

EAST SUSSEX FIRE AUTHORITY

Date: 15 June 2023

Title: Medium Term Financial Plan (MTFP) Tranche 4 (East Review) Update Report

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Background Papers: Fire Authority Service Planning processes for 2023/24 and beyond – Revenue Budget 2023/24 and Capital Asset Strategy 2023/24 to 2027/28: Fire Authority - 9 February 2023

Fire Authority Service Planning processes for 2023/24 and beyond – Revenue Budget 2023/24 and Capital Asset Strategy 2023/24 to 2027/28: Policy & Resources Panel - 19 January 2023

Medium Term Financial Plan Update – Draft Savings Proposals: Fire Authority - 8 December 2022

Strategic Service Planning and Medium Term Financial Plan 2023/24: Fire Authority - 8 September 2022

Appendices: None

Implications:

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

PURPOSE OF REPORT: To provide the Fire Authority with a brief initial overview of the options analysis that has been carried out through the Medium Term Financial Plan (MTFP) Tranche 4 (the East Review) and to inform them that a wider list of potential savings will need to be considered in relation to the forecast potential shortfall in funding for 2024/25.

EXECUTIVE SUMMARY: The financial environment remains both uncertain and challenging. The current funding settlement is for one year only with limited policy guidance available for 2024/25. It is expected

that a further one-year settlement for 2024/25 will be formally announced in December 2023.

At the time that the 2023/24 budget and MTFP was agreed, a potential funding gap of £721k for 2024/25 was forecast. Since then, a two-year Grey Book pay award of 12% has been agreed, 3% over the budgeted figure, and a Green Book pay offer of £1,925 for 2023/24, also over the budgeted figure, has been rejected by representative bodies.

Further work continues to assess the future position and a report on the 2023/24 budget and the 2024/25 funding gap will be considered by the Policy & Resources Panel on 20 July 2023. The current assessment is that the Fire Authority should plan to identify savings options of between £1.0m - £1.5m for delivery by 1 April 2024.

Tranches 1-3 are targeted to deliver savings of £923,000. There is a high degree of confidence that Tranches 1 and 2 will deliver the target savings of £293,000. However, at this stage it is too early to say with confidence the £630,000 targeted savings from Tranche 3 will be fully delivered.

In the meantime this paper provides a brief initial overview of the output of the options analysis that has been carried out for MTFP Tranche 4 (the East Review), and how a wider list of potential additional savings options must now be considered in relation to the evolving MTFP shortfall in funding for 2024/25.

RECOMMENDATION:

The Fire Authority is recommended to:

- a) note the increase in estimated savings that maybe required to balance the 2024/25 budget, from £721,000 forecasted last year to up to £1,500,000; and
- b) note that the progress under the Medium Term Financial Plan Tranche 4 on the wider options analysis will be presented to the Policy & Resources Panel on 20 July 2023 prior to be submitted to the Fire Authority on 7 September 2023 once further work on updating the MTFP for 2024/25 has been carried out.

1 INTRODUCTION:

- 1.1 At its meeting on 9 February 2023 the Fire Authority set a balanced budget for 2023/24 noting that additional savings proposals were required in order to meet the future funding pressures identified in the MTFP, and in particular, to balance the budget in 2024/25.

- 1.2 As a result of the MTFP refresh and 2023/24 budget round, an eighth work package was added to the current IRMP scope containing three additional workstreams, as follows:
- MTFP Tranche 1 - Removal of On Call Support Officers
 - MTFP Tranche 2 - Removal of On Call from Lewes and Crowborough
 - MTFP Tranche 4 - East Review (option analysis only)
- 1.3 Tranches 1 and 2 have been integrated into the existing Integrated Risk Management Programme (IRMP) and a progress update on delivery of those elements will be presented to the Scrutiny & Audit Panel at its meeting on 20 July 2023.
- 1.4 This paper provides a brief initial overview of the output of the options analysis that has been carried out for MTFP Tranche 4 (the East Review), and how a wider list of potential additional savings options must now be considered in relation to the evolving MTFP shortfall in funding for 2024/25 forecast to be between £1.0m - £1.5m.
- 1.5 A separate project has been set up to support delivery of MTFP Tranche 3 - Structural Review & Related Ways of Working.

2 TRANCHE 4 – EAST REVIEW OPTIONS ANALYSIS

- 2.1 The Fire Authority agreed that “Tranche 4” proposals would be amended from:

‘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’ and ‘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’.

to:

‘Reconsider the delivery model in the East of the Service area, ensuring 2 immediately available appliances in Hastings, 24-hour period, 7 days a week’.

- 2.2 In addition, the Fire Authority agreed to:

‘Pause the introduction of a second full-time fire appliance at Bohemia Road Fire Station, which would have increased the staffing levels at that station and pause The Ridge Fire Station changing to a 7 day a week “day crewed” system with a 1 watch staffing level of 9’.

- 2.3 It was noted at the time that this pause presented no additional risk to the communities in Hastings. Service provision would remain as it currently was until new options were developed under Tranche 4, and these options were to be further developed and returned to the Fire Authority in June 2023 in time for public consultation if required and prior to implementation.

- 2.4 On that basis the objectives of MTFP Tranche 4 were defined as:

- We must maintain 2 immediately available appliances in Hastings 24/7 whilst remaining within the parameters previously defined by the Operational Response Review in relation to 18 available pumps
- Provide a sliding scale of options to deliver savings of up to £300,000 p/a by March 2024

2.5 Workshops have taken place and a number of options were considered. Each option was evaluated in respect to the level of savings that could be generated, whether consultation was required and the impact to the public.

2.6 The shortlist of potential ways in which to achieve the objectives of the East Review are:

Option 1	Consider wider options outside the East Group for savings
Option 2	Hastings and The Ridge run as a single watch on 2/2/4 (-4 Watch Managers)
Option 3	Self-rostering at The Ridge only (-4 Firefighters)

3 BROADER MTFP CONTEXT AROUND TRANCHE 4

3.1 The financial environment remains both uncertain and challenging. The current funding settlement is for one year only with only limited narrative policy guidance for 2024/25. It is expected that a further one-year settlement for 2024/25 will be announced in December 2023.

3.2 At the time that the 2023/24 budget and MTFP was agreed, a potential funding gap of £721,000 for 2024/25 was forecast. Since then, a two-year Grey Book pay award of 12% has been agreed, 3% over what had been budgeted for, and a Green Book pay offer of £1,925 for 2023/24, also over the amount budgeted, which has been rejected by representative bodies.

3.3 A more detailed report on the 2023/24 budget and a revision of the 2024/25 funding gap will be brought to Policy & Resources Panel on 20 July 2023. The current view is that the Authority should plan to identify savings options of between £1.0m - £1.5m for delivery by 1 April 2024.

3.4 Tranches 1-3 are targeted to deliver savings of £923,000. There is a high degree of confidence that Tranches 1 and 2 will deliver the target savings of £293,000. However, at this stage it is too early to say with confidence the £630,000 targeted savings from Tranche 3 will be fully delivered.

3.5 Whilst the size of the shortfall remains to be confirmed, on the above basis the residual shortfall to be filled by Tranche 4 could now be up to around £500,000, as opposed to up to £300,000 per annum previously assumed.

3.6 At its meeting on 9 February 2023 the Fire Authority agreed that any residual shortfall in the MTFP would be reconciled through Tranche 4 proposals, focusing on the options for the East of the County. However, given the potential increase in savings now required from Tranche 4, a wider range of options (Option 1) would

now need to be considered by the Policy & Resources Panel on 20 July 2023 and a final list of potential savings, together with the recommendations presented to Fire Authority on 7 September 2023.

3.7 The list of the wider savings options being considered include:

- a revised forecast of the savings realisable from the current IRMP
- a review of the frequency / scale of planned WT FF recruits training
- a review of planned capital investment in fleet and estate
- a review of planned revenue investment in IT and People Strategies
- a review of the planned use of the Business Rate Pool Reserve
- consideration of the East Group shortlisted options

3.8 At this stage, it is anticipated that these options above would not require public consultation and can be largely realised by April 2024. Once the settlement for the 2024/25 budget is known the degree of any savings required would then be met by considering the above list and associated savings in more detail.

3.9 In addition to working up the final recommendation for savings against any shortfall realised once the settlement for 2024/25 is announced, the Service is taking actions to avert spending this year to ensure maximum flexibility within the life of the current MTFP.