

EAST SUSSEX FIRE AUTHORITY

Panel	Policy & Resources
Date	19 January 2023
Title of Report	Fire Authority Service Planning processes for 2023/24 and beyond – Revenue Budget 2023/24 and Capital Asset Strategy 2023/24 to 2027/28
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Lead Officer	Alison Avery, Finance Manager

Background Papers	Fire Authority Service Planning processes for 2022/23 and beyond – Revenue Budget 2022/23 and Capital Strategy 2022/23 to 2026/27: Fire Authority 10 February 2022 Strategic Service Planning and Medium Term Financial Plan 2023/24: Fire Authority 8 September 2022 Medium Term Financial Plan Update – Draft Savings Proposals: Fire Authority 8 December 2022 Economic and Fiscal Outlook, November 2022- Office of Budget Responsibility. Bank of England Monetary Policy Report – November 2022
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Appendices	A – Medium Term Finance Plan 2023/24 – 2027/28 B – Revenue Budget Summary 2023/24 C – Fees and Charges D – Capital Asset Strategy 2023/24 – 2027/28 E – Reserves and Balances Policy F – Precept for 2023/24 G – Establishment 2023/24 H – Local Government Financial Settlement (provisional) Core Spending Power of Combined Fire Authorities
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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 2023/24, Capital Strategy 2023/24 – 2027/28 and Medium Term Finance Plan for 2023/24 – 2027/28 for initial consideration prior to its formal consideration by the Fire Authority at its meeting on 9 February 2023.

EXECUTIVE SUMMARY

The Authority's budget proposals for 2023/24 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 19 December with a consultation period to 16 January 2023
- 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 £1.536m of savings in 2023/24.

This report outlines proposals for setting a balanced revenue budget for 2023/24, including commitments, growth bids and new savings. Additional savings proposals necessary to balance the budget over the next two years are also set out with this Panel requested to determine which tranches to recommend to Fire Authority for further development and implementation, subject to appropriate public consultation.

The significant impact of worldwide supply chain disruption and levels of inflation in excess of 10% (CPI) on the Authority's current and future costs (both pay and non pay) resulted in a reasonable worst case scenario of a £3m budget gap being identified. As a result, the Authority and the local government / fire sector intensified their lobbying of central government and local MPs to secure a sustainable financial settlement for the fire service. The lobbying continued to highlight both the pressures and risks the service faces and its reliance on one off grant funding to cover significant costs. We understand that this lobbying and the evidence provided by the sector of the impact of inflation has played an important role in influencing the provisional settlement.

Although the Comprehensive Spending Review (CSR) conducted in 2021 covered a three year period, the Government only announced a one year settlement for 2022/23. In December 2022 the Government announced a further one year settlement for 2023/24 but accompanied by a Finance Policy Statement which sets out the principles on which the 2024/25 settlement will be based. The provisional LGFS delivered a better settlement than the Authority had expected, primarily because of the Government's guarantee of a 3% increase in Comprehensive Spending Power (before decisions on increases in council tax are made) and an increase in the council tax referendum threshold to 3% and in 2023/24 only additional flexibility for all fire & rescue services of up to £5. Whilst the settlement is welcome it still requires the Authority to make significant additional savings

to balance its budget for 2023/24. However there remains significant uncertainty over the Authority's future funding for 2024/25 and beyond, and the Authority must continue to consider its long term financial sustainability when setting its budget for 2023/24 and agreeing its Medium Term Finance Plan (MTFP) for the next five years.

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) (currently assumed to be cash flat)
- 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. For 2023/24 two options are presented, a 2.99% increase in council tax or a £5 increase in council tax. The MTFP sets out two scenarios for 2025/26 onwards – a higher range based on a 2% increase in Settlement Funding Assessment (SFA), and a lower range where SFA is cash flat. In both scenarios we have assumed a return to council tax increases of 1.99% from 2025/26.

The budget gap for 2023/24 is £1.033m (£5 option) or £1.645m (2.99% option). It is proposed that this is funded by one off savings and use of reserves in 2023/24 as detailed in 8.3. The amounts required to balance the budget for 2024/25 based on current modelling are £1.014m (£5 option) or £1.662m (2.99% option).

The use of one off measures in 2023/24 will allow time for the additional savings proposals set out in 6.8 to be consulted upon, approved and implemented by 1 April 2024. The Panel is asked to identify which savings tranches should be taken forward for consideration by the Fire Authority and appropriate public consultation.

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. This will be the second year that the Authority has used its reserves to balance its budget.

There remains significant uncertainty for funding for 2024/25 and beyond and the Authority will need to remain flexible in its approach to its financial planning. The new Prime Minister is only just beginning to set out their policy priorities for the coming years, reforms to local government funding (business rates and the funding formula) are still expected and the impact of the levelling up agenda, devolution and fire white paper remain unclear. 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.

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 2023/24 onwards. The current budget proposals and MTFP maintain the Authority's existing commitments to invest in its fleet and estate through its Capital Asset Strategy (CAS), and its IT and other assets through

revenue funding. However, should future funding be towards the lower range of our modelling, or if full council tax flexibility is not utilised then proposals to scale back this investment may need to be considered in future years.

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 to rebuild them to meet the Authority's policy minimum 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.

The key decision for the Authority is the level of council tax it wishes to set for 2023/24. P&R Panel has two options for the Authority to consider either an increase of 2.99% or an increase of £5. It is important to note that the Authority and the fire sector has lobbied for the additional council tax flexibility of £5 for 2023/24 that has been offered in the settlement.

Any decision not to take the full flexibility in council tax offered by the Government, even for a single year has a permanent impact on the future income that the Authority can generate from council tax. The additional council tax income under the £5 option is £0.608m in 2023/24, rising to £0.689m in 2027/28.

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 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;
- (c) that the Home Office has still to announce the quantum and allocation of fire specific grants for 2023/24; and
- (d) the final council tax and business rate bases and the collection fund positions are still awaited and that final budget proposals may change once this information is received.

2. Recommend that the Fire Authority, subject to any changes as a result of recommendation 1, approves:

Either:

(a) an increase in council tax of £5 and thus approves:

- (i) the budget proposals set out in this Report and the net budget requirement of £44.658m for 2023/24;
- (ii) the council tax requirement of £31.093m; and
- (iii) the council tax and precepts as set out in Appendix F
- (iv) that the General Balance remains below the Authority's policy minimum of 5% of the net revenue budget until 2025/26
- (v) the use of reserves as follows to fund the revenue budget in 2023/24:
 - £0.116m carry forward reserve
 - £0.440m sprinkler reserve
 - £0.080m financial stability reserve
 - £0.164m improvement & efficiency reserve

and

- (vi) identifies which savings proposals from those listed in 6.8 (tranches 1 to 6) should be taken forward to meet the additional savings requirement of £1.014m in 2024/25, accepting that some proposals will be subject to public consultation.

Or

(b) an increase in council tax of 2.99% and thus approves:

- (i) the budget proposals set out in this Report and the net budget requirement of £44.050m for 2023/24;
- (ii) the council tax requirement of £30.485m; and
- (iii) the council tax and precepts as set out in Appendix F(i)
- (iv) that the General Balance remains below the Authority's policy minimum of 5% of the net revenue budget until 2026/27
- (v) the use of reserves as follows to fund the revenue budget in 2023/24:
 - £0.116m carry forward reserve
 - £0.440m sprinkler reserve
 - £0.080m financial stability reserve
 - £0.311m improvement & efficiency reserve
 - £0.274m general reserve
 - £0.191m capital programme reserve

and

- (vi) identifies which savings proposals from those listed in 6.8 (tranches 1 to 6) should be taken forward to meet the additional savings requirement of £1.662m in 2024/25, accepting that some proposals will be subject to public consultation.
- (c) the capital programme for the next five years and the capital budget of £9.260m for 2022/23 including the plans to use CIL, capital receipts, revenue contributions and new borrowing to finance capital expenditure;
- (d) the fees and charges set out in Appendix C;

and

- (e) that the Treasurer, in consultation with the Chairman and the Chief Fire Officer, be authorised to make any adjustments to the presentation of the budget to reflect the final Local Government Finance Settlement.

1. INTRODUCTION

- 1.1 The report sets out the proposed Revenue Budget for 2023/24, a revised MTFP for 2023/24 to 2027/28 as well as the proposed CAS and Capital Programme for the Authority for the period 2023/24 to 2027/28 for the Panel to consider. The report is based on the latest information available, but Members should note that 2023/24 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 sets a council tax referendum threshold of 3% or £5, whichever is the higher, for 2023/24 for standalone Fire Authorities. As directed by the Fire Authority this report models both £5 and 2.99% increase in council tax.
- 1.3 The Government has issued a one year Provisional LGFS for 2023/24, with the Finance Policy Statement providing an indication of funding levels for 2024/25. There is still significant uncertainty about the Authority's funding for 2025/26 onwards.
- 1.4 The Authority has continued to make good progress in identifying and delivering savings proposals over the last 12 months. Since 2010/11 total savings delivered are £10.751m, with further identified savings over the MTFP totalling

£1.627m. To produce a balanced budget further savings of £1.014m (£5 option) or £1.662m (2.99% option) are required.

- 1.5 The MTFP 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 in 2023/24 but only by reducing flexibility in terms contingency / non pay inflation and the use of reserves. It is essential that the additional savings proposals set out in this report are implemented, subject to public consultation, to the levels necessary to balance the budget in 2024/25 and support a financial sustainable position over the medium term.
- 1.6 There remains significant uncertainty for funding for 2024/25 and beyond and the Authority will need to remain flexible in its approach to its financial planning. The Authority must continue to consider its long term financial sustainability when setting its budget for 2023/24 and agreeing its Medium Term Finance Plan (MTFP) for the next five years. Whilst the Government's Finance Policy Statement indicates the principals 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 & rescue services beyond 2023/24. The new Prime Minister is only just beginning to set out their policy priorities for the coming years, reforms to local government funding (business rates and the funding formula) are still expected and the impact of the levelling up agenda, devolution and fire white paper remain unclear. Alongside this, the Authority can expect to see the continued impact of supply chain disruption and associated inflation, new legislation on Business Safety (including the establishment of the Building Safety Regulator), HMI findings locally and nationally, the need for cultural change across the sector, pension costs, the implementation of the existing IRMP and the new CRMP and major projects such as ESN are likely to impact on our financial position over the medium term.

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. UK GDP is expected to decline by ¾% during the second half of 2022 reflecting the squeeze on incomes of higher global energy and tradeable goods prices. GDP is expected to continue to fall during 2023.
- 2.2 The official UK bank interest rate was increased to 3.50% from 3.00% in December 2022, having risen gradually from 0.75% at April 2022. It is expected to rise by up to a further 1% over the next 12 months before gradually reducing. The cost of borrowing through the Public Works Loan Board (PWLB) has risen over the corresponding period. The PWLB 25 year certainty rate has increased from 2.1% to 4.71% albeit the market has not yet priced in further rises following the MPC's December 2022 meeting.
- 2.3 The Government continues to set the target for CPI at 2%. The November 2022 figure was 9.3% and the OBR expects it to remain high at around 10% in the near term. CPI is then expected to fall sharply to 1.4% by November 2024 and to 0% a year later.

3. NATIONAL FUNDING

- 3.1 The Provisional LGFS announced in December 2022 set out a more positive settlement for the fire sector nationally than had been anticipated with core spending power (CSP) increasing for stand-alone fire & rescue authorities by 7.4% (up to 9.4% if full council tax flexibility is taken by all authorities). East Sussex's CSP increases by 6.6%, the second lowest of any CFA and it is one of only four CFAs that needed to receive CSP Minimum Guarantee grant. The Home Office is yet to confirm sector specific grants, but it is expected that, excepting the Firelink Grant which is being reduced to zero by 2026/27, all fire specific grants will remain at the same cash level as the current year. It is understood that the HO is reviewing the allocation of the Protection Uplift Grant which is something this Authority has lobbied for to reflect the actual risk in local communities.
- 3.2 The Provisional LGFS proposes a council tax referendum threshold of 3% or £5 whichever is higher for all standalone fire authorities in 2023/24. The Authority and the sector nationally have lobbied strongly for this increase in order both to protect existing services, to invest in protection services post Grenfell and to address the areas for improvement identified by HMI. The additional income from a £5 increase as opposed to a 2.99% increase is £0.608m in 2023/24 and £0.689m by 2027/28.
- 3.3 The Provisional LGFS was released on 19 December 2022. We have modelled on the basis of the Provisional LGFS and used the analysis provided by Local Government Futures (LGF). The main assumptions from a funding perspective are:
- SFA (including RSG, Service Grant, CSP Minimum Guarantee grant and Business Rates Top Up grant) is as set out in the provisional LGFS
 - Locally retained business rates income and S31 grant in relation to business rates reliefs and under indexation of the business rate multiplier is as forecast by LGF
 - that the council tax increase will be set at either 2.99% or £5
 - that the East Sussex Business Rate Pool continues for 2023/24 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 2022/23 pensions grant will be extended at the same level for another year, although this is yet to be confirmed by the HO.
 - That the 2022/23 protection 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 £5 increase for 2022/23 and beyond. An alternative scenario of a 2.99% increase in council tax is set out within this report.

- 3.5 The Local Government Finance Report (England) 2023/24 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 9 February 2023. 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 2024/25 and beyond and the Authority will need to remain flexible in its approach to its financial planning. The Authority must continue to consider its long term financial sustainability when setting its budget for 2023/24 and agreeing its Medium Term Finance Plan (MTFP) for the next five years. Whilst the Government's Finance Policy Statement indicates the principals 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 & rescue services beyond 2023/24. The new Prime Minister is only just beginning to set out their policy priorities for the coming years, reforms to local government funding (business rates and the funding formula) are still expected and the impact of the levelling up agenda, devolution and fire white paper remain unclear. Given the current and ongoing financial pressures across the whole of the public sector as a result of the current economic situation 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 2022/23 actual data and announcements relating to the one-year LGFS supported by modelling provided by LGF. This is likely to remain the case for the final budget papers to Fire Authority as the national deadline for the billing authorities to submit their NNDR1 returns for 2023/24 is 31 January, after the deadline for the Fire Authority papers.
- 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, 2021/22 and 2022/23 and was expected to be rolled into the settlement baseline for 2023/24. 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 2023/24 and in the MTFP, we have assumed that the 2022/23 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 2023/24 and beyond for ongoing grants such as Protection and New Dimensions. The Firelink grant will reduce to £0 by 2026/27 and this pressure is reflected within the MTFP.

3.11 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.

4. MEDIUM TERM FINANCIAL PLAN

4.1 The MTFP (Appendix A) reflects the modelling for 2023/24 set out in paragraph 3.3 above and then the scenarios in paragraph 4.2 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 4.9 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 2025/26 extremely difficult. For that reason, the forecast within the MTFP for 2025/26 to 2027/28 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 or the funding formula will have a net nil impact on the Authority.
- Section 31 grant to compensate authorities for the loss of income as a result of the capping of the multiplier and various reliefs will continue based on current forecasts to 2024/25 and after that date will cease on the basis that rates will be reset.
- An increase in council tax base of 1.08% for 2023/24 and an increase of 1% pa in 2024/25 and thereafter;
- Increases of £5 in council tax in 2023/24, 2.99% in 2024/25 and 1.99% thereafter;
- Provision for pay increases of 4% for all staff in 2023/24, reducing to 2% pa thereafter;
- Provision for price increases of 2% in 2023/24 (excepting specific areas where provision for excess inflation is proposed) and thereafter;
- Delivery of savings in line with agreed plans, including those identified by SLT during the budget setting process and detailed in 6.8.
- That additional employers' pension contributions for the Firefighter's Pension Scheme are funded through grant at the same level as in 2022/23 and that any increases at the new valuation are also funded by Government grant.

4.3 Following a review by the East Sussex Finance Officers Association (ESFOA) an application to continue the East Sussex Business Rate Pool in 2023/24 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 16 January but this means that the whole Pool will cease. In previous years the decision to remain in the Pool has been delegated to the Assistant Director Resources / Treasurer after consultation with the Chairman and the Chief Fire Officer. This delegation was not revisited in the current cycle due to the timing of Pooling announcements. However, the Service in line with all other members of the Pool has indicated its willingness to continue with the current Pooling arrangement. The Authority has not budgeted for any Pool income in 2023/24 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 £0.344m in 2023/24 net of the release of the remaining TIG grant, with deficits of £0.300m in 2024/25 and £0.200m thereafter.
- 4.5 For 2023/24 pay inflation for all terms and conditions is 4%. 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. The pay award for grey and gold book staff for 2022/23 is yet to be agreed and is assumed to be 5% in the MTFP, which is to be funded from the General reserve.
- 4.6 Price inflation has been allocated for specific items such as utilities and fuel identified during the budget setting process. The remainder of the originally allocated 2% price inflation, totalling £181,000, has been allocated to contingency for 2023/24 only, with a one year saving against the contingency budget of £233,000 supporting a balanced budget. As noted earlier in this report the OBR forecast is for CPI to remain above the Government's 2% target during 2023/24 and it is intended the contingency budget will be utilised to support any inflationary pressures.

Price inflation is included at 2% for 2024/25 and the remainder of the MTFP.

- 4.7 The MTFP presents two options for council tax as previously agreed with the Authority:
- a £5 council tax increase for 2023/24, reducing to 2.99% in 2024/25 and to 1.99% thereafter.
 - a 2.99% council tax increase for 2023/24 and 2024/25, reducing to 1.99% thereafter.
- 4.8 The MTFP also models two future funding scenarios under both council tax options:
- Higher range – SFA increases by 2% pa from 2025/26 (in line with our forecast for pay and price inflation)
 - Lower range – SFA remains cash flat at 2024/25 levels

4.9 There is a range of risks that have the potential to impact on the Authority's ability to deliver its budget plans over the medium term to which Members must give consideration, primarily:

- Our ability to identify and deliver the savings required to balance the budget over the medium term through the Efficiency Strategy, the Integrated Risk Management Plan (IRMP) and the additional savings proposed in this report;
- 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 2023/24 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 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 impact of local growth and additional housing, road and commercial risks;
- Any further development of local devolution proposals;
- the outcomes of the 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 including the ongoing process of cultural change and strengthening of inclusion and diversity;
- The impact of the Building and Fire Safety Bills on fire service responsibilities and the resultant costs of compliance / delivery.

4.10 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 £0.300m in 2023/24 (including on a one off basis general non pay inflation provision of 2%) increasing to £0.325m by 2027/28.

4.11 In order to produce a balanced budget for 2023/24 a total of £0.800m will be funded by reserves. 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.

Under the 2.99% council tax option a further £0.612m will be funded by reserves.

4.12 The following financial sustainability provisions have been added into the MTFP

- Increased contributions to the capital programme reserve, up to £3m by 2027/28 to match the expected baseline level of spend thereby reducing the need to take new borrowing
- Additional provision of £0.2m a year from 2024/25 to support further improvement and efficiency initiatives
- Provision of £0.5m to fund ESN and other IT projects beyond the current IT strategy
- Transfer of £1.076m to the general reserve to return to the reserve to the 5% policy minimum by 2025/26
- Provision of £0.3m a year to fund workforce transition including cultural change and any one off costs of the additional savings proposals set out in this report

Under the 2.99% council tax option the return to the 5% policy minimum is delayed, with a transfer of £1.087m to the general reserve by 2026/27.

4.13 In overall terms the assumptions set out in the report mean that the revised MTFP shows a balanced budget in 2023/24 with the use of one off savings and reserves and that a balanced budget is possible in 2024/25 with the delivery of savings totalling £1.014m from those proposed by SLT and detailed in section 6.8. The MTFP higher range shows a budget gap for the final three years, although these indicate that this may not require any additional base budget savings. It should be noted that there is uncertainty over funding from 2025/26 and the MTFP lower range indicates additional savings of £0.534m would be required.

Under the 2.99% council tax option further savings will have to be delivered. The higher range savings are £1.662m in 2024/25. Again the MTFP indicates a budget gap for the final three years, although these may not require any additional base budget savings. Under the lower range scenario an additional £0.689m savings are required by 2027/28.

4.14 Due to the uncertainty over funding levels from 2025/26 two scenarios have been modelled for each council tax option. Under both options for 2024/25 we have modelled based on the 3% CSP minimum guarantee and then modelled:

- Higher range – assumes there is an increase of 2% on Settlement Funding Assessment from 2025/26,
- Lower range – assumes cash flat Settlement Funding Assessment from 2025/26

Under the £5 council tax option no further base budget savings would be required under the higher range scenario. Under the lower range scenario further savings of £0.534m will be required by 2027/28.

Under the 2.99% council tax option no further base budget savings would be required under the higher range scenario. Under the lower range scenario further savings of £0.689m will be required by 2027/28.

5. PROJECTED REVENUE POSITION 2022/23

- 5.1 The revised Service Revenue Budget for 2022/23 is £41.766m. Based on figures to the end of November 2022, and as reported elsewhere on this Agenda, the revenue budget is forecast to overspend by £0.208m. Additionally, there are risks in the region of £400,000 to £500,000 comprising mainly the grey / gold book pay offers.
- 5.2 The overspend that materialises will need to be funded from reserves, which is reflected within this report.

6. REVENUE BUDGET 2023/24

6.1 Impact of national funding changes on local position

- 6.1.1 The Revenue Budget Summary for 2023/24 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

	2023/24
	£'000
Locally Retained Business Rates	2,397
Top Up Grant	5,379
Business Rates Baseline	7,776
Revenue Support Grant	3,662
Service Grant Allocation	302
CSP Minimum Funding Guarantee	106
Settlement Funding Assessment	11,846
Estimated value of Business Rates Pool	0
S31 Grant - Business Rates Adjustment	2,063
Total for comparative purposes	13,909
As reported to Fire Authority September	12,772
Increase/(decrease) in funding	1,137

- 6.1.2 The Authority's council tax base for 2023/24 is calculated as 297,907.50, an increase of 1.08% on 2022/23. This increased tax base combined with a council tax increase of £5 yields additional income of £1.805m. In comparison, the tax base increased for 2022/23 by 1.46% and decreased for 2021/22 by 0.64%. Confirmation of final council tax base figures is expected by the end of January.

Under the 2.99% council tax option the additional income available is £1.197m.

- 6.1.3 Overall, current forecasts for Collection Funds indicate a deficit of £0.400m in 2023/24, albeit this is based on very limited information provided by most billing authorities.

Table 2: Movement in Resources

	2023/24 Latest position	2023/24 Fire Authority September 2022	Increase / (Decrease)
	£'000	£'000	£'000
Locally Retained Business Rates	2,397		
Business Rates Top up	5,379		
Business Rates Baseline	7,776		
Revenue Support Grant	3,662		
Service Grant Allocation	302		
CSP Minimum Funding Guarantee	106		
Settlement funding assessment	11,846	11,303	543
Section 31 Grant Business Rates adjustment	2,063	1,469	594
Collection Fund Surplus / (Deficit)	(400)	(200)	(200)
Council Tax and Business Rates			
Covid-19 Collection Fund 75% compensation	56	56	0
Collection Fund	(344)	(144)	(200)
Council Tax Requirement	31,093	30,096	997
Total Resources	44,658	42,724	1,934

- 6.1.4 Under the 2.99% council tax option the council tax requirement reduces by £608,000 to £30.485m and the total resources reduces to £44.050m

6.2 Comparative position

- 6.2.1 As part of the provisional LGFS the Government publishes an assessment of all authorities' core spending power (figures quoted are adjusted for the 3% council tax threshold). For 2023/24 this Authority's increase in core spending power is assessed as 6.6% which is lower than the average for stand-alone fire & rescue authorities of 7.4% (up to 9.4% if full council tax flexibility is taken by all authorities). It is the second lowest increase of all combined fire authorities with only Durham and Darlington at 6.5% lower. The Authority is also only one of four authorities receiving the CSP minimum guarantee grant (along with Hereford & Worcester, Devon & Somerset and Dorset & Wiltshire). Five authorities have increases of 8.0% (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 2023/24 figure.

- 6.2.2 A comparison of Band D council tax for 2022/23 shows that this Authority ranks fourth highest out of 22 combined fire authorities. The Authority's Band D tax for

2022/23 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 £10.751m of operational and non-operational savings. The current MTFP has a savings requirement of an additional £1.627m over the period covered by the MTFP. This includes at least £1.014m (2.99% proposal requires £1.692m) relating to additional savings proposals from SLT as detailed in 6.8.

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 2023/24 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 2022/23	41,766	
Pay inflation	1,280	3.06%
Non pay inflation	246	0.59%
Changes in capital financing	30	0.07%
Commitments and bids	3,429	8.21%
Savings	(1,536)	(3.68%)
Reserve funding	(557)	(1.33%)
Original Estimate 2023/24	44,658	6.92%

6.4 Consultation

6.4.1 On 23 April 2020, the Authority agreed to commence an 8-week public consultation on the draft Integrated Risk Management Plan (IRMP) 2020-2025 'Planning for a

Safer Future'. The full results of the consultation, which ended on the 19 June, were reported to the Fire Authority at its meeting on 3 September 2020 (Item 88).

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

In total, 2,047 responses were received:

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

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

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

The extent to which ESFRS offers value for money

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

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

- Open consultation questionnaire More than 4 in 5 (83%) respondents would be willing to pay more in council tax for their local fire and rescue service (ESFRS) next year, whilst 17% would not be willing.
- Residents' Survey Around 4 in 5 (81%) residents would be willing to pay more in council tax for their local fire and rescue service next year, whilst around 1 in 5 (21%) residents would not.

- Public focus groups/depth interviews All but three public participants said they would be willing to pay more for ESFRS next year (one said they were not prepared to and there were two 'don't knows').

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

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

- Open consultation questionnaire Of the respondents who would be willing to pay more in council tax for their local fire and rescue service next year, just over half (55%) preferred Option A (an increase of up to 3% depending on what the Government allows), whilst just under half (45%) preferred Option B (an increase of more than 3%).
- Public focus groups/depth interviews Among the 37 public participants who were prepared to bear an increase, opinion was almost equally split between those who would tolerate an up to 3% rise (18) and those who would tolerate an over 3% rise (19).
- Those who supported a more than 3% rise typically commented that the weekly increase would be 'less than a cup of coffee' and considered it a more than reasonable price to pay for an "essential" public service.
- Those who supported a less than 3% increase did so on the grounds of affordability, for themselves and for others – and the impact of the Covid-19 pandemic on people's finances was raised in the context of keeping increases to a minimum currently.

Stakeholder webinar 16 of the 19 stakeholders offered a view as to the level of increase they would be prepared to tolerate: 5 opted for an up to 3% rise; 4 for more than 3%; and there were 7 'don't knows'.

6.4.3 We will be consulting partners, representative bodies and business groups on our budget proposals for 2023/24 and any feedback from this process will be included in the final report to Fire Authority on 9 February 2023.

6.4.4 The Fire Authority has a legal duty under Best Value Duty to consult with relevant organisations and the public when facing difficult funding decisions. The Service has a robust process for consultation and communication to provide stakeholders, the public and staff with clear and relevant information. The Service has been recognised by His Majesty's Inspectorate of Constabulary and Fire and Rescue Services as being strong in this area. Some of the savings options proposed in 6.8 are likely to require formal public consultation. A communication and consultation plan is being developed and a tender process will need to take place for a consultation provider. The approximate costs based on previous consultations will be in the region of £30,000 - £35,000, but won't be fully known until the tender process is completed.

Local elections will take place in Brighton and Hove on 4 May 2023, therefore, public consultation on any proposals will take place after they are complete.

Further details about the specific consultation required will be reported to CFA in February.

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 2023/24 Revenue Budget a number of commitments have already been agreed, either previously as part of the 2022/23 budget setting or from the 2023/24 budget setting and Star Chamber process. These add to or reduce the revenue budget as pressures and cyclical items and one-off projects are added and removed. Some are fixed sums and others are driven by assumptions. The current position is illustrated in table 4:

Table 4: 2022/23 Budget Commitments

Description	Directorate	23/24 £'000	24/25 £'000	25/26 £'000	26/27 £'000	27/28 £'000
Budget Pressures						
Existing Service Pressures approved February 2022						
Treasury Management income reduction	Central	10	0	0	0	0
ITG Strategy revenue implications	RT	0	26	(26)	0	0
New Service Pressures						
Staff Pay - impact of 22/23 pay award	All	820	0	0	0	0
Staff pay - incremental pay progression	All	45	0	0	0	0
External Audit - PSAA increase	RT	43	0	0	0	0
FireWatch Support Uplift	RT	12	0	0	0	0
PIT team Licences - minitab, Crystal reports	RT	6	0	0	0	0
Firewatch Annual Maintenance LearningPool	RT	2	0	0	0	0
Integration learning pool FW	RT	2	0	0	0	0
Fleet (Big Change to Transend)	RT	25	0	0	0	0
Airwave SAN H GBN and SAN J maintenance	RT	6	0	0	0	0
BI Mobilising database (Telent -fixed line)	RT	18	0	0	0	0
SAN-J Revenue increase	RT	4	0	0	0	0
Telent Service orders	RT	20	0	0	0	0
Infographics FW Oracle interface	RT	2	0	0	0	0
Pelion	RT	7	0	0	0	0
NCEC chemdata	RT	3	0	0	0	0
Screencloud	RT	3	0	0	0	0

Software subscriptions	RT	17	0	0	0	0
Airwave (Firelink - Reduction of Home Office Grant)	RT	119	48	48	48	0
CAM management	RT	3	0	0	0	0
Procurement Job Evaluations	RT	24	0	0	0	0
Workwear	RT	12	0	0	0	0
Estates Job Evaluations	RT	12	1	0	0	0
Utility Management Fees	RT	7	0	0	0	0
Courier Service	RT	15	0	0	0	0
Waste Disposal	RT	5	0	0	0	0
Planned Maintenance (Excess inflation)	RT	37	0	0	0	0
Term Contracts (Excess inflation)	RT	16	0	0	0	0
Reactive Maintenance (Excess inflation)	RT	17	0	0	0	0
Electricity (Excess inflation)	RT	337	0	0	0	0
Gas (Excess inflation)	RT	225	0	0	0	0
Legal Services (Excess inflation)	RT	4	0	0	0	0
Rates	RT	27	0	0	0	0
Phase 2 E-recruitment implementation (online testing)	PS	15	0	0	0	0
HR Maternity Cover (one off)	PS	8	(8)	0	0	0
Personal Protective Equipment for Firefighter recruits (one off)	PS	8	(8)	0	0	0
HR Job Evaluation	PS	8	0	0	0	0
HR Assistant Role (one off)	PS	2	(2)	0	0	0
Workforce Development training income no longer generated	PS	5	0	0	0	0
Transitional funding for training (two years only)	PS	160	0	(160)	0	0
Health & Safety income no longer generated	PS	2	0	0	0	0
Catering (Excess inflation)	PS	6	0	0	0	0
Fuel (Excess inflation)	SC	75	0	0	0	0
Joint Control Room	OSR	165	0	0	0	0
10% Allowance for Flexible Resource Pool	SC	19	12	1	1	1
Child Safety Contract income	SC	28	0	0	0	0
Dry Riser Testing income no longer generated	SC	31	0	0	0	0
Cadet units	SC	40	0	0	0	0
Performance Management Job Evaluation	P&I	5	0	0	0	0
Democracy Job Evaluation	P&I	6	0	0	0	0
Treasury Management income	Central	(140)	50	50	40	0
Workforce transition	All	184	116	0	0	0
Total Pressures		2,458	233	(88)	88	1
Budget Bids						
Bids Originating in 2022/23 budget setting process						
Top up Capital Programme Reserve	Central	500	500	500	500	500
Top Up General Reserve	Central	274	428	(602)	(100)	0
Top up I&E reserve	Central	0	200	0	0	0
Top up reserve - ESMCP	Central	0	0	250	(250)	0
Top up reserve - ITG Strategy	Central	0	0	0	250	(250)
4i	P&I	35	0	0	0	0
Comms and Engagement Strategy	P&I	30	(30)	0	0	0
Finance Improvement Plan - FBP Structure	RT	60	0	0	0	0
Finance Improvement Plan - One off costs	RT	(45)	0	0	0	0
LoB System Upgrades	RT	25	0	0	0	0

BA Washing Machine feasibility study (reversal of one off funding)	OSR	(15)	0	0	0	0
Additional pension resource (reversal of one off funding)	PS	(40)	0	0	0	0
Wholetime Recruitment	PS	(175)	25	(25)	0	0
Mentoring Scheme (reversal of one off funding)	PS	(15)	0	0	0	0
Salary Review - Korn Ferry (reversal of one off funding)	PS	(30)	0	0	0	0
HR Operating Models (reversal of one off funding)	PS	(10)	0	0	0	0
HR Intelligence (reversal of one off funding)	PS	(10)	0	0	0	0
Public consultation for CRMP	P&I	0	38	(38)	0	0
Advert and Publicity for CRMP	P&I	0	3	(3)	0	0
Technical Pensions Specialist (reversal of funding)	PS	0	(60)	0	0	0
Bids 2023/24						
Procurement additional 0.4 FTE	RT	19	0	0	0	0
Risk & Insurance shared post	RT	30	0	0	0	0
Additional pension resource (one off funding)	PS	34	(34)	0	0	0
Funding for pension resource (from People Strategy & Pension Admin reserves)	PS	(34)	32	0	0	0
EDI Training (bi-annual training)	PS	0	60	(60)	60	(60)
E-Recruitment	PS	0	4	0	0	0
Direct Entrant (Station Manager Level) - 2 years from June 2023	PS	48	18	(49)	(17)	0
Protection Grant Funding of Direct Entrant post	PS	0	(33)	33	0	0
Health & Safety - additional staff resource for 6 months	PS	42	(42)	0	0	0
Funding for Health & Safety resource (from carry forward reserve)	PS	(24)	24	0	0	0
Extending Pensions Technical Specialist - to end of 24/25	PS	4	60	(64)	0	0
Funding for Pensions Technical Specialist (from Pension Admin Reserve)	PS	(65)	0	66	0	0
Dynamic Cover Tool	OSR	23	0	0	0	0
Contribution to Mobilising Reserve	OSR	50	0	0	0	0
BA Project Manager - Unplanned one off cost	OSR	12	(12)	0	0	0
SSRI Regional post	OSR	6	(6)	0	0	0
IRMP Team	SC	30	(162)	0	0	0
Webcasting Fire Authority and Panel meetings	P&I	15	0	0	0	0
GM to support CRMP for 12 months	P&I	97	(97)	0	0	0
Officer to support HMICFRS Inspection process	P&I	42	(42)	0	0	0
Public consultation for MTFP additional savings	P&I	38	(38)	0	0	0
Advert and Publicity for IRMP - hard to reach groups	P&I	3	(3)	0	0	0
Comms and Engagement Strategy	P&I	(18)	18	0	0	0
Reversal of 4i bid from 22/23 budget setting	P&I	(35)	0	0	0	0
Gym Refurbishments (carried over from 2020/21)	PS	18	(18)	0	0	0
Drawdown from 20/21 carry forward reserve	PS	(18)	18	0	0	0
Wellbeing Projects	PS	20	(20)	0	0	0
Funding for Wellbeing Projects (from I&E reserve)	PS	(20)	20	0	0	0
Total Bids		971	853	8	443	190
Overall Total						
		3,429	1,086	(80)	532	191
Cumulative Total						
		3,429	4,515	4,435	4,967	5,158

6.6.2 The main variations reflect:

- Pay budget adjustments, including the ongoing impact of 2022/23 inflationary pay rises being higher than budgeted in 2022/23 and incremental progression for support staff
- Workforce transition to cover one off costs relating to the additional savings proposals and ongoing sectoral requirement for cultural change
- Excess inflation identified, including for utilities, fuel and maintenance
- The ongoing reduction of the Firelink grant as advised by the Home Office
- Transitional funding for training to reflect pressures on overtime whilst a review of the service delivery model is carried out
- Joint Control Room costs, offset by savings relating to historic ICT SLA for Control
- Top up of reserves to return the general reserve to 5% and provide sustainability over the medium term by topping up the capital programme, improvement and efficiency and IT strategy reserves
- Extension of IRMP team into 2023/24, with additional staff resource to support CRMP and HMI work in 2023/24
- Extension of Pensions resources into 2023/24, with allocated funding from the Pensions Admin reserve

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 £13.392m of which £10.751m will have been delivered by the end of 2022/23. The MTFP includes savings of £1.536m for 2023/24 and savings of £2.640m over the duration of the MTFP. These savings are shown in table 5 below:

Table 5: Savings

Description	Directorate	23/24	24/25	25/26	26/27	27/28
		£'000	£'000	£'000	£'000	£'000
Procurement Savings	Central	(25)	(25)	(25)	0	0
Reduce contingency - one year only - reversal	Central	48	0	0	0	0
Insurance – installation of CCTV on fleet	RT	(15)	(15)	0	0	0
Projects to be re-profiled - reversal	RT	33	0	0	0	0
Telent Contract savings	RT	3	(8)	(12)	48	0
Estates Strategy savings	RT	(45)	(45)	(45)	(45)	(45)
CRM Benefits Realisation	SC	(50)	0	0	0	0
Finance Business Partner	RT	(60)	0	0	0	0
Finance Support Services Contract 1	RT	(35)	0	0	0	0
Insurance - removal of PA cover	RT	(23)	0	0	0	0
EIRS	RT	(27)	0	0	0	0
Trustmarque 0365 EA Agreement	RT	(20)	0	0	0	0
Astrium	RT	(8)	0	0	0	0
BT	RT	(22)	0	0	0	0
ITG Training	RT	(3)	0	0	0	0
SEE Phase 4	RT	(30)	0	0	0	0

Finance and Improvement	RT	(30)	0	0	0	0
Additional Rates Savings	RT	(106)	0	0	0	0
Existing Estates Savings Target	RT	45	45	16	0	0
Cleaning Contract	RT	(10)	0	0	0	0
Licenses	RT	(4)	0	0	0	0
Consultants Fees	RT	(20)	0	0	0	0
E-recruitment (Jobtrain system contract + accessibility)	PS	(4)	0	0	0	0
Firewatch Benefits Realisation - reversal of duplication of savings	PS	25	0	0	0	0
Firewatch Benefits Realisation	PS	0	(13)	(13)	0	0
HR Travel and licences budget savings	PS	(9)	0	0	0	0
NHS recharges	PS	(4)	0	0	0	0
VDU Eye Tests	PS	(2)	0	0	0	0
Occupational health third party - psychology	PS	(8)	0	0	0	0
Occupational health third party - medical fees	PS	(10)	0	0	0	0
Officers Subsistence	PS	(1)	0	0	0	0
EDI training	PS	(10)	0	10	0	0
Car allowance	PS	(4)	0	0	0	0
External Training	PS	(160)	0	160	0	0
Engineering Fitting Out	OSR	(30)	0	0	0	0
Engineering Heavy Rescue Equipment	OSR	(52)	0	0	0	0
Control ICT SLA	OSR	(199)	0	0	0	0
Budget Coding Error - CRM	SC	(54)	0	0	0	0
Reduce contingency - one year only	Central	(233)	233	0	0	0
Additional Availability Allowance	SC	(20)	(16)	0	0	0
IRMP Savings	SC	(48)	(297)	0	0	0
NI reduction	All	(230)	0	0	0	0
Support Staff Pay Vacancy Factor	All	(80)	0	0	0	0
Required savings	All	0	(1,014)	0	0	0
Overall Total		(1,536)	(1,154)	92	3	(45)
Cumulative Total		(1,536)	(2,690)	(2,598)	(2,595)	(2,640)

6.7.2 Within the MTFP it has been assumed additional savings of £1.014m will be made with effect from 1 April 2024, as shown in the table above. Under the 2.99% option a further £0.648m savings (total £1.662m) would need to be delivered.

6.8 The table below sets out several options that could be taken as savings to ensure that the Fire Authority can deliver a balanced budget in 2023/24. These are set out in six tranches or groups; it is proposed the options are considered in the order they are presented (i.e. tranche 1 first). Some of these options involve deferring or altering decisions made as part of the IRMP 2020-25. At the time the IRMP was approved it was made clear that if the Authority's budget could not be balanced through efficiencies then the IRMP may need to be revisited.

Tranche	Description	Revenue Saving £'000
1	Defer the introduction of the additional pump in Hastings and continue to move to a Day crewed duty system at The Ridge fire station from a shift duty system	(635)
	Defer moving Bexhill to a 1 pump resilience station, maintaining the second appliance as a dedicated appliance, and in doing so provide additional cover in the Hastings area	135
		(500)
2	Remove 3 Retained Duty Support Officers posts	(185)
3	Remove On-call at Lewes and increase wholetime crewing from 9 to 10	(42)
	Remove On-call at Crowborough and increase wholetime crewing from 9 to 10	(66)
		(108)
4	Structural review & Related ways of working	(350)
	Reduction of Estate	(80)
	Departmental savings (non-staff related)	(200)
		(630)
5	Closure of 1 low risk, low use On-call station and associated costs (capital receipt available)	(160)
6	1 x Day Crewed Station to On-Call	(350)
	Tranches 1 - 4	(1,423)
	Tranches 1 - 5	(1,583)
	Tranches 1 - 6	(1,933)

6.8.1 These options have been developed with feedback from a number of key stakeholders, including Members, Service Managers and Representative Bodies and work on the following assumptions and principles:

- In-year temporary measures are required to balance the budget in 2023/24
- The original modelling assumption that total savings required were in the region of £3m, but are now £1.014m (£5 option) to £1.662m (2.99% option)
- All areas of the organisation have been reviewed to prepare options
- All reasonable actions will be taken to avoid compulsory redundancies, which will be achieved through early planning and effective resourcing of the Implementation Team
- The Fire Authority will continue to lobby Government Ministers regarding sustainable funding through both Members and Officers
- Subject to the decisions taken the wider list of options that included further duty system changes, the introduction of variable crewing systems and changing the crewing model of specialist appliances may need to be revisited.

- 6.8.2 The Service completed a comprehensive review of operational risk in 2019-20 the Operational Response Review (ORR), that modelled community risk and vulnerability across East Sussex and Brighton & Hove to support the Integrated Risk Management Plan (IRMP) 2020-25. This risk modelling remains relevant. All of the options (Table at 6.8), will be considered against that risk modelling and, in some cases, a refresh of the risk modelling will be carried out if necessary
- 6.8.3 The proposals continue to support the achievement of the Operational Response Plan (ORP) introduced in the existing IRMP, concluded through the delivery of the Operational Response Review (ORR). This will ensure the provision of 18 appliances in the strategic locations previously identified by risk, supported by an additional 6 relief pumps on a delayed turnout.
- 6.8.4 The list of draft proposals has been assessed through 6 principal criteria, and used to develop the prioritisation of the savings tranches:
- Community Risk
 - Financial Saving
 - Political support
 - Time to implement
 - Staff Impact
 - Legal implications
- 6.8.5 Following approval of the list of options, further detailed assessment up to the £1.9m figure will take place including, where necessary, risk modelling, financial appraisal, consultation, and an implementation plan in terms of delivery of the financial savings will be developed.
- 6.8.6 It is anticipated consultation and other one off costs will be incurred in delivering these savings plans, which will be considered and included within the financial appraisals.

7. CAPITAL PROGRAMME

- 7.1 The Capital Asset Strategy (CAS) reflects the Authority's identified capital investment requirements for the next five years. During 2023/24 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 planned investment in replacement of Breathing Apparatus across 2026/27 and 2027/28 at £1.0m. In addition there has been re-profiling of the capital programme across Engineering and Estates.
- 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 2023/24 onwards. The MTFP includes the cost of financing capital expenditure with increases of £20,000 in 2023/24, £19,000 in 2024/25, £132,000 in 2025/26 and a reduction of £53,000 in 2026/27 as borrowing is delayed due to slippage and reprofiling of the capital programme alongside increases in PWLB long term borrowing rate. As at 31 March 2023 the Authority's debt will be £10.298m

and is forecast to stand at £21.708m by the end of the MTFP. The total revenue costs of borrowing (MRP and interest) will increase by £0.825m to £1.741m over the MTFP.

Under the 2.99% increase in council tax option the cost of financing capital expenditure increases by £66,000 over the period of the MTFP due to reduced contribution to the capital programme reserve required to balance the budget.

- 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 £1.0m (2023/24) to £3.0m (2027/28). 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.

Table 6: Change in Capital Investment 2022/23 to 2027/28

	Total resource £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
2023/24 Strategy							
Fleet	13,216	1,982	4,105	1,763	1,599	1,715	2,052
Property	18,123	1,968	5,155	4,912	2,827	2,171	1,090
IMD	0	0	0	0	0	0	0
Total Cost	31,339	3,950	9,260	6,675	4,426	3,877	3,142
2022/23 Strategy							
Fleet	10,992	4,310	2,105	1,763	1,599	1,215	
Property	16,936	4,392	4,232	3,247	2,984	2,081	
IMD	0	0	0	0	0	0	
Total Cost	27,928	8,702	6,337	5,010	4,583	3,296	
Increase / (Decrease) in planned spend							
Fleet	2,225	(2,327)	2,000	0	0	500	2,052
Property	1,187	(2,424)	923	1,665	(157)	90	1,090
IMD	0	0	0	0	0	0	0
Total Increase / (Decrease)	3,412	(4,751)	2,923	1,665	(157)	590	3,142

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 2023/24 a total of £0.800m will be funded from reserves. 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. This is the second year in which the Authority will have used reserves to balance its budget. The Authority must take the necessary action in 2023/24 to ensure that proposed additional savings of £1.014m (£1.662m under the 2.99% option) are delivered by 1 April 2024. This will reduce the requirement, based on current modelling, to use reserves to balance the budget in future year.

Under the 2.99% council tax option a further £0.612m will be funded from reserves (i.e. £1.412m in total).

Details of the reserve funding to balance the 2023/24 budget is shown in the table below.

	£5 Option £'000	2.99% Option £'000
Carry forward reserve	116	116
Sprinkler reserve	440	440
Financial stability reserve	80	80
Improvement & Efficiency reserve	164	311
General reserve		274
Capital Programme reserve		191
Total reserve funding	800	1,412

In addition a one off saving of £233,000 has been made against the contingency budget.

- 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 £486,000. 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 2023/24) to deliver the IT strategy and a one-off additional payment of £0.250m 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 summary of the forecast year end reserves and balances position is set out in table 7 below.

- 8.6 The general reserve is currently 3.78% of the revenue budget during 2023/24. The MTFP includes provision for increasing the reserve by £1.076m over 2023/24, 2024/25 and 2025/26 to return the reserve to the 5% minimum as per the policy.

Under the 2.99% council tax option the general reserve is 3.24% of the revenue budget during 2023/24, with the planned top up of £274,000 in 2023/24 removed to balance the budget. The MTFP includes provision for increasing the reserve by £1.087m over 2024/25, 2025/26 and 2026/27 to return the reserve to the 5% minimum as per the policy.

TABLE 7: Summary of Forecast Reserves

	31/03/2023	31/03/2024	31/03/2025	31/03/2026	31/03/2027	31/03/2028
	£'000	£'000	£'000	£'000	£'000	£'000
Capital Programme Reserve	3,906	0	0	0	0	0
Other Earmarked Reserves	6,898	3,718	2,577	1,965	2,065	2,165
Total Earmarked Reserves	10,804	3,918	2,877	2,265	2,365	2,465
General Fund	1,413	1,687	2,389	2,489	2,489	2,489
Capital Receipts	722	0	0	0	0	0
Total Useable Reserves	12,939	5,405	4,966	4,454	4,554	4,654

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 2023/24 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 delivering the additional savings proposals that will enable it to balance its revenue budget from 2024/25 onwards without recourse to the use of reserves. In addition the Authority must implement the proposals made in this report to rebuild its reserves and maintain its financial sustainability over the next five years.

- 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. An EIA in relation to the budget proposals is being completed and will be available for the CFA meeting in February.

In relation to the savings proposals detailed in 6.8 specific EIAs will be completed prior to public consultation.

APPENDIX A

**MEDIUM TERM FINANCIAL PLAN 2023/24 – 2027/28
INCREASE COUNCIL TAX BY £5 2023/24**

	2023/24	2024/25	2025/26	2026/27	2027/28
	£'000	£'000	£'000	£'000	£'000
Gross Revenue Service Budget	45,399	44,951	45,516	46,473	47,342
Less					
Specific grants	(2,236)	(2,189)	(2,141)	(2,093)	(2,093)
Other income	(236)	(240)	(244)	(248)	(252)
Total income	(2,472)	(2,429)	(2,385)	(2,341)	(2,345)
Net Service Budget	42,926	42,523	43,132	44,132	44,997
Capital financing costs less interest receivable	765	1,100	1,440	1,626	1,636
Capital expenditure from the Revenue Account	0	0	0	0	0
Transferred from reserves	(950)	(99)	0	0	0
Transferred to reserves	1,916	3,044	3,192	3,592	3,842
Total Net Expenditure	44,658	46,568	47,764	49,350	50,474
Net Budget brought forward	41,766	44,658	46,568	47,764	49,350
Unavoidable cost pressures					
Pay inflation	1,280	655	657	665	678
Price inflation	246	248	237	241	247
Total inflation	1,526	903	894	905	924
Changes in Capital Financing	30	285	290	146	9
Budget commitments	3,429	1,086	(80)	532	191
Savings approved	(1,536)	(1,154)	92	3	0
Reserve Funding	(557)	789	0	0	0
Total Net Expenditure	44,658	46,568	47,764	49,350	50,474
Sources of Funding	2023/24	2024/25	2025/26	2026/27	2027/28
	£'000	£'000	£'000	£'000	£'000
Locally Retained Business Rates	2,397				
Business Rate Top Up	5,379				
Business Rates Baseline	7,776				
Revenue Support Grant	3,662				
Service Grant Allocation	408				
Settlement Funding Assessment	11,846	12,363	12,611	12,863	13,120
Section 31 Grant Business Rates adjustment	2,063	2,165	2,208	2,252	2,297
Collection Fund (Deficit) / Surplus	(400)	(300)	(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)	(344)	(300)	(200)	(200)	(200)
local council tax support grant					
Council Tax Requirement	31,093	32,339	33,313	34,315	35,347
Total Resources Available	44,658	46,568	47,932	49,230	50,564
Additional Savings Required / (surplus)	(0)	(0)	(168)	120	(90)
Additional Savings Required - Lower Range			36	532	534

APPENDIX A(i)

MEDIUM TERM FINANCIAL PLAN 2023/24 – 2027/28
INCREASE COUNCIL TAX BY 2.99% 2023/24

	2023/24	2024/25	2025/26	2026/27	2027/28
	£'000	£'000	£'000	£'000	£'000
Gross Revenue Service Budget	45,399	44,303	44,855	45,799	46,654
Less					
Specific grants	(2,236)	(2,189)	(2,141)	(2,093)	(2,093)
Other income	(236)	(240)	(244)	(248)	(252)
Total income	(2,472)	(2,429)	(2,385)	(2,341)	(2,345)
Net Service Budget	42,926	41,875	42,471	43,458	44,309
Capital financing costs less interest receivable	770	1,116	1,456	1,641	1,651
Capital expenditure from the Revenue Account	0	0	0	0	0
Transferred from reserves	(1,096)	(99)	0	0	0
Transferred to reserves	1,451	3,044	3,338	3,731	3,981
Total Net Expenditure	44,050	45,936	47,264	48,830	49,941
Net Budget brought forward	41,766	44,050	45,936	47,264	48,830
Unavoidable cost pressures					
Pay inflation	1,914	655	657	665	678
Price inflation	246	248	224	227	233
Total inflation	2,160	903	881	892	911
Changes in Capital Financing	34	297	289	146	0
Budget commitments	2,100	1,551	66	525	200
Savings approved	(1,306)	(1,802)	92	3	0
Reserve Funding	(704)	936	0	0	0
Total Net Expenditure	44,050	45,936	47,264	48,830	49,941
Sources of Funding	2023/24	2024/25	2025/26	2026/27	2027/28
	£'000	£'000	£'000	£'000	£'000
Locally Retained Business Rates	2,397				
Business Rate Top Up	5,379				
Business Rates Baseline	7,776				
Revenue Support Grant	3,662				
Service Grant Allocation	408				
Settlement Funding Assessment	11,846	12,363	12,611	12,863	13,120
Section 31 Grant Business Rates adjustment	2,063	2,165	2,208	2,252	2,297
Collection Fund (Deficit) / Surplus	(400)	(300)	(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)	(344)	(300)	(200)	(200)	(200)
local council tax support grant					
Council Tax Requirement	30,485	31,708	32,663	33,646	34,658
Total Resources Available	44,050	45,936	47,281	48,561	49,876
Additional Savings Required / (surplus)	0	(0)	(17)	268	65
Additional Savings Required - Lower Range			187	680	689

REVENUE BUDGET OBJECTIVE SUMMARY

	2022/23 Original Estimate £'000	2023/24 Original Estimate £5 Option £'000	2023/24 Original Estimate 2.99% Option £'000
People Services	4,338	4,363	4,363
Resources/Treasurer	8,180	9,089	9,089
Planning and Improvement	1,248	1,555	1,555
Total Deputy Chief Fire Officer	13,766	15,007	15,007
Safer Communities	21,939	23,131	23,131
Operational Support	4,566	4,701	4,701
Total Assistant Chief Fire Officer	26,505	27,832	27,832
CFO Staff	805	844	844
Treasury Management	870	770	774
Non delegated costs	(1,108)	(1,061)	(1,062)
Corporate Contingency	298	300	300
Transfers from Reserves	(462)	(950)	(1,096)
Transfers to Reserves	1,092	1,916	1,451
Total Corporate	1,495	1,819	1,211
Total Net Expenditure	41,766	44,658	44,050

APPENDIX B

REVENUE BUDGET SUBJECTIVE SUMMARY

	2022/23	2023/24	2023/24
	Original Estimate	Original Estimate	Original Estimate
	£'000	£5 Option £'000	2.99% Option £'000
Salaries, Allowances and On-costs	30,187	32,769	32,769
Training Expenses	971	663	663
Other Employees Costs	47	43	43
Employee Costs	31,205	33,475	33,475
Repair, Maintenance and Other Costs	1,406	1,455	1,455
Utility Costs	1,322	1,780	1,780
Premises Costs	2,728	3,235	3,235
Vehicle Repairs and Running costs	1,058	1,063	1,063
Travel Allowances and Expenses	95	84	84
Transport Costs	1,153	1,147	1,147
Equipment and Supplies	1,433	1,428	1,428
Fees and Services	4,148	3,916	3,916
Communications and Computing	1,973	1,951	1,951
Other Supplies and Services	301	266	266
Supplies and Services	7,777	7,561	7,561
Sums set aside from revenue	412	395	395
Interest Payments	474	521	524
Capital Financing	886	916	919
Grants and Contributions	(2,270)	(2,236)	(2,236)
Interest Received	(20)	(150)	(150)
Other Income	(323)	(256)	(256)
Income	(2,613)	(2,642)	(2,642)
Transfers from reserves	(462)	(950)	(1,096)
Transfers to reserves	1,092	1,916	1,451
Total Net Expenditure	41,766	44,658	44,050
Financed By:			
Council Tax	(29,288)	(31,093)	(30,485)
Business Rates	(7,764)	(7,776)	(7,776)
Revenue Support Grant	(3,325)	(3,662)	(3,662)
Service Grant Allocation	(535)	(302)	(302)
CSP Minimum Funding Guarantee	0	(106)	(106)
S31 Grants	(1,125)	(2,063)	(2,063)
Collection Fund Surplus/Deficit	271	344	344
Total Funding	(41,766)	(44,658)	(44,050)

FEES AND CHARGES**APPENDIX C**

WITH EFFECT FROM 1 APRIL 2023

Fee	Existing Fees	New Fees
	2022/23 £	2023/24 £
The hiring of a major pumping appliance with crew per hour	315	337
The hiring of other pumping vehicles with crew per hour	254	272
The hire of hydraulic platforms or turntable ladders with crew per hour	341	365
Large animal rescue per hour	315	337
Primary Authority Scheme per hour (fees set by Business Advice and Support Partnership)	82	82
Dry Riser (subsequent test at the owner's request):		
First Dry Riser	236	253
Additional Dry Risers	154	165
Interviews: *		
- Insurance co. etc.	154	165
- After two hours	100	107
Copy of Petroleum Licences *	38	41
Copy plans *	43	46
Standby at Venue	315	337
Fire Investigation Report	338	362
Chemical Protection Suit	177	189
Commercial Training Customers Site (per session up to 20 delegates):		
- Fire Marshal / Warden training (4 hours)	620	664
- Fire Extinguisher training (3 hours)	620	664
- Fire Awareness (3 hours)	620	664
Commercial Training One day course (per delegate)	193	207
Commercial Training Fire Safety at work (1 day, per delegate)	185	198
Commercial Training Fire Talk (without practical, 1 to 3 hours)	362	388
Inspection of Plans for Marriage Act 1994 *	130	139
Environmental search fees *	122	131

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

MEDIUM TERM CAPITAL STRATEGY 2022/23 - 2027/28

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 (.

The main areas covered within the strategy are summarised below.

Estates Strategy- Capital Programme

Since the last report the Estates Strategy has been further impacted by the sharp rise in utility costs putting pressure on the revenue budget and impacting the market costs to deliver the Capital Programme.

The December 2022 Estates Strategy Delivery Board agreed to continue with Phase 1 of the Capital Programme, that is to refurbish the Whole Time Stations to meet the Design Guide, deliver similar projects at Barcombe and Seaford as they have been allocated CIL match funding, complete a significant investment in training facilities (live fire and multi-purpose training hubs) and make health and safety improvements at our engineering workshops.

It was further agreed that the scope and programme of subsequent phases, covering all day crewed and the remaining 10 on call stations, will be reviewed in Q4 of 2023/24.

We continue to pursue options for further grant funding and collaboration to reduce the capital cost burden of updating the estate.

Estates Strategy– General Schemes

Design development for Seaford and Barcombe will commence during 2023/24 with delivery planned for 2024/25.

Some capital investment is being made at Rye to provide improved welfare facilities to support the gender diversity of the crew.

A review of subsequent Design Guide project phases will be undertaken in Q4 of 2023/24.

Estates Strategy – Strategic Schemes

Four years on from the launch of our Estates Strategy in 2018 we shall shortly complete our first Design Guide Project at Hove. The new sleeping accommodation is already in use and feedback has been very positive.

These schemes reflect the improvements necessary to deliver the standards set out in the 2018 Design Guide across our estate. The scope includes necessary reordering of internal spaces to mitigate the risk of contaminants, asset improvements to reduce energy consumption and remedial works identified in the condition surveys.

The programme for delivery of the remaining Whole Time Stations has been re-sequenced to prioritise the needs of delivering the IRMP.

Building on lessons learned from the first project at Hove a revised procurement strategy is being developed to expedite the delivery of the remaining Whole Time Stations during 2023/24, with the delivery of the new Multi-purpose training hubs (MPTH) being undertaken in parallel to achieve cost savings.

The new Access Control installation project has taken longer than expected to get under contract with works expected to start at the end of 2022/23 and conclude in the first half of 2023/24. This will provide enhanced security controls across our estate and extends the provision currently in place at Saxon House.

Enabling works are being scoped up for the replacement of the Live Fire Training facility at STC, the timing of the start of the detail design is under review to ensure the team has sufficient resource to fully commit to the scheme. Delivery will begin once Whole Time station refurbishments and MPTH are complete.

Our Carbon Footprint was established in 2022/23 and works are now underway to establish our Sustainability Strategy with a programme of betterment works to reduce energy consumption and our carbon emissions. This is a service wide initiative with communications to promote behavioural change being led by Estates. Metrics will be published regularly to demonstrate the reductions being made.

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).

As reported last year, whilst dialogue and a search for opportunities remains ongoing, commitment from partners has not been forthcoming. There remains potential for SECamb to take space at Eastbourne and Roedean.

Integrated Transport Function (ITF) – South Eastern Hub Workshop

As reported last year 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 and a grant fund was ringfenced.

Since the withdrawal from the scheme by various partners ESFRS is now progressing a further alternative which will be reviewed in early 2023.

In order to ensure the existing ESFRS engineering facilities remain compliant and fit for purpose a small capital investment is being made with improvement works being delivered in Q4 of 2022/23.

Integrated Transport Function (ITF) – Replacement Fuel Tanks

The physical works were completed in 2021/22 within the budget, including the grant funding, and the transition to the new software and administrative system is being rolled out across the service.

Preston Circus Fire Station

A main contractor has been appointed through the SCAPE framework to design and build the refurbishment works. With contracts in place for the detailed design and costing stages works are anticipated to start in Q1 2023/24 and conclude in Q2 2024/25.

There has been a prolonged period of design development and refinement to ensure that the scope can still be met against the rising construction costs. The establishment of a project specific Steering Group has ensured that all stakeholders are fully engaged and updated on progress. A further review on sequencing the works means that all works will now take place whilst the station remains operational providing a significant saving on the need to provide an alternative temporary station.

The revised cost forecast is reflected in this budget.

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 3 water tenders from Rye, Battle and Lewes. Eastbourne has one additional appliance introduced called a P2, and there are plans to introduce a P2 at Hastings. The three Appliances from Day crewed stations Bexhill, Newhaven & Crowborough would become operational spares for use across the entire county to maintain resilience in ensuring the risk profile of having 18 ORP pumps is met. 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 worldwide supply chain disruption and associated inflation continues to impact significantly on the delivery of the Fleet & Equipment Strategy. This is requiring different choices to be made to mitigate the impact of price increases where possible and increases in scheme budgets where it is not e.g. heavy appliance chassis have increased on average by c 9%. We are also experiencing significant increases in delivery times leading to further slippage on the Capital Programme (9-12 months for light fleet and up to 18 months for heavy fleet). To mitigate this we have employed a vehicle build officer to manage these processes ensuring there is adequate capacity to deliver the capital programme.

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.). A new scheme for replacement of our existing Breathing Apparatus and ancillary equipment is included to the value of £1m over 2026/27 and 2027/28. This is being managed as a joint project through the 4F group (East & West Sussex, Surrey and Kent FRS).

Detailed strategies for Estates, and Fleet and Equipment 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 will be used to fund the

Capital Strategy. As at 31 March 2022 it is estimated that there will be unapplied capital receipts of £0.722m (Capital Receipts Reserve), this includes the balance on the sale of Fort Road (£0.397m). 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 2023 it is estimated that there will be a balance of £3.906m in the Capital Programme Reserve (CPR). 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 £1.0m 2023/24 onwards, increasing over the life of the MTFP to £3.0m.

- 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 £80,000,000 - £90,000 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 needed to finance the Capital Asset Strategy over the next five years is £12.473m 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 2022-23 to 2026-27	Total Budget	Total Previous Years	Estimated Spend 2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	Remaining Spend
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Property									
Shared Investment Schemes									
Integrated Transport Project	1,000		200				800		800
Preston Circus	3,287	122	453	1,062	1,650				2,712
Total Shared Investment Schemes	4,287	122	653	1,062	1,650	-	800	-	3,512
Strategic Schemes									
- Replacement Fuel Tanks	492	450	7	35					35
- Partner contribution	(292)	(292)							-
- Replacement fuel tanks net cost	200	158	7	35	-	-	-	-	35
Design Guide	356	356							-
Hove	491	64	427						427
Roedean	493	45	21	427					427
Eastbourne	600	74	45	480					480
Bohemia Road	535	28	40	466					466
Security	386	67	98	221					221
Sustainability	171	21	40	80	30				110
Eastbourne MPTH	259	7	29	223					223
Training Centre MPTH	308	7	35	266					266
Hove MPTH	278	7	34	237					237
Bohemia Road MPTH	258	8	39	211					211
Live Fire Training	4,000	48	15	457	2,500	980			3,937
Total Strategic Schemes	8,335	890	830	3,103	2,530	980	-	-	6,613
General Schemes									
General Schemes	830	830							-
Seaford CIL	296	3	7	5	281				286
Seaford CIL partner Contribution	(133)				(133)				(133)
Barcombe CIL	392	4	9	5	374				379
Barcombe CIL Partner Contribution	(156)				(156)				(156)
The Ridge	408				20	388			408
Hailsham	184	19	8		10	147			157
Rye	532	3	45		17	467			484
Battle	163	1				56	106		162
Herstmonceux	279						50	229	279
Bexhill	460						200	260	460
Heathfield	280	9	9		19	243			262
Uckfield	494	7				100	387		487
Lewes	577	6	1			241	330		571
Pevensey	181						30	151	181
Forest Row	197						30	167	197
Mayfield	203						30	173	203
Broad Oak	30							30	30
Burwash	30							30	30
Wadhurst	50							50	50
Seaford HVP Alterations	85	7	84						-
Total General Schemes	5,382	889	163	10	432	1,642	1,163	1,090	4,337
Bay Doors, Floors, IT	1,535		110	712	300	205	208		1,425
Training Towers	279		133	146					146
Temperature Control in Sleeping Pods	201		79	122					122
Total Property	20,019	1,901	1,968	5,155	4,912	2,827	2,171	1,090	16,155
Vehicle Cameras	150		75	75					75
Grant Funds	(118)		(59)	(58)					(58)
Telemetry	70			70					70
Breathing Apparatus							500	500	1,000
Aerials	1,843	690	218	935					935
Aerial Rescue Pump	22	22							-
Fire Appliances	8,311	2,564	1,312	850	835	819	862	1,069	4,435
Ancillary Vehicles	2,749	473	111	1,624	368	112		61	2,165
Cars	2,102	501	227	225	272	506	206	182	1,391
Vans	2,169	920	98	314	288	162	148	240	1,152
Equipment	70			70					70
Total Fleet and Equipment	16,228	5,170	1,982	4,105	1,763	1,599	1,716	2,052	11,235
Total Expenditure	36,247	7,071	3,950	9,260	6,675	4,426	3,887	3,142	27,390

MEDIUM TERM CAPITAL STRATEGY 2023/24 to 2027/28 – FUNDING

	2023/24	2024/25	2025/26	2026/27	2027/28	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Fleet and Equipment	4,105	1,763	1,599	1,716	2,052	11,235
Estates	5,155	4,912	2,827	2,171	1,090	16,155
Original Capital Programme	9,260	6,675	4,426	3,887	3,142	27,390
Funded by:						
Capital Receipts Reserve	722	-	-	-		722
Capital Programme Reserve	4,906	1,500	2,000	2,500	3,000	13,906
New Borrowing / Need to Borrow	3,632	5,175	2,426	1,387	142	12,762
Updated Capital Programme	9,260	6,675	4,426	3,887	3,142	27,390

Funding – Use of Reserves					
	2023/24	2024/25	2025/26	2026/27	2027/28
	£'000	£'000	£'000	£'000	
Capital Receipts Reserve					
Opening Balance	722	0	0	0	0
Transfers In	0	0	0	0	0
Transfers Out	(722)	0	0	0	0
Closing Balance	0	0	0	0	0
Capital Programme Reserve					
Opening Balance	3,906	-	-	-	-
Transfers In	1,000	1,500	2,000	2,500	3,000
Transfers Out	(4,906)	(1,500)	(2,000)	(2,500)	(3,000)
Closing Balance	0	0	0	0	0

Reserve Strategy

Introduction and Background

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

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

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

In reviewing medium-term financial plans and preparing annual budgets, the Authority will consider the establishment and maintenance of reserves for the general fund. There is no statutory minimum or maximum level of reserves. The nature and level of reserves will be determined formally by the Authority, informed by the judgement and advice of the Assistant Director Resources / Treasurer. This will be based on an assessment of what is appropriate and necessary in the light of the circumstances facing the Authority.

Strategic Context

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

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

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

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

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

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

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

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

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

Provisions

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

Unusable Reserves

The Authority will also maintain a number of other reserves that arise out of the interaction between legislation and proper accounting practices. These reserves, which are not resource-backed, will be specified in the annual Statement of Accounts.

Governance

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

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

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

Risk Assessment to Determine the Adequacy of the General Reserve

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

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

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

The Authority currently sets its policy for the General Reserve at a minimum of 5% of its net revenue budget. The detailed risk assessment is attached at Annexe A and indicates that the overall assessed risk has not changed since last year. Given that not all assessed risks are likely to crystallise in a single year it is deemed appropriate to maintain the minimum level of 5%. Capital Reserves are used to support the financing of the Capital Asset Strategy and will be exhausted by the end of 2022/23.

At the start of 2023/24, the General Reserve is forecast to represent 3.78% of the Authority's net revenue budget which is a 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, 2023/24, 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 £2.233m. At the start of 2022/23 the General Reserve is expected to be £1.413m and it is planned to increase by £1.076m over 2023/24, 2024/25 and 2025/26 to return the balance to £2.489m by 31 March 2026 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. The balance on this reserve includes accruals for 2020/21 and 2021/22 as delays in completing the external audits for a number of our billing authorities has delayed the distribution of the cash surpluses for these years.

- **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. The balance of the reserve will be used to balance the Authority's revenue budget in 2023/24.
- **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. Provision has been made in the MTFP for contributions of £0.2m to be made into this Reserve in 2024/25, 2025/26 and 2026/27. It is proposed that £0.164m (£0.311m under the 2.99% proposal) is utilised from this reserve to balance the 2023/24 budget.
- **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 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. It is recommended as part of the budget proposals that the balance of this reserve is used to balance the Authority's revenue budget in 2023/24.
- **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 2023/24.
- **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 in 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 planned to be used during 2023/24 and 2024/25 to provide additional capacity within the Payroll & Pensions Team to resource the additional workload associated with implementing the Remedy process.

- **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.
- **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. The balance of this reserve will be used in 2023/24 to balance the Authority's revenue budget.
- **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. £1.0m is paid into this reserve from the Authority's revenue budget in 2023/24. The MTFP proposes to increase the payment into the Capital Programme Reserve in stages of £0.5m to £3.0m by 2027/28. 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 is 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 2022/23. 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 2023 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, 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.	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	2023/24	2023/24	2023/24	Projected Closing Balance	Projected Closing Balance	Projected Closing Balance	Projected Closing Balance	Projected Closing Balance
	Opening Balance 01/04/23	Planned Transfers In	Planned Transfers Out	31/03/24	31/03/25	31/03/26	31/03/27	31/03/28
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Earmarked Reserves								
Improvement & Efficiency	486	0	(214)	272	372	472	572	672
Sprinklers	440	0	(440)	0	0	0	0	0
Insurance	249	0	0	249	249	249	249	249
ESMCP ESFRS readiness	1,425	0	0	1,425	712	0	0	0
ESMCP Regional Programme	111	0	0	111	0	0	0	0
BRR – Accreditation & RPL	23	0	(12)	11	0	0	0	0
BRR - Protection Uplift	96	0	(96)	0	0	0	0	0
New Dimensions	32	0	(32)	0	0	0	0	0
Responding to New Risks	33	0	(33)	0	0	0	0	0
IT Strategy	2,097	592	(2,199)	490	250	250	250	250
People Strategy	130	0	(130)	0	0	0	0	0
Business Rates Retention Pilot - financial stability	80	0	(80)	0	0	0	0	0
Business Rate Pool	1,184	0	(200)	984	884	884	884	884
Tax Income Guarantee Scheme (75%) CT & BR	56	0	(56)	0	0	0	0	0

Covid-19	71	0	0	71	71	71	71	71
Carry Forwards	173	0	(173)	0	0	0	0	0
Pensions Administration	210	0	(105)	105	0	0	0	0
Capital Programme Reserve	3,906	1,000	(4,906)	0	0	0	0	0
Total Earmarked Reserves	10,804	1,592	(8,678)	3,718	2,577	1,965	2,065	2,165
General Fund	1,413	274	0	1,687	2,389	2,489	2,489	2,489
Total Revenue Reserves	12,217	1,866	(8,478)	5,605	5,266	4,754	4,854	4,954
Capital Receipts Reserve	722	0	(722)	0	0	0	0	0
Total Capital Reserves	722	0	(722)	0	0	0	0	0
Total Usable Reserves	12,939	1,866	(9,400)	5,405	4,966	4,454	4,554	4,654

EAST SUSSEX FIRE AUTHORITY: PRECEPT FOR 2022/23
REF: S43 LOCAL GOVERNMENT FINANCE ACT 1992
COUNCIL TAX OPTION – £5

	£	£
NET BUDGET REQUIREMENT		44,658,000
Forecast Business Rates retained	2,379,000	
Top Up grant	5,379,000	
Total Base Line funding	7,776,000	
Add Revenue Support Grant	3,662,000	
Add Service Grant Allocation	302,000	
Add CSP Minimum Funding Guarantee	106,000	
Total Grant funding (excluding transitional/freeze grant)	11,846,000	
Section 31 Grant Business Rates adjustment	2,063,000	
Previous Year's Surpluses/(Deficits)	(344,000)	
Total Council Tax required		31,093,000
Tax base	297,907	
Basic Council Tax (Band D equivalent)		104.37
Basic Council Tax from above calculation		<u>Council Tax</u>
Band A	6/9	69.58
Band B	7/9	81.18
Band C	8/9	92.77
Band D	9/9	104.37
Band E	11/9	127.56
Band F	13/9	150.76
Band G	15/9	173.95
Band H	18/9	208.74
	<u>Tax Base</u>	<u>Precept</u>
Brighton and Hove	91,986.30	9,600,610
Eastbourne	35,294.80	3,683,718
Hastings	26,473.00	2,762,987
Lewes	37,839.40	3,949,298
Rother	38,520.80	4,020,416
Wealden	67,793.20	7,075,576
	297,907.50	31,092,606

EAST SUSSEX FIRE AUTHORITY: PRECEPT FOR 2022/23
REF: S43 LOCAL GOVERNMENT FINANCE ACT 1992
COUNCIL TAX OPTION – 2.99%

	£	£
NET BUDGET REQUIREMENT		44,050,000
Forecast Business Rates retained	2,379,000	
Top Up grant	5,379,000	
Total Base Line funding	7,776,000	
Add Revenue Support Grant	3,662,000	
Add Service Grant Allocation	302,000	
Add CSP Minimum Funding Guarantee	106,000	
Total Grant funding (excluding transitional/freeze grant)	11,846,000	
Section 31 Grant Business Rates adjustment	2,063,000	
Previous Year's Surpluses/(Deficits)	(344,000)	
Total Council Tax required		30,485,000
Tax base	297,907	
Basic Council Tax (Band D equivalent)		102.34
Basic Council Tax from above calculation		Council Tax
Band A	6/9	68.23
Band B	7/9	79.60
Band C	8/9	90.97
Band D	9/9	102.34
Band E	11/9	125.08
Band F	13/9	147.82
Band G	15/9	170.57
Band H	18/9	204.68
	Tax Base	Precept
Brighton and Hove	91,888.03	9,412,958
Eastbourne	35,294.80	3,612,070
Hastings	26,473.00	2,709,246
Lewes	37,839.40	3,872,484
Rother	38,520.80	3,942,219
Wealden	67,793.20	6,937,956
	297,809.23	30,484,874

FUNDED STAFFING ESTABLISHMENT

	FTE @ 1/4/2023	FTE @ 1/4/2024
Principal Officers	3	3
Wholetime Firefighter	337	326
RDS firefighter Units	192	192
Control Room Staff	3	3
Support staff	153.42	153.42

APPENDIX H

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

Standalone FRA	CSP 2022- 23	CSP 2023- 24	Change %
Avon	47.37	51.00	7.7%
Bedfordshire	32.76	35.05	7.0%
Berkshire	38.26	41.29	7.9%
Buckinghamshire	31.19	33.73	8.1%
Cambridgeshire	32.27	34.89	8.1%
Cheshire	47.18	50.76	7.6%
Cleveland	29.43	31.70	7.7%
Derbyshire	41.36	44.51	7.6%
Devon & Somerset	82.42	88.01	6.8%
Dorset & Wiltshire	60.79	65.43	7.6%
Durham	31.49	33.55	6.5%
East Sussex	41.67	44.39	6.6%
Essex	77.52	83.60	7.8%
Hampshire & Isle of Wight	81.15	87.48	7.8%
Hereford & Worcester	34.49	36.97	7.2%
Humberside	47.89	51.47	7.5%
Kent	77.75	83.58	7.5%
Lancashire	61.95	66.74	7.7%
Leicestershire	39.90	43.13	8.1%
Merseyside	66.85	71.89	7.5%
North Yorkshire	33.67	36.23	7.6%
Northamptonshire	25.90	28.09	8.5%
Nottinghamshire	46.01	49.45	7.5%
Shropshire	24.30	25.92	6.7%
South Yorkshire	55.46	59.82	7.9%
Staffordshire	44.72	48.08	7.5%
Tyne & Wear	53.08	56.97	7.3%
West Midlands	108.77	117.63	8.1%
West Yorkshire	91.25	98.53	8.0%