. A review of Strategies and their action plans (in terms of priority, deliverability and affordability) will feed into the Star Chamber process.

This report would normally set out a full review of the Authority's existing five year Medium Term Finance Plan (MTFP). However given the continued level of uncertainty not just regarding the future of local government funding but also inflationary pressures on costs (both pay and prices) we have set out an assessment of the 2024/25 revenue budget only. A full review of the MTFP will be presented to the Authority in February 2024.

The Government carried out a comprehensive spending review (CSR) covering a three year period from 2022/23 but only provided a one year settlement in both 2022/23 and 2023/24. Whilst the Government's Finance Policy Statement sets out the principles it will adopt for the 2024/25 settlement this can only be regarded as indicative at this stage.

The fire sector has made a strong submission to settlement process with a particular focus on the impacts of inflation and the need for council tax flexibility. Given next year is the last year of the current CSR period and the likelihood of national elections then we expect a further one year settlement which will not aid planning over the medium term.

Nationally the sector remains reliant on significant one-off funding for investment in protection services and payment of employer's pension contributions. This makes planning for the 2024/25 budget and beyond extremely difficult.

In this uncertain context this report seeks to identify the potential scale of the financial challenge facing the Authority primarily in setting its budget for the next financial year. It updates a number of the assumptions that underpin the current MTFP where that is possible, highlighting emerging pressures and potential risks.

This paper provides an update on that submitted to the Authority's September meeting. It reflects agreed changes to pay and price inflation within the budget, the outcomes of the Star Chamber process, ongoing work to review the Capital Programme, the identification of additional savings and flexibilities that may provide opportunities to balance the 2024/25 budget, updates to funding information and a summary of the recent Autumn Statement.

The revised financial planning assessment indicates a potential funding gap of up to £3.419m in 2024/25, including the net pressure from the Star Chamber process. It assumes that pressures on the 2023/24 budget will be managed out.

The latest position on savings options and flexibilities is set out in section 4.9 and Appendix 3. Whilst good progress has been made with the total identified now standing at £2.551m (of which £1.423m is one off) that still leaves a gap of £0.869m for which further options must be identified in order to balance the budget for 2024/25. Further work will be carried out at the SLT Away Day on 28 November with a view to presenting pre-settlement budget proposals to SLT on 13 December. In addition the significant reliance on one off savings will increase the financial challenge in 2025/26 onwards as those savings drop out. This will be set out clearly in the January and February reports to the Authority.

The Authority and the wider fire sector continue to lobby for additional council tax flexibility of up to £5 which would provide additional income of £0.568m over the 2.99% currently modelled. The Authority has written to local MPs and ministers at HO, HM Treasury and DLUHC setting out very clearly the need for a sustainable settlement that enables us to continue to meet the risks in our local community. Officers have also met with NFCC and HO officials to make our case for a fairer allocation of grant funding for Protection activity.

RECOMMENDATION

The Fire Authority is asked to:

- i. note the report and its assessment of the potential funding gap for 2024/25;
- ii. consider and comment upon the risks set out in section 4.6 and the assumptions set out in the report; and
- iii. comment upon the savings proposals set out in the report and identify any further analysis required prior to formal proposals being submitted for decision in February 2024

1. MEDIUM TERM SERVICE PLANNING

- 1.1 Whilst the main purpose of this report is to set the financial context for the service planning process, through an update of the MTFP, the fundamental aim of the process is to determine how best to deliver the Authority's Purpose "to make our communities safer", its supporting commitments, its IRMP 2020-25, and the targets and priorities that underpin them, within the available resources. This process has become even more important in recent years in the light of the sustained pressure on public sector funding and the consequent need to deliver significant savings over the period of the MTFP.
- 1.2 Members and officers will need to ensure that the service planning process, which is driven through our purpose and commitments and the IRMP, delivers sustainability in the medium term for both the revenue and capital budgets, and the Service as a whole. Officers continue to develop the service planning process to ensure that strategic planning and resource allocation processes (including financial planning / budget setting) are better aligned, ensuring that agreed policy priorities and key outcomes are properly resourced and can be delivered more efficiently and effectively. This report now includes the outcomes from the Star Chamber process which has identified and assessed pressures, bids and savings across the service alongside consideration of any flexibilities within the budget and MTFP and various other updates since the last report to the Authority in September 2023, including the key points from the Chancellor's Autumn Statement.

2. ECONOMIC OUTLOOK

- 2.1 Global growth continues to be subdued. CPI remains elevated in advanced economies, but has been falling. UK GDP growth is expected to have been flat in Q3 2023 with indicators of growth in Q4 being mixed. The unemployment rate is expected to be 4.25% during the second half of 2023 and is forecast to rise to just over 5% by the end of 2026.
- 2.2 CPI inflation fell to 6.7% in September and Q3 2023, remaining significantly above the Monetary Policy Committee's (MPC) 2% target. CPI is expected to continue to fall sharply to 4.5% by Q1 2024 and reach the 2% target by the end of 2025. CPI actually fell sharply in October dropping to 4.6%. Interest rates are expected to remain at their current rate of 5.25% until Q3 2024 and then decline gradually to 4.25% by the end of 2026.

3. NATIONAL FUNDING ISSUES

- 3.1 There is considerable uncertainty in the national funding arena. Following the end of the previous four year funding settlement in 2019/20 the Government has approved four one year settlements (for 2020/21, 2021/22, 2022/23 and 2023/24). Whilst these have been more positive for the fire sector nationally than had been anticipated with small real terms increases in the settlement funding assessment (SFA) they have not enabled effective planning over the medium term. In 2023/24 this Authority received the equal lowest increase in Comprehensive Spending Power (CSP) of any English fire authority (6.6%) and was only one of three CFAs that needed to receive CSP Minimum Guarantee grant.

- 3.2 Whilst the Government's Finance Policy Statement indicates the principles it will adopt for the 2024/25 settlement this can only be regarded as indicative and there is no commitment to continue to offer £5 council tax flexibility to fire and rescue services. The Provisional Local Government Finance Settlement is not expected to be announced until 19 December (the last day before the Parliamentary recess) when budget plans are close to being finalised ready for Authority consideration in early February. At this stage we have assumed a slightly better outcome than in the MTFP i.e. an increase in the Settlement Funding Assessment (revenue support grant and business rate income) of 6.7% in cash terms, based on actual CPI as at September 2023. This is slightly lower than previously reported when a forecast of 6.9% was applied.
- 3.3 Ministers have previously indicated that local government should not expect to see additional funding to address inflationary pressures nor any pay award above the 2% provided for in most fire authority budgets. Given the split of fire funding across both the Home Office (HO) and Department for Levelling Up, Housing & Communities, the sector continues to compete against other policy commitments e.g. for policing and the Border Force and local government more generally.
- 3.4 The fire fighters pension grant was provided in 2019/20 in order to mitigate most of the increase in the employer contribution rate following the most recent valuation process. This one-off grant was extended into 2020/21, 2021/22, 2022/23 and 2023/24. It is again expected that the grant will roll into the base budget from 2024/25 at current funding levels, which is welcome as it provides more certainty but it does subject the funding to annual settlement fluctuations. The current MTFP assumes that funding continues at the current level of £1.734m.
- 3.5 It is expected that the latest actuarial review of the Firefighters Pension Scheme (FPS) will take into account the impact of proposed remedies for both McCloud/Sargeant and Matthews/O'Brien and result in new and increased employer contribution rates for 2024/25 onwards. At the time of writing the increased rates have not been announced but we understand that the Government will fund the financial impact through a new one off grant for 2024/25 only. Once the new rates are announced we will include an estimate of the cost and the offsetting grant in the budget proposals. If the increase is not offset by grant funding this would present a significant financial risk to the Authority. A Pension Administration reserve is held to fund costs resulting from remedy implementation. It is expected the balance of this reserve as at 31 March 2024 will be £134,000. To date this reserve has been used to provide additional resources to support the administration of remedy.
- 3.6 The Authority has received a fourth tranche of one-off grant of £0.358m to fund continued investment in Protection capacity in 2023/24. The Protection grant has been included in the MTFP at cash flat on a permanent basis as previously agreed. We expect that the Home Office will seek to roll the Protection Surge grant into the baseline from 2024/25. The Authority continues to lobby for a fairer distribution of the grant so that it reflects the risk and workload from the very high levels of both high and medium risk buildings within East Sussex. The current grant is insufficient to meet the costs of meeting the Authority's new

statutory and regulatory responsibilities which we estimate at around £0.5m and has required additional investment of £0.3m from the Authority's own resources.

3.7 There has been no provision for capital or transformation grants within the fire sector since 2015/16. The fire sector CSR submission highlighted the need for new capital funding to replace end of life national resilience assets for which there is no local provision. The cost of replacing those assets current allocated to this Authority is estimated at approximately £1m.

3.8 **Autumn Statement**

3.8.1 The Chancellor made his Autumn Statement on 22 November and the key headlines are set out below. We have not made any amendments to this paper as a result of the Statement, as there were no specific references to fire or fire funding. We understand that DLUHC may publish a revised Finance Policy Statement prior to the publication of the Provisional LGFS and if this is released, we will provide an update at this meeting.

- CPI inflation is expected to fall back to BoE 2% target by 2025 (3.8% in 2024 calendar year);
- Some discounts and changes will be made to Business Rates that will benefit small businesses and retail / hospitality / leisure sectors – local authorities (incl. FRS) will be compensated for the resultant losses through further S31 grants;
- Reductions in employee's National Insurance Contributions – but no change to employers rates;
- No increase in local government (and therefore FRS) funding – increases in DLUHC departmental expenditure limit (DEL) are explained by business rates changes / additional S31 grant rather than new funding;
- No reference to council tax thresholds (this may follow in expected DLUHC Finance Policy Statement);
- Reference to expected 0.5% pa improvements in local government productivity (Public Sector Productivity Programme highlights AI, prevention and reducing admin as main opportunities) – it is not clear how this may impact on fire which already has productivity targets agreed as part of the current CSR;
- Expectation from OBR (Office for Budget Responsibility) that unprotected budgets (including HO and DLUHC) will fall in real terms over next CSR period (i.e. 2025/26 onwards);
- OBR also expects increased drawdown of reserves (£2.3bn) by local authorities to balance their 2023/24 and 2024/25 budgets;
- National Living Wage will rise to £11.44 per hour but this still looks to be below our lowest pay grade.

4. **LOCAL POSITION**

4.1 **Medium Term Finance Plan**

4.1.1 The MTFP was previously updated when the 2023/24 Budget was set in February 2023, as shown in Appendix 1. At that stage there was a requirement to find savings of £721,000 to provide a balanced budget for 2024/25. Given the level of uncertainty about future funding we modelled two scenarios from 2025/26 which highlighted the potential need to make further savings of between £0.323m (higher range funding scenario) and £0.947m (lower range funding scenario) by 2027/28.

4.1.2 Given the level of uncertainty (as noted earlier) we have not yet updated the MTFP but provided an illustration of the potential scale of the financial challenge in achieving a balanced budget for 2024/25. A full MTFP will be presented in February 2024. The Authority must also consider the risks set out in paragraph 4.6 below when considering its financial planning.

4.2 Expenditure

4.2.1 The level of pay award for the Fire & Rescue Service will be determined nationally through the National Joint Council (NJC). Since the 2023/24 budget was approved the Grey Book pay award was agreed at 12% over two years, 3% higher than provided for in the MTFP and Green Book pay award was agreed at a flat rate increase of £1,925 to each employee, above the 4% included for 2023/24. Given the forecast that CPI will reduce but remain above the 2% target rate for 2024/25 we have modelled a 4% pay award for all staff as agreed by the Authority in September.

The final green book pay award for 2023/24 was lower than the 6% provided for in the previous budget update and reduces the budget gap by £66,000.

4.2.2 The MTFP currently provides 3.00% price inflation on goods and services in 2024/25 and 2% onwards in line with the Bank of England's target. Each 1% increase in prices is equivalent to £126,000. We are working with budget managers and with the procurement team to assess the level of indexation on our major contracts and understand the likely impact of inflation on our costs for 2023/24 and 2024/25.

4.2.3 To provide Senior Leadership Team (SLT) with flexibility in managing budget in-year there is a Corporate Contingency included in the Revenue Budget and MTFP. This is set at £857,000 for 2024/25 and includes £489,000 relating to the centrally held inflation provision for 2023/24 and 2024/25. This balance has been reviewed as part of the budget setting process and we propose that it is reduced to £500,000 in 2024/25.

4.3 Star Chamber Outcomes

4.3.1 During September 2023 a series of Star Chamber meetings were held with Assistant Directors asked to present their pressures, bids and savings for 2024/25. The outcome adds an additional net pressure of £1,555,130, the breakdown of which is shown in the table:

	£'000
Pressures	1,068
Bids	1,008
Savings	(521)
	1,555

4.4 **Emerging Pressures**

4.4.1 Emerging pressures have been identified through the financial position reported to Policy & Resources Panel in September and subsequent budget monitoring. However for the purposes of this report we have assumed that these will be resolved and will not place additional pressure on the 2024/25 budget. If these pressures, primarily in Safer Communities and Training cannot be managed out during the current year they will present a risk to the financial position in 2024/25.

4.5 **Capital Strategy**

4.5.1 The 5 year Capital programme is being reviewed and this will be presented for approval in February 2024. This work has been progressed since the September update and the main proposals agreed by SLT include:

- Deferral of light fleet replacement programme with resulting savings in 2024/25 and 2025/26 but some additional pressures in succeeding years.
- Estates capital scheme priorities for the period to 31 March 2025:
 - Preston Circus
 - Fort Rd Engineering Workshop
 - Design Guide Refurbishments at Bohemia Rd, Eastbourne & Roedean
 - Maintenance of Live Fire Training Units (LFTU) at Service Training Centre (STC)
 - Provision of wet training capabilities at 3 station based BA Chambers.
- Deferral of planned major schemes to deliver new LFTU and Multi Purpose Training Hubs until after the completion of the Strategic Review of Training with work not starting until 2025/26 at the earliest. This will now include the development of a masterplan for STC.
- Deferral of all other planned Design Guide Refurbishments (at Day Crew and Retained Stations) until after a full review of the Estates Strategy, Design Guide and Estates Capital Programme in 2024/25 with the expectation that on grounds of affordability and deliverability the programme will be re-profiled for delivery over a longer period and will consider alternative approaches to achieving improved management of contaminants.

- That the Business Rate Pool Reserve will be used to fund the Capital Programme, noting that the timing of this is dependent on the resolution of the backlog in public audit.

We are continuing to see pressures on scheme budgets especially within Estates alongside increased borrowing costs. The proposals set out above are intended to improve the affordability and deliverability of the programme in the short term whilst further review of the Estates Strategy and Programme is carried out. We have carried out an initial review of the revenue implications of the proposed Capital Programme, particularly for 2024/25 and this result in a reduction of £171,000.

4.5.2 The draft programme and revenue implications reflect the agreement by Policy & Resources Panel in November to increase the budget for Preston Circus by £1.6m (to £4.9m) and also the proposals for the redevelopment of Fort Rd, Newhaven as an Engineering Workshop set out elsewhere on this Agenda.

4.6 **Reserves and Balances**

4.6.1 Reserves and balances are held in accordance with the Authority's agreed policy. The planned use of reserves and balances will be reviewed as part of the service planning process in light of the savings requirement, any changes to the Capital Strategy, the outcome of grant funding bids to Government and the need to fund the costs of up-front investment to support the delivery of savings proposals.

4.6.2 The level of reserves held is expected to reduce significantly over the next five years from £14.6m at the beginning of 2023/24 to £4.6m by 2027/28 comprising primarily an unallocated risk provision of £2.4m and other reserve balances of £2.2m. This position will be affected if it is necessary for the Authority to use its balances to fund spending pressures in 2023/24 or to balance its budget in 2024/25. The continued use of reserves to fund in year pressures or to balance its revenue budget is not sustainable.

4.6.3 The General Reserve balance is forecast to be £2.019m at the end of 2023/24, which is 4.48% of the 2023/24 revenue budget. This is below the Authority's policy minimum of 5%. The current MTFP includes provision to return it to its policy minimum level by 2025/26. It is proposed that the top up planned for 2024/25 is reduced by £452,000 and that the return to the 5% policy minimum is phased over 4 years to 2027/28.

4.7 **Risks**

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;
- The provision of grant funding by Government to offset the expected significant increase in costs of employers contributions to the FPS from 2024/25 onwards;

- The Service’s ability to manage out current revenue pressures in Safer Communities and Training;
- Increased reliance on borrowing to fund future capital investment from 2024/25 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;
- The potential for non-pay inflation to exceed the provision made in the revenue budget and the capital programme;
- Uncertainty about future governance and funding including:
 - the last year of the current three-year Comprehensive Spending Review and the period from 2025/26 onwards
 - the impact of any changes to the funding formula
 - for the impact of any changes to the business rates system;
- The outcome of national elections expected in 2024 and any change to policy or funding for the fire service;
- The impact of local growth and additional housing, road and commercial risks;
- Any further development of local devolution proposals;
- the outcomes of the White Paper, including the potential 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 including the ongoing process of cultural change and strengthening of inclusion and diversity;
- The impact of the Building and Fire Safety Acts on fire service responsibilities and the resultant cost of compliance/delivery;
- The financial implications of climate change both through service delivery (response to extreme weather events) and the need to meet the national target for net zero carbon emissions by 2050.

4.8 **Financing**

Council Tax Increase

4.8.1 It is assumed the Authority will increase council tax by 2.99% in 2024/25.

4.8.2 There is no commitment to extend the flexibility to increase council tax by the higher of 2.99% or £5, as granted in 2023/24. An increase of £5 equates to 4.79% and this would result in an additional £568,520 in 2024/25.

Council Tax Base

4.8.3 In the MTFP the council tax base has been updated in line with information provided by billing authorities. This indicates growth of 0.97% for 2024/25, slightly lower than our previous assumption of 1.00% growth. Future years growth forecasts from billing authorities also fall below the 1.00% which had been forecast in future years.

Council Tax and Business Rates Collection Funds

- 4.8.4 Information from billing authorities indicates a surplus of £67,000 across council tax and business rates collection funds for 2024/25 compared with a previous forecast of a deficit of £200,000. We continue to work with the billing authorities and other major preceptors in East Sussex to improve financial monitoring and forecasting.

Business Rates

- 4.8.5 Business rates income is updated to reflect the latest assessment of 2023/24 income and the planning assumption that Settlement Funding Assessment will increase by 6.7%, in line with September CPI. We have assumed that S31 Business Rate grant will continue into 2024/25 with an increase of 6.7%.

4.9 Savings Plans and Efficiency Strategy

- 4.9.1 Between 2010/11 and 2022/23 the Authority has made savings of approximately £11.2m. In 2017 the Authority determined to take a more holistic and strategic approach to delivering efficiencies that moved beyond previous approaches that had focussed on delivering savings necessary to balance the revenue budget. Officers remain committed to delivering on this approach, but it is clear that the enabling activities, for example CRM, Firewatch and Business Intelligence projects, as well as partnership projects such as ITF have required increased investment and longer delivery times to put in place. Alongside delivery activity SLT and project boards continue work to identify and deliver improved return on investment and increased cashable efficiencies.

The MTFP presented in February 2023 indicated the need to make savings of £721,000 to balance the budget for 2024/25. Tranches 1-3 were identified and targeted to deliver savings of £923,000 as follows:

Tranche 1	£185,000	Remove 3 RDSO posts
Tranche 2	£108,000	Remove on-call at Lewes & Crowborough and increase wholetime crewing from 9 to 10
Tranche 3	£630,000	Structural review & related ways of working, Reduction of Estate and Departmental savings (non-staff related)

There is a high degree of confidence that Tranches 1 & 2 will deliver the target savings of £293,000. However, at this stage it is too early to say with confidence the £630,000 targeted savings from Tranche 3, now known as “Future Foundations” will be fully delivered by April 2024. We are forecasting that a combination of Future Foundations savings and vacancy management will deliver savings of £415,000 in 2024/25 with the full target of £630,000 met for 2025/26.

- 4.9.2 The 2024/25 savings requirement now stands at £3,420,000, as shown in Appendix 2.

At the Fire Authority meeting in February 2023, it was agreed that any residual shortfall in the MTFP would be reconciled through a refreshed set of Tranche 4 proposals. This refreshed set of proposals builds on those reported to the Fire Authority June 2023.

The list of potential savings options for 2024/25 now includes:

- Deferral of planned WT FF trainee course (£200,000 one-off);
- A review of planned revenue investments in IT and People Strategies – through Star Chamber and Strategic Change Board it has been agreed that any flexibilities within these areas will be recycled to mitigate funding pressures in priority projects and will not therefore deliver any savings;
- Reduction in Workforce Transition budget – to date less than £100,000 in ongoing spend has been committed and therefore a one-off reduction of up to £200,000 may be possible (ongoing), but this is dependent on the progress of the work on culture and the impact of one-off costs from Tranche 3 proposals;
- Tranche 3/Vacancy management (now known as Future Foundations) (c£415,000 one-off) based on an initial assessment of posts currently vacant that could be held vacant pending the outcome/full implementation for 2025/26;
- I&E reserve removal of planned top-up in 2024/25 (£200,000 one-off);
- Reduction of contingency budget (c£357,000 ongoing);
- Reduction in top up of general reserve (c£452,000 one-off);
- Reduction in capital financing (c£171,000 one-off);
- East option 1: Bohemia Road and The Ridge run as a single watch on 2/2/4 (-4 Watch Managers) (c£263,000 ongoing) or East Option 2: Self-rostering at The Ridge only (-4 Firefighters) (c£212,000 ongoing).

The total potential savings all tranches equals up to £1.113m on-going and up to £1.438m one-off.

In the context of the 5 year MTFP any one off savings will need to be replaced with ongoing savings in future years in order to ensure the budget can be balanced over the medium term.

4.9.3 The application of Tranche 1 and 2 savings and budget flexibilities reduces the budget gap to £869,000 as shown in Appendix 3.

Further review is required of the following to ensure a balanced budget for 2024/25:

- Further prioritisation of all Star Chamber pressures/bids to identify those which must be included within the 2024/25 budget;
- Confirmation of the 2024/25 Project Portfolio and funding requirement by SCB;
- Assurance on the progress of the Safer Communities Action Plan and any further measures necessary to bring spend back within budget for 2024/25;
- Identification of further savings measures;
- Consideration of contingency budget level;
- Consideration of deferring the top up of general reserve to future financial years;
- Update of capital programme to confirm 2024/25 revenue costs;
- Review of reserves to identify any remaining flexibility.

Officers are also considering the removal of top up funding for protection (c£300,000 over 3 years), this removes local subsidy for Protection Surge Grant and will increase the amount of uncommitted funding in the Business Rates Pool Reserve to fund the Capital Programme (see 4.4).

Medium Term Financial Plan 2023/24 to 2027/28

MEDIUM TERM FINANCIAL PLAN 2023/24 - 2027/28					
<i>INCREASE COUNCIL TAX BY £5 IN 2023/24</i>					
	2023/24	2024/25	2025/26	2026/27	2027/28
	£'000	£'000	£'000	£'000	£'000
Gross Revenue Service Budget	45,881	45,358	45,831	46,804	47,689
Less					
Specific grants	(2,236)	(2,205)	(2,157)	(2,109)	(2,109)
Other income	(236)	(244)	(249)	(253)	(257)
Total income	(2,472)	(2,449)	(2,406)	(2,362)	(2,366)
Net Service Budget	43,408	42,908	43,426	44,441	45,323
Capital financing costs less interest receivable	751	1,026	1,337	1,670	1,727
Capital expenditure from the Revenue Account	0	0	0	0	0
Transferred from reserves	(1,062)	(211)	(5)	(5)	(5)
Transferred to reserves	1,961	2,944	3,192	3,592	3,842
Total Net Expenditure	45,058	46,667	47,950	49,699	50,887
Net Budget brought forward	41,766	45,058	46,667	47,950	49,699
Unavoidable cost pressures					
Pay inflation	605	647	649	657	670
Price inflation	246	255	259	264	270
Total inflation	852	903	908	921	940
Changes in Capital Financing	15	225	261	293	57
Budget commitments	4,124	941	21	532	191
Savings approved	(1,295)	(1,095)	92	3	0
Reserve Funding	(404)	636	0	0	0
Total Net Expenditure	45,058	46,667	47,950	49,699	50,887
Sources of Funding	2023/24	2024/25	2025/26	2026/27	2027/28
	£'000	£'000	£'000	£'000	£'000
Locally Retained Business Rates	2,397	2,529	2,580	2,631	2,684
Business Rate Top Up	5,379	5,670	5,783	5,899	6,017
Business Rates Baseline	7,776	8,199	8,363	8,530	8,701
Revenue Support Grant	3,662	3,863	3,940	4,019	4,099
Service Grant Allocation	408	301	307	313	319
Settlement Funding Assessment	11,846	12,363	12,610	12,862	13,120
Section 31 Grant Business Rates adjustment	2,063	2,165	2,208	2,252	2,298
Collection Fund (Deficit) / Surplus	0	(200)	(200)	(200)	(200)
Release of S31 Reserve					
Covid-19 Collection Fund Deficit 75% compensation CT & BR	56	0	0	0	0
Collection Fund (Deficit) / Surplus (Adjusted)	56	(200)	(200)	(200)	(200)
local council tax support grant					
Council Tax Requirement	31,093	32,339	33,313	34,315	35,347
Total Resources Available	45,058	46,667	47,932	49,230	50,564
Additional Savings Required / (surplus)	(0)	0	18	468	323
Additional Savings Required - Lower Range			222	880	947

The MTFP position for 2024/25 assumes £721,000 savings will be delivered through Tranches 1-4

Illustrative update for 2024/25 Revenue Budget planning

	2024/25 £'000		2024/25 £'000
	Sept CFA	Changes	Revised - November SLT
Net Existing Budget Requirement (February 2023 MTFP)	46,667		46,667
New Pressures:			
Wholetime	962		962
Control Room	12		12
Principal Officers	27		27
Support Staff	388	(66)	322
On-call	289		289
Non-pay inflation	126		126
Star Chamber pressures		1,068	1,068
Star Chamber bids		1,008	1,008
Net Additional Pressures	1,805	2,010	3,815
New Savings			
IRMP	(106)		(106)
Star Chamber savings		(520)	(520)
Net Additional Savings	(106)	(520)	(626)
Refreshed MTFP Net Budget Requirement	48,366		49,856
Sources of Funding (February 2023 MTFP)	46,667		46,667
Additional funding:			
Business Rates Baseline	161	(15)	146
Revenue Support Grant	51	(7)	44
Service Grant	13		13
S31 Grant Business Rates Adjustment	50	(1)	49
Council tax		(9)	(9)
Collection fund		247	247
Additional Funding	275	215	490
Refreshed MTFP Net Budget Requirement	46,942		47,157
Additional Savings required	1,424	1,275	2,699
Existing February 2023 MTFP Savings Requirement	721		721
Refreshed MTFP Forecast Savings Requirement	2,145		3,420

2024/25 Budget Gap following Flexibilities

	2024/25
	£'000
Revised budget gap	3,420
Savings and flexibilities:	
Tranche 1	(185)
Tranche 2	(108)
Deferral of WT FF Training	(200)
Reduction in workforce transition	(200)
Tranche 3 / vacancy management	(415)
I&E top up	(200)
East Option	(263)
Reduction of contingency budget	(357)
General reserve top up	(452)
Reduction in capital financing costs	(171)
Budget gap following flexibilities	869

EAST SUSSEX FIRE AND RESCUE SERVICE

Meeting Fire Authority

Date 7 December 2023

Title of Report Integrated Transport Function – Fort Road Site, Newhaven

By Mark Matthews, Assistant Chief Fire Officer

Lead Officers Hannah Scott-Youldon, Assistant Director Operational Support & Resilience
 Nicky Boruch, Interim Estates Manager
 Louis Thompson, Engineering Manager
 Joe Carr, Finance Business Partner
 Jamie Duc, ITG Supplier Service Manager

Background Papers Fire Authority – 9 February 2023 (Item 204)

Appendices None

Implications

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

PURPOSE OF REPORT The purpose of this report is to provide an update to the Fire Authority on the Business case for the re-development of the Fort Road site in Newhaven and to seek approval to vary the capital programme to reflect the scheme costs.

RECOMMENDATION The Fire Authority is asked to agree that:

- i. the existing capital schemes for Integrated Transport Project and Fort Road – RIBA Stages 1-2 are deleted and replaced with a new scheme Fort Road – Engineering Workshop and that the gross funding for the scheme is increased from £0.880m to £2.836m;
- ii. the Fire Transformation Fund grant of £1.5m is recognised in the capital asset strategy giving a net scheme budget of £1.336m; and

- iii. the forecast revenue consequences of the scheme are built into the MTFP.

The Fire Authority is asked to note that:

- iv. the Senior Leadership Team have approved the Full Business Case.

1. **STRATEGIC CONTEXT**

- 1.1 Our fleet and equipment provision is one of the most important physical assets alongside our professional staff.
- 1.2 The size, style and make-up of our fleet services and equipment is influenced by the risk profile that we have reflected through our Integrated Risk Management Plan (IRMP) and offers the most efficient way to manage that risk across our service area.
- 1.3 We have a wide range of fleet and transport requirements including front line fire appliances, specialist vehicles, pool cars, vans and operational equipment.
- 1.4 Our Fleet and Equipment department is critical to having the right assets and equipment to deal with the risks within our communities ensuring our colleagues have the right equipment for all tasks to be undertaken.
- 1.5 Our Fleet and Equipment Management Strategy outlines the efficiencies we can deliver through a shared strategic fleet, shared contracts and management systems with our FRS (Fire and Rescue Service) neighbours, seeking opportunities with our blue light colleagues to enhance our effectiveness in delivery across our geographical domain.
- 1.6 In 2021 the Fire Authority approved the Fleet and Equipment Management Strategy which clearly outlined that East Sussex Fire and Rescue Service (ESFRS) “will consider opportunities for shared facilities, workshops and collaborations with other emergency services. Reviewing facilities available to all our identified partners services and identify key locations for the required facilities/ activities. This includes a dedicated heavy vehicle maintenance area, a dedicated light vehicle maintenance area complemented with dedicated storage facilities. This will be considered in line with any potential ITF (Integrated Transport Function) project for shared workshops and collaboration with external partners.”
- 1.7 The Integrated Transport Function (ITF) Project was established almost 10 years ago to deliver a collaborative approach to fleet and engineering functions across a number of partners (ESFRS, West Sussex Fire & Rescue Service, Surrey Fire & Rescue Service, Surrey Police, Sussex Police and SECamb).
- 1.8 In 2015/16 the ITF Project was successful in bidding for Fire Transformation Fund Grant of £5.9m. The bid set out plans for investment across several areas

but was primarily focussed on the consolidation and re-provision of engineering workshop facilities between the fire and police partners.

- 1.9 The grant bid outlined a number of key areas for focus:
- Sharing of Workshops (premises, plan & personnel)
 - Multi-disciplined workforce (people)
 - Common standards for vehicles and equipment (plant)
 - Sharing of ICT systems (process)
 - Sharing of management information
 - Shared safety event and accident investigation systems and resources (process).
- 1.10 The grant bid highlighted that the project represented value for money in accordance with the Treasury Green Book requirements but required some funding to deliver medium to long-term improvements in efficiency, and achieve outcomes consistent with three of the five aims of the Fire Transformation Fund, which were implemented to support schemes that:
- Encourage greater collaboration.
 - Improve local accountability.
 - Promote asset transformation / other efficiencies.
- 1.11 The project approach outlined a 'Hub and Spoke' approach to delivering fleet maintenance with the Hub being at Crawley Down and the Spokes being placed strategically in West Sussex ground (South-West Spoke), Surrey ground (North-West Spoke) and the other in East Sussex ground (South-East Spoke) with East Sussex Fire & Rescue Service having accountability for leading and delivering the latter.
- 1.12 The bid was successful in attracting grant funding in total of £5.996m. Of which £5.162m was capital funding and £0.794m revenue.
- 1.13 Within the capital grant award £1.5m was specifically allocated to the South-East Spoke. The Service also ring-fenced £1m capital budget to support the development of a dedicated transport site.
- 1.14 Part of the internal drive was to ensure ESFRS had a future proofed delivery model locally supported through a regional arrangement.
- 1.15 The Engineering team is currently co-located on a fire station with little room and without the full functionality necessary to provide a full range of services, meaning that ESFRS currently needs to outsource a large amount of its work at significant expense.
- 1.16 In December 2022, the Fire Authority, through an Urgency Panel, agreed to pause the sale of Fort Road, Newhaven to enable the development of a business case for the redevelopment of the site (subject to planning), as the ITF Engineering SE Hub site.

1.17 The initial outline business case (presented to the Senior Leadership Team in March 2023) identified the overall capital expenditure identified through RIBA 1 was £2.6m. Therefore, additional borrowing of £550,000 was required to cover the cost of the project and the loss of capital receipt, with a requirement to borrow £800,000 two years earlier than anticipated in the capital asset strategy. The additional revenue cost of borrowing (above that set out in the existing MTFP) was expected to be £106,000 in 2024/25, £114,000 in 2025/25, before dropping to £54,000 from 2026/27.

1.18 In March 2023, the Senior Leadership Team agreed the recommendation to cease the sale of Fort Road, Newhaven and to move to RIBA design stage 2 & 3 to enable a fully developed design and therefore achieve cost certainty with a fuller report containing that detail to go back to the Fire Authority in December 2023.

2. THE CASE FOR CHANGE

2.1 The intention of this project is that the current and future transport needs for ESFRS are met by improving the delivery of engineering services in an affordable, collaborative, efficient, resilient, and sustainable manner.

2.2 The commitment is to drive continuous improvement in the delivery of the engineering service to the public while achieving both cashable and non-cashable savings and efficiency benefits for the Fire Authority.

2.3 Within this project specifically this will be achieved principally by working collaboratively with our ITF partners in the following areas:

- Resilience
 - Integrated maintenance
 - Delivery of Logistics hubs
 - Availability of additional workshop hours through partner facilities
- Management
 - Alignment of processes
 - Collective alignment to ISO standard

3. THE ECONOMIC CASE

3.1 The Assistant Director – Operational Support & Resilience and the Engineering Manager explored existing estate to ascertain whether it could be repurposed to provide the necessary ITF SE Spoke.

3.2 During those investigations it became clear that Fort Road, Newhaven was in a prime location for a strategically placed 'spoke' workshop. Further to that it had the necessary footprint and access to be considered as a dedicated Engineering spoke to provide the South-East spoke for the ITF project.

3.3 This approach requires investment (see financial analysis in section 4 below) and there are some dependencies and risks. Engineering would also continue to retain the small workshops at Roedean and the recently reinstated workshops

at Hastings for light vehicle maintenance and appliance 'fixes' (not full services), however, the main bulk of the servicing and maintenance work would be run out of the Newhaven Spoke.

- 3.4 Further to that, this approach provides a spare workshop capacity of 3,087 hours a year and therefore the ability to provide resilience across the 3F group of fire and rescue services (which is one of the ITF criteria).
- 3.5 Other options have previously been considered but discounted due to affordability.

4. THE COMMERCIAL CASE

- 4.1 A detailed scheme has been designed and costed to RIBA Stage 3 by our framework consultant team and signed off by both Engineering and Estates as meeting the brief for technical and functional requirements.
- 4.2 The proposal is to retain the existing front building to provide staff welfare and workspace facilities plus an appropriate level of on-site storage.
- 4.3 The new element will broadly sit on the footprint of the existing appliance bays and will not exceed the ridge height of the existing building to be retained. We will take every opportunity to enhance the performance of the existing built fabric and install new measures to reduce our carbon footprint such as solar PVs. The site security will be enhanced, and new planting carried out to the perimeter of the site.
- 4.4 The existing mains drainage runs west to east across the site and will need to be diverted to enable the new part of the build.
- 4.5 RIBA Stage 4 will need to commence by December 2023 to allow for the build phase to commence in Spring 2024 with a Go Live date in Spring 2025. The greatest risk to the delivery programme is likely to be obtaining planning permission as Lewes District Council currently has significant resource pressures. The scheme will therefore need to be tendered whilst planning permission is being obtained.
- 4.6 The cost plan has made provision for the range of specialist input listed above, current estimated inflation and risks also noted to date.

5. THE FINANCIAL CASE

5.1 Financial Summary - Headlines

- 5.1.1 The table below includes the agreed investment of £0.120m in improving the smaller workshop sites at Roedean and Bohemia Road.

	Prior Years	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33	Total
	£k	£k	£k	£k	£k	£k	£k	£k	£k	£k	£k	£k
Funding												
Capital Programme	0	200	800	0	0	0	0	0	0	0	0	1,000
ITF Grant	0	0	1,500	0	0	0	0	0	0	0	0	1,500
Additional Borrowing	0	0	456	0	0	0	0	0	0	0	0	456
Total - Funding	0	200	2,756	0	0	0	0	0	0	0	0	2,956
One off Investment - Capital												
Capital - Construction	10	180	2,299	47	0	0	0	0	0	0	0	2,536
Capital - H&S	0	85	35	0	0	0	0	0	0	0	0	120
Capital - Other	13	30	247	0	0	0	10	0	0	0	0	300
Total -Capital	23	295	2,581	47	0	0	10	0	0	0	0	2,956
One off Investment - Revenue												
Mileage	0	0	0	5	9	4	0	0	0	0	0	18
Total - Revenue	0	0	0	5	9	4	0	0	0	0	0	18
Total Investment	23	295	2,581	52	9	4	10	0	0	0	0	2,974
Var v Funding	23	95	(175)	52	9	4	10	0	0	0	0	18
Recurring Costs & Benefits												
Recurring Costs	0	0	56	267	240	210	212	213	215	217	219	1,849
Recurring Benefits	0	0	0	(107)	(109)	(111)	(113)	(115)	(118)	(120)	(123)	(916)
Net Recurring	0	0	56	160	132	99	98	98	97	97	96	933

5.2 Capital - Funding

5.2.1 In February 2023, the Fire Authority approved the capital asset strategy 2023/24 to 2027/28. Within this plan a capital provision of £1.0m was made to support this project comprising £0.12m for Health & Safety betterment at Roedean and Bohemia Road and £0.88m towards the Integrated Transport Project.

5.2.2 The split of the approved capital funding (£1m) is as follows:

Project	Current Approved Funding Split	Proposed Funding Split
Integrated Transport Project	£0.835m	
Betterment – Bohemia Road	£0.025m	£0.025m
Betterment - Roedean	£0.095m	£0.095m
Fort Road – Engineering Workshop	£0.045m	£2.836m

5.2.3 £0.8m of the existing funding is currently allocated in 2026/27, but under this project proposal this provision will need to be brought forward to 2024/25 to align with when the funds are likely to be required.

5.2.4 In addition, further funding of £1.5m is expected from the ITF fund on the assumption that we can meet the original ITF conditions before these funds are released (see section 6 of this report).

5.2.5 The total capital funds available are therefore £2.5m.

5.3 Capital – Investment Requirement

- 5.3.1 Currently, the total estimated capital investment required for this project is assessed at £2.9m. This includes construction costs of £2.5m, Project Management £0.1m, H&S issues and other improvements at Roedean and Bohemia Road workshops of £0.1m, IT/Engineering equipment £0.1m and a contingency on construction costs of £0.1m.
- 5.3.2 It is noted that within our overall capital programme it was assumed that the Service would receive £0.45m of capital receipts from the sale of the site to Lewes District Council (LDC). These receipts will no longer be available due to the site sale being ceased due to this project proposal. To ensure that we maintain our overall 5-year capital plan approved by the CFA it will be necessary to replace these receipts with an additional borrowing of £0.45m in 24/25. The timing of this requirement will be kept under review to ensure that any ongoing impact on the cost of borrowing is minimised.
- 5.3.3 The net impact on the Minimum Revenue Provision (MRP) and interest charges due to £0.8m being bought forward, replacement of the £0.45m loss of capital receipts and the additional £0.46m required to support the development are estimated as £0.06m in 24/25, £0.18m in 25/26, £0.152m in 26/27 and £0.12m thereafter. A total revenue funding requirement to 2032/33 of £1.1m.
- 5.3.4 The above values assume interest costs of 6.5% and a loan term of 25 years.
- 5.3.5 The requirement for external capital funding is based on the current overall Estates capital programme phasing, when the rephasing of the programme is completed the 2024/25 need for external funding will be adjusted. This will impact on the revenue costs of the Fort Road project.
- 5.4 **Revenue – Investment Requirement**
- 5.4.1 There is no specific provision for one off revenue costs. However, the project currently estimates revenue costs of £0.02m which will be built into the MTFP if approved. This includes mileage costs for those staff whose work base will move from Bexhill to Newhaven which must be paid for the 3 years after completion.
- 5.5 **Recurring Revenue Costs and Benefits**
- 5.5.1 The net recurring costs and benefits from the project is expected to be a net cost of £0.06m in 24/25, £0.16m in 25/26, £0.13m in 26/27 and £0.1m thereafter.
- 5.6 **Recurring Costs**
- 5.6.1 The estimated £0.07m running costs of the new Engineering hub have been based on the current average running costs per sqm for the services day crewed stations for maintenance. Rates costs based on the per sqm charge for Saxon House, and utility costs based on the average sqm cost for a day station plus the above average utility costs Bexhill currently pays.
- 5.6.2 Insurance costs are based on a total increase in property value of £3m, multiplied by the current insurance cost (£0.05m) as a percentage of the Services total property value (£72.5m).

- 5.6.3 IT has confirmed the cost of running the Wi-Fi and Data Circuits would be in the region of £0.008m pa, allowing for inflation increases.
- 5.6.4 The cost of insourcing the fleet maintenance (i.e. additional parts and consumables) is expected to be in the region of £0.007m pa. This assumes the existing staffing structure can absorb the additional work, and Engineering has confirmed that.
- 5.6.5 We have factored into our recurring costs the impact on MRP and Interests costs for the additional borrowing requirements and bringing forward capital as highlighted above. These costs are based on a loan term of 25 years in line with budget setting 2023/24, the annual costs could be reduced if a longer term is used.

5.7 **Recurring Benefits**

- 5.7.1 The project has included savings made from the in-sourcing of fleet maintenance currently carried out by third parties. This is assessed as £0.08m pa based on c20 vehicles. Further analysis will be, carried out by Engineering on the actual number of vehicles serviced by third parties over the last two years to assess any further opportunities to in-source once the site has 'gone live'.
- 5.7.2 Savings of £0.029m pa are included based on estimated costs per square meter for utilities and maintenance at Bexhill. This assumes that the workshop site is mothballed in the short term whilst any medium term options are assessed.

6. **FIRE TRANSFORMATION FUND GRANT**

- 6.1 In June 2023 the collective ITF project submitted an annual submission in relation to grant expenditure to the Home Office. Within this return the Service outlined the plan for Fort Road and the need to draw down the funding. There have been no areas of concern highlighted from the Home Office following that submission in how that grant is being spent and therefore, it is felt that this risk has been mitigated as much as possible.

7. **THE MANAGEMENT CASE**

- 7.1 Under the ESFRS definitions this project will be deemed a 'major' project requiring monthly reporting to the Service's Strategic Change Board and the following resources:

Project Manager: a specific Estates project manager has been costed to run the build side of the project.

Project Team: this will be made up of representatives from HR, Estates, Engineering, Procurement and ITG

Project Sponsor: Mark Matthews, Assistant Chief Fire Officer

Project Board: to be run bi-monthly

Senior User/s: Hannah Scott-Youldon

- 7.2 The initial stages of this project will be treated as an Estates project which will follow their life cycle milestones and adheres to Estates standards and procedures such as the RIBA stages whilst aligning to the Programme Management Office policy and procedure.
- 7.3 Towards the end of the build, it will move to a change management project.

This page is intentionally left blank