

## EAST SUSSEX FIRE AND RESCUE SERVICE

<b>Meeting</b>	Policy & Resources Panel
<b>Date</b>	20 July 2023
<b>Title of Report</b>	Revenue and Capital Budget 2023/24 and Capital Programme 2023/24 to 2027/28 Monitoring at Month 2 (end May).
<b>By</b>	Duncan Savage – Assistant Director Resources/Treasurer
<b>Lead Officer</b>	Alison Avery - Finance Manager

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<b>Background Papers</b>	Fire Authority Service Planning processes for 2023/24 and beyond – Revenue Budget 2023/24 and Capital Asset Strategy 2023/24 to 2027/28  Revenue and Capital Budget 2022/23 and Capital Programme 2022/23 to 2026/27 – Provisional Outturn
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<b>Appendices</b>	Appendix 1: Revenue Budget 2023/24 Objective Appendix 2: Savings Programme 2023/24 Appendix 3: Grants and Spending Plans 2023/24 Appendix 4: Capital Programme 2023/24 to 2027/28 Appendix 5: Estates & Engineering Capital Budgets 2023/24 Appendix 6: Reserves 2023/24 Appendix 7: Treasury Management Update
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### Implications (please tick ✓ and attach to report)

<b>CORPORATE RISK</b>		<b>LEGAL</b>	
<b>ENVIRONMENTAL</b>		<b>POLICY</b>	
<b>FINANCIAL</b>	✓	<b>POLITICAL</b>	
<b>HEALTH &amp; SAFETY</b>		<b>OTHER (please specify)</b>	
<b>HUMAN RESOURCES</b>		<b>CORE BRIEF</b>	

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<b>PURPOSE OF REPORT</b>	To report on the findings of the Month 2 monitoring undertaken on the Revenue and Capital Budget 2023/24 and Capital Programme 2023/24 to 2027/28.
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<b>EXECUTIVE SUMMARY</b>	This is the first report to Members for the 2023/24 financial year and highlights the findings from the Month 2 monitoring undertaken on the Revenue Budget 2023/24 and 5 year
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Capital Programme 2023/24 to 2027/28, approved by the Authority in February 2023.

A net revenue overspend to the sum of £371,000 has been identified, as summarised in Appendix 1. This is due to the following pressures:

- Groups overspend, mainly wholetime pay and overtime (£962,000)
- CRM & Procurement unachieved savings (£170,000)
- Payroll posts due to budget error (£98,000)
- Firelink (£79,000)
- Unfunded pensions (£50,000)

These are offset by:

- Treasury Management income (£450,000)
- Wholetime Recruitment (£175,000)
- Corporate contingency (£168,000)
- Utilities (£120,000)
- Communications vacancies (£86,000)

There are a number of other small variances which contribute to the overspend.

Further work is required to review the forecast and management action is required in reviewing staffing and overtime forecasts.

Performance against the Savings Programme is summarised in Appendix 2 and detailed in section 5.

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

Revenue and Capital programme risks are detailed in section 3, focusing specifically on areas that are subject to further investigation and the outcome could result in significant additional pressures in the current and future financial years.

The original 2023/24 Capital Budget and five year Capital Strategy of £28,280,000 was approved by the Fire Authority on 9 February 2023. The Capital Strategy has been increased to £28,793,000 to include slippage of £975,000 and allocation of spend in advance of £462,000 from 2022/23.

The current year Capital Budget was approved by the Fire Authority at £8,421,000 and updated to £8,934,000 (Property £5,655,000 and Fleet and Equipment £3,279,000) including slippage of £975,000 brought forward from 2022/23, allocation of spend in advance of £462,000 from 2022/23.

Officers have reviewed the capital plans for 2023/24 and report slippage on delivery of projects to the value of £1,591,000 (17.8%) and spend in advance of £148,000. In addition underspend of £76,000 is expected against capital schemes. Detailed information is contained within section 8. The Estates and Engineering Capital Projects 2023/24 are detailed in Appendix 4.

The position on reserves shows an opening balance of £14,460,00. The forecast net drawdown from reserves is £7,944,000, an increase of £651,000 compared to the planned drawdown of £7,293,000. This results in an estimated closing balance of £6,517,000, as detailed in section 9 and summarised in Appendix 5. This would reduce further if reserves are used to cover the inflation related risks described elsewhere in this report. Work is ongoing to review likely drawdown of reserves (including grants brought forward) for the rest of the current year on both Revenue and Capital projects.

There is an increase in the interest receivable on the Authority's cash investments of £17,545,000 due to the Bank of England's increase in base rate. Interest receivable is projected at £600,000, resulting in a surplus of £450,000 when compared to the budget. Interest payments on fixed rate loans of £9,817,000 are unaffected.

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**RECOMMENDATION**

The Policy & Resources Panel is recommended to note:

- (i) the risks to Revenue Budget and the projected overspend;
  - (ii) the risks to the Capital Programme and the projected in year underspend;
  - (iii) the increased net forecast drawdown from reserves;
  - (iv) the grants available and spending plans;
  - (v) the monitoring of savings taken in 2023/24; and
  - (vi) the current year investments and borrowing
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## 1. **INTRODUCTION**

- 1.1 The Original Revenue Budget 2023/24 and Capital Strategy 2023/24 to 2027/28 was approved at the meeting of the Fire Authority on 9 February 2023.
- 1.2 This is the first report to Members for the 2023/24 financial year and highlights the findings from Month 2 (end May) monitoring undertaken on the Revenue and Capital Budget 2023/24 and Capital Programme 2023/24 to 2027/28. It should be noted the review is based on currently available information and the result may change as new information emerges during the year.

	<b>This P&amp;R (Month 2)</b>	<b>Last SLT (n/a)</b>	<b>Movement</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Revenue (see section 2)	371	-	371
Capital in year (see section 7)	(1,519)	-	(1,519)

- 1.3 The Revenue Budget approved by the Fire Authority in February 2023 was a net expenditure requirement of £45,057,000
- 1.4 A net revenue overspend to the sum of £371,000 has been identified at Month 2 (end May) and is reflected in the Revenue Budget 2023/24 objective summary at Appendix 1 and detailed in section 2.
- 1.5 The savings requirement 2023/24 is £1,295,000. The current position shows we have delivered or are on course to deliver £1,245,000 (96%) of savings. There is one saving at risk as detailed in Section 5.
- 1.6 The grants available total £3.9m, including grants brought forward from previous years, as summarised in Appendix 3 and detailed in section 5.
- 1.7 The five year Capital Strategy 2023/24 to 2027/28 was approved by the Fire Authority in February 2023 at £28,280,000. The Capital Strategy has been increased to £28,793,000 to include slippage of £975,000 and allocation of spend in advance of £462,000 from 2022/23. The 5 year Capital Programme is projected to underspend by £76,000 as detailed in section 8.
- 1.8 The Capital Budget for 2023/24 was approved by the Fire Authority at £8,421,000 and updated to £8,934,000 including slippage of £975,000 brought forward from 2022/23, allocation of spend in advance of £462,000 from 2022/23.
- 1.9 A number of Revenue Budget and Capital Programme risks are set out in section 3 which will be monitored throughout the year. The updated position on Contingency, Reserves, Borrowing and Investments is provided at sections 6, 8 and 9 respectively.

## **2. REVENUE BUDGET COMMENTARY**

2.1 The Revenue Budget is projected to overspend by £371,000. This is summarised across divisions in Appendix 1 and detailed explanations are provided below.

2.2 **People Services:** Expected underspend of £10,000, as follows:

2.2.1 **AD Admin Support:** Expected underspend of £35,000 due to vacancy.

2.2.2 **Service Training Centre:** An underspend of £73,000 is expected. An underspend of £175,000 relates to Wholetime Firefighter recruitment budget, this is offset by pressures caused by over establishment due to long term sickness (£61,000) and on-call training (£44,000).

2.2.3 **Payroll:** An overspend of £98,000 is expected due to an error in the budget for Pensions posts.

2.3 **Resources/Treasurer:** Expected underspend of £78,000, as follows:

2.3.1 **AD Resources/Treasurer :** An overspend of £2,000 is expected.

2.3.2 **Estates:** An underspend of £120,000 is expected. This underspend relates to utilities costs as these are not expected to be as high as anticipated when setting the inflationary amount within the budget.

2.3.3 **ITG:** Currently expecting an underspend of £5,000. Underspends are expected of £57,000 in relation to project delays in Paging & Alerting and EDRMS and £86,000 in delays of the roll out of WAN services to all stations. These are offset by pressures of £79,000 Firelink due to an uplift in costs of 13.5%, £18,000 for additional Webex licences, £18,000 for SIM cards for portable services as a result of CRM and increased mobile working. In addition a reduction of £10,000 for printing has not been realised, and IT have a £5,000 overspend on staffing as ITG are fully established and a vacancy factor of 1% has been applied to all support staff pay budgets. A further £8,000 relates to pressures across the department.

2.3.4 **Finance:** An underspend of £4,000 is expected, £4,000 in relation to an individual working part time within the team.

2.3.5 **Procurement:** An overspend of £50,000 is expected. An overspend of £69,000 is expected in relation to uniform/workwear, offset by an underspend of £19,000 in relation to a staff vacancy.

2.4 **Planning and Improvement:** A forecast underspend of £97,000 is expected as follows:

2.4.1 **Communications:** An underspend of £93,000 is expected. Underspend of £86,000 relates to vacancies which will not be recruited to this financial year, with and additional £7,000 underspend relating to subscriptions and postage.

2.4.2 **Performance:** An underspend of £1,000 is expected. Budget of £44,000 for an officer to support HMI preparation is not expected to be required during 2023/24

and will be transferred to the Improvement and Efficiency reserve and held for use in 2024/25.

- 2.4.4 **Cost of Democracy:** An underspend of £3,000 is expected, with an overspend of £5,000 on staffing offset by underspends on members allowances (£5,000) and travelling (£3,000).
- 2.4.5 **CRMP:** Budget of £41,000 allocated for CRMP consultation is not expected to be required during 2023/24 and will be transferred to the Improvement and Efficiency reserve and held for use in 2024/25.
- 2.5 **Safer Communities:** An overspend of £937,000 is expected as follows:
  - 2.5.1 **AD Safer Communities:** An overspend of £104,000 is expected. This pressure relates to CRM savings which are allocated within Safer Communities and unlikely to be fully achieved in year, although further work is required to identify whether savings could be made within other departments.
  - 2.5.2 **Safer Communities Contingency:** There is currently an underspend reported of £40,000, this underspend relates to the on-call budget held as a contingency outside of the Groups.
  - 2.5.3 **IRMP:** The IRMP Delivery Team is reporting an underspend of £38,000 in relation to a part year vacancy and some costs being paid at development rate against a competent rate budget.
  - 2.5.4 **Groups:** The Groups are reporting an overspend of £962,000.

The Groups continue to be over-establishment (8.5 posts in April and 11 in May) due to the use of Fixed Term Contracts to cover long-term sickness, light duties and maternity leave.

The current pay forecast does not take into account all of the changes expected as a result of IRMP and the Finance team will work closely with HR to ensure these are accurately reflected going forwards.

The forecast overspend on overtime is currently £506,000 based on extrapolating the year-to-date spend using historic overtime trends as a base. Overtime paid in May amounted to £42,900. It is anticipated that overtime will reduce following the implementation of the Day Crewing Duty System and the increase in strength of the Flexible Resource Pool from August, but this still needs to be reviewed and updated within the forecast.

- 2.5.5 **Protection:** The current forecast for the Protection grant indicates that £85,000 would need to be drawn down from the Business Rate Pool reserve to support the team's costs during 2023-24.
- 2.5.6 **Prevention:** An underspend of £50,000 is expected. An underspend of £69,000 relates to a vacant Partnership & Engagement Manager, offset by an overspend of £19,500 relating to Cadets.

- 2.6 **Operational Support & Resilience:** A forecast overspend of £23,000 is expected as follows:
- 2.6.1 **AD OSR:** An overspend of £7,000 is expected, this relates to FBU overtime for which there is no budget.
- 2.6.2 **Engineering:** An overspend of £24,000 is expected. Overspend of £90,000 is attributable to maintenance of vehicles, specifically in relation to heavy appliances and an additional £19,000 overspend is expected in relation to Cars & Vans, with less income expected from vehicle sales. These are offset by underspends on fuel (£41,000) where the budgets were increased for inflation, but prices have dropped considerably in recent months and a further underspend of £44,000 across a number of categories. Engineering are working towards bringing their forecast in line with the budget.
- 2.6.3 **Ops P&P:** An underspend of £33,000 is expected relating vacancies within the team.
- 2.6.4 **Control Room:** An overspend of £25,000 is expected. This is based on the latest forecast received from Surrey, with the overspend largely relating to the grey book pay award. A further update is expected from Surrey after Q1.
- 2.7 **CFO:** An overspend of £32,000 is expected. Overspend of £38,000 relates pay and is mainly due to the gold book pay award backdated to 1 January 2022. Additionally underspend of £6,000 is expected across a number of non-pay budgets.
- 2.8 **Treasury Management:** This income budget is expected to overachieve by £450,000 due to high interest rates.
- 2.9 **Non Delegated Costs:** An overspend of £117,000 is expected. £50,000 overspend is due to unfunded pension costs, with £66,000 attributable to Procurement savings which have yet to be allocated across service budgets and a number of other small variances.
- 2.10 **Corporate Contingency:** A contingency budget of £143,000 is currently supporting the underspend position. SLT approved a transfer of £390,000 from the contingency budget to support the grey book pay award in relation to staff employed with a wholetime contract.
- 2.11 **Financing:** Current information indicates that the Service will receive £41,000 less funding than was anticipated when the budget was set. A pressure of £127,000 is expected in relation to business rates based on the latest forecasting model provided by Local Government Futures, which is offset by additional income of £86,000 in relation to collection fund surpluses. The budget for business rates income was based on estimates as the budget papers were finalised before all NNDR1s were received from billing authorities.

### **3. REVENUE BUDGET AND CAPITAL PROGRAMME RISKS**

- 3.1 **Pension Costs:** There is continued reliance on one-off grant to fund increased contributions for FPS as well as the uncertainty on the cost and funding of the remedy from the Sargent case (initial estimate of historic liability approx. £5m, ongoing costs £0.9m p.a.). For the latter it is now understood that the cost will impact through the next quadrennial scheme valuation i.e. from 2025/26 onwards. The Authority will be directly liable for the cost of any Injury to Feelings claims and any additional administrative costs of implementing the remedy. The Government has also confirmed that it will not fund non scheme costs including unauthorised tax charges and scheme sanction charges in the current tax year. A Pension Administration reserve is held to fund costs resulting from remedy implementation. It is expected the balance of this reserve as at 31 March 2024 will be £111,000, with £105,000 committed in 2023/24 as funding for Pensions posts.
- 3.2 **Pay Award 2023/24:** The budget provided for 4% pay awards across gold, grey and green book staff.
- 3.2.1 Gold book pay awards backdated to January 2022 are included within the reported forecast position.
- 3.2.2 Grey book staff have been awarded 7% from 1 July 2022 and 5% from 1 July 2023, which is included within the forecast position. Total budget of £365,000 has been transferred from contingency to cover grey book pay awards for staff employed with a wholetime contract. Further work is to be completed in relation to Control Room and On-call.
- 3.2.3 Green book staff have been offered £1,925, this would result in a pressure of around £90,000. This offer has been rejected. An increase of 1% amounts to around £75,000.
- 3.3 **Worldwide Supply Chain Issues:** The impact of worldwide supply chain disruption is impacting construction projects across the nation. The dwindling supplies along with increased costs and long delivery times being experienced by the construction industry are impacting on the Capital Programme. Thus far the Estates team has worked with stakeholders to bring tender costs back within budget through value engineering where possible on those projects which the Authority committed to following the phase 1 review of the Estates Capital Programme, but this approach may not be sustainable. There are two potential impacts, firstly increases in the cost of projects and secondly slippage of projects and spend into future years (which could in itself lead to additional increased costs). The Phase 2 review which is considering all projects at Day Crewed and On Call stations will need to assess the impact of increased costs and affordability.
- 3.4 **Inflationary Contract Increases:** In addition to utilities and fuel additional budget provision was allocated for maintenance and term contracts (£70,000), legal services (£4,000) and catering (£6,000). A standard 2% inflationary budget increase was included for all non-pay totalling £181,000. This there is a risk pressures will arise across non pay spend budgets that cannot be absorbed. This position will continue to be monitored with input from Procurement.



#### **4. MANAGING REVENUE BUDGET PRESSURES**

4.1 As risks crystallise the resulting pressures will be included within the revenue budget forecast. As noted earlier in the report there is an expected pressure in excess of £95,000 relating to the green book pay award. A number of areas require further analysis to identify further pressures or opportunities.

4.2 At SLT in June it was agreed the following controls would be put in place for 2023/24:

- Workforce Planning Group will be used as a mechanism to:
  - Approve recruitment to all vacancies
  - Approve the use of agency staff
  - Have oversight of overtime spend (with a particular focus on Safer Communities & Training)
  - Review and agree forecasts for operational (grey book) strength.
- Management of discretionary spend to be a key focus, with Finance Business Partners working with budget managers to review opportunities to manage underspends on non-pay spend in 2023/24 with particular focus on areas such as training, estates maintenance and equipment (IT and Engineering).

The Finance team would review corporate opportunities to manage generic spend e.g. agency staff, conferences, catering, accommodation/venue hire, printing etc.

#### **5. SAVINGS PROGRAMME 2023/24**

5.1 Appendix 2 summarises the net savings requirement 2023/24 of £1,295,000. Work is in ongoing with Service managers to identify and report actual delivery of savings compared to budgeted savings.

5.2 Current projections show we have delivered or are on course to deliver £1,245,000 (96%) of savings.

The following saving is currently rated as red and causing a pressure in the revenue budget:

- £50,000 CRM – the total pressure for CRM reported within the forecast is £104,000 as previous years savings remain unachieved.

5.3 Further work is required to understand the impact of previous years unachieved savings on the 2023/24 forecast position.

#### **6. GRANTS 2023/24**

6.1 The Government has awarded grants for use on specific purposes and your officers will ensure these are delivered in accordance with grant conditions. These include grants awarded in year, brought forward from previous years where their spending

plans fall over more than financial year and others that require development of spending plans. The amount available is £3.9m, as summarised in Appendix 3.

6.2 The latest grants are detailed below:

6.2.2 **Surge Protection Grant Funding:** – this is specifically to deal with inspections for high rise buildings and other high-risk buildings. The grant conditions have been received. A further allocation of £358,079 has been awarded for 2023/24. A spend plan has been developed to utilise this grant and the £125,645 brought forward from 2022/23.

6.2.3 **Accreditation & RPL Grant Funding:** £22,737 is carried forward from 2022/23 for the purposes of accrediting fire protection officers and fire safety engineers. It is anticipated this grant will be utilised over the next two years.

6.2.4 **Fire Fighter Pension Scheme:** this is used towards the shortfall in employer's pension contributions.

6.2.5 **New Dimensions:** £47,667 is carried forward from 2022/23 and additional £33,930 grant relates to 2023/24. A spending plan is being developed to utilise this grant funding.

6.2.6 **Responding to New Risks:** £31,355 is carried forward from 2022/23, with the 2023/24 grant yet to be confirmed. A spending plan needs to be developed to utilise this grant funding.

## 7. **CONTINGENCY 2023/24**

7.1 The Fire Authority maintains a contingency in order to assist it in managing one-off unforeseen pressures and making investments within the financial year. At its' meeting held in February 2023, the Fire Authority agreed a contingency of £533,000 for the 2023/24 financial year. This included the general 2% inflation provision of £181,000 which has not been allocated out to relevant non pay spend budgets.

7.2 SLT agreed in June 2023 £390,000 of the contingency budget should be transferred to departments to cover the grey book pay award for wholetime staff.

## 8. **CAPITAL PROGRAMME COMMENTARY**

8.1 The original 2023/24 Capital Budget and five year Capital Strategy of £28,280,000 was approved by the Fire Authority on 9 February 2023. The Capital Strategy has been increased to £28,793,000 to include slippage of £975,000 and allocation of spend in advance of £462,000 from 2022/23.

8.2 The Capital Programme is funded by: Capital Receipts Reserve £520,000, Capital Programme Reserves £13,895,000 and New Borrowing £14,302,000 as shown in the table below. Overall, the revised 5 year Capital Programme is forecasted to come in £76,000 underspent.

	2023/24	2024/25	2025/26	2026/27	2027/28	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Estates	4,680	2,849	4,347	3,151	1,090	16,117
Fleet & Equipment	3,741	2,529	1,741	1,928	2,224	12,163
Original Approved Programme	8,421	5,378	6,088	5,079	3,314	28,280
Slippage from 2022/23	975					975
Spend in Advance from 2022/23	(462)					(462)
Slippage to 2024/25	(1,591)	1,591				0
Spend in Advance from 2024/25	148	(148)				0
Underspend	(76)					(76)
<b>Updated Capital Programme</b>	<b>7,415</b>	<b>6,821</b>	<b>6,088</b>	<b>5,079</b>	<b>3,314</b>	<b>28,717</b>
Funded by:						
Capital Receipts Reserve	520	0	0	0	0	520
Capital Programme Reserve	4,895	1,500	2,000	2,500	3,000	13,895
New Borrowing / Need to Borrow	2,000	5,321	4,088	2,579	314	14,302
<b>Updated Capital Programme</b>	<b>7,415</b>	<b>6,821</b>	<b>6,088</b>	<b>5,079</b>	<b>3,314</b>	<b>28,717</b>

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

8.4 The **Capital Budget 2023/24** was approved by the Fire Authority at £8,421,000 and updated to £8,934,000 (Property £5,655,000 and Fleet and Equipment £3,279,000) including slippage of £975,000 brought forward from 2022/23 and allocation of spend in advance of £462,000 from 2022/23.

8.5 A review of the 2023/24 capital budget by officers has identified slippage to the value of £1,591,000 (17.8%) and spend in advance of £148,000. There is additional underspend of £76,000 expected, as summarised in Appendix 4.

8.5.1 The Estates / Property underspend is £1,499,000, of which £1,522,000 is slippage due to the reprioritisation and reprofiling of works and £23,000 relates to spend in advance. Work has been delayed in relation to the four MPTH and Training Towers, with some slippage expected in relation to Preston Circus.

8.5.2 The Fleet underspend is £20,000. Of this £69,000 relates to slippage where there has been a decision to pause the purchase of pool cars whilst a review is undertaken, additionally £125,000 spend in advance is expected in relation to the water carrier, where budget was previously slipped to 2024/25 during budget setting. Underspend of £76,000 relates to four vehicle purchases.

## 9 **RESERVES 2023/24**

9.1 The Fire Authority maintains Reserves in order to assist it in managing its specific spending plans across the financial year (Earmarked Reserves), making provisions for the financial risks it faces (General Fund Reserves) and making investments (Capital Receipts Reserve).

- 9.2 The opening balance of reserves at 1 April 2023 is £14.460m.
- 9.3 The forecast net drawdown from reserves totals £7,944,000 compared to the original planned net drawdown of £7,293,000. This is a net increase in drawdown of £651,000 resulting in an estimated balance at 31 March 2024 of £6,517,000 as summarised in the table below and detailed over individual reserves in Appendix 6.

	Balance at 1 April 2023	Original Planned Net Transfers	Forecast Net Transfers	Net change	Month 12 Balance at 31 March 2024
	£'000	2023/24 £'000	2023/24 £'000	2023/24 £'000	£'000
Earmarked Reserves	12,384	(7,086)	(7,743)	(657)	4,642
General Fund	1,556	319	319	0	1,875
<b>Total Revenue Reserves</b>	<b>13,940</b>	<b>(6,767)</b>	<b>(7,424)</b>	<b>(657)</b>	<b>6,517</b>
Total Capital Reserves	520	(526)	(520)	6	0
<b>Total Usable Reserves</b>	<b>14,460</b>	<b>(7,293)</b>	<b>(7,944)</b>	<b>(651)</b>	<b>6,517</b>

- 9.3 Work continues with budget managers to confirm the planned use of revenue and capital reserves in 2023/24.
- 9.4 The main reasons for the overall net increase in forecast drawdown of £651,000 are as follows:

#### **Earmarked Reserves – Increase of (£657,000)**

- £115,000 – changes to drawdown from Business Rates Pool Reserve based on P2 budget monitoring forecast for Protection spend
- (£797,000) – increased drawdown from ITG strategy reserve
- (£75,000) – increased drawdown from Mobilising reserve
- £83,000 – Additional transfer into the Improvement & Efficiency Reserve
- £11,000 – reduced drawdown from the Capital Programme Reserve
- £26,000 – reduced drawdown from the Carry Forward Reserve
- (£6,000) – increased drawdown from cadets reserve
- (£14,000) – increased drawdown in respect of grant balances carried forward

#### **Capital Reserves – Decrease £6,000**

£6,000 – due to balance of Capital Receipts Reserve being lower than anticipated when the budget was set and additional capital receipts received during 2023/24

## 10. **BORROWING AND INVESTMENT**

- 10.1 As at end May, the Authority held cash balances of £17,545,000 which are invested in accordance with the Treasury Management Strategy, as follows:

Counterparty	Duration	Amount	Interest Rate
		£m	%
Aberdeen Cash Money Market Fund	Overnight Access	3.000	4.44
Deutsche Cash Money Market Fund	Overnight Access	3.000	4.45
Aviva Cash Money Market Fund	Overnight Access	1.545	4.49
Barclays	95 Day Notice	4.000	4.55
Standard Chartered ESG	Fixed to 05/07/23	2.000	4.15
Standard Chartered ESG	Fixed to 10/08/23	1.000	4.27
Natwest	Fixed to 02/08/23	2.000	2.61
Natwest	Fixed to 03/05/24	1.000	4.82
<b>Total Investments</b>		<b>17.545</b>	

- 10.2 The Bank of England base rate rose to 4.5% in May from 4.25% at the beginning of the year. We are continuing to see an impact as Banks increase their rates on investments, resulting in higher levels of interest receivable. Latest modelling indicates the income of around £600,000 can be achieved, £450,000 above the budgeted level of £150,000.
- 10.2 The current forecast of a reduction in reserves of £7.944m means that the Service will need to monitor its liquidity and cashflow closely during the year and this may involve giving notice on some of its existing investments. Finance continues to work with the ESCC Treasury Management team to improve cash-flow monitoring.
- 10.3 The Authority has borrowing totalling £9,817,000 and there is no impact on the interest payable, as these are subject to fixed interest rate deals.
- 10.4 A further detailed updated on Treasury Management performance is included in Appendix 7.

## Revenue Budget 2023/24 – Objective Summary

	Original Budget	Revised Budget	Projected Outturn	Variance	Variance
	£'000	£'000	£'000	£'000	%
People Services	4,200	4,213	4,202	(10)	(0.2)
Resources/Treasurer	9,093	9,093	9,015	(78)	(0.9)
Planning and Improvement	1,555	1,513	1,416	(97)	(6.4)
<b>Total Deputy Chief Fire Officer</b>	<b>14,847</b>	<b>14,818</b>	<b>14,633</b>	<b>(185)</b>	<b>(8)</b>
Safer Communities	22,862	23,301	24,238	937	4.0
Operational Support	4,942	4,923	4,946	23	0.5
<b>Total Assistant Chief Fire Officer</b>	<b>27,805</b>	<b>28,224</b>	<b>29,184</b>	<b>960</b>	<b>4</b>
CFO Staff	844	844	876	32	3.8
Treasury Management	755	755	305	(450)	(59.6)
Non Delegated costs	(1,052)	(1,053)	(936)	117	(11.1)
Corporate Contingency	533	143	0	(143)	(100.0)
Transfer from Reserves	(636)	(262)	(262)	0	0.0
Transfer to Reserves	1,961	1,587	1,587	0	0.0
<b>Total Corporate</b>	<b>2,405</b>	<b>2,015</b>	<b>1,569</b>	<b>(445)</b>	<b>(167)</b>
<b>Total Net Expenditure</b>	<b>45,057</b>	<b>45,057</b>	<b>45,387</b>	<b>329</b>	<b>(170)</b>
Financed By:					
RSG	(3,662)	(3,662)	(3,662)	0	(0)
Council Tax	(31,093)	(31,093)	(31,093)	0	0
Business Rates	(7,776)	(7,776)	(7,626)	150	(2)
Service Grant Allocation	(408)	(408)	(408)	0	0
Covid-19 Local Tax Support Grant	(56)	(56)	(56)	0	0
S31 Grants	(2,063)	(2,063)	(2,086)	(23)	1
Collection Fund Surplus/Deficit	0	0	(86)	(86)	0
<b>Total Financing</b>	<b>(45,057)</b>	<b>(45,057)</b>	<b>(45,016)</b>	<b>41</b>	<b>(0)</b>
<b>Total Over / (Under) Spend</b>	<b>0</b>	<b>0</b>	<b>371</b>	<b>371</b>	<b>0</b>

## Savings Programme 2022/23

Description	Savings 23/24	Projection 22/23	At Risk	R.A.G Rating
	£'000	£'000	£'000	Select Status
Reduce contingency - one year only - reversal	48	48		
IT Projects to be reprofiled - reversal	33	33		
Procurement savings	(25)	(25)		
Insurance - installation of CCTV on fleet	(15)	(15)		
Telent contract savings	3	3		
CRM Benefits realisation	(50)		(50)	
IRMP savings	(49)	(49)		
Finance Business Partner	(60)	(60)		
Finance Support Services Contract	(35)	(35)		
Insurance - removal of PA cover	(23)	(23)		
ERS	(27)	(27)		
Trustmarque 0365 EA Agreement	(20)	(20)		
Astrium	(8)	(8)		
BT	(22)	(22)		
ITG Training	(3)	(3)		
SEE Phase 4	(30)	(30)		
Finance and Improvement	(30)	(30)		
Additional Rates Savings	(106)	(106)		
Licences	(4)	(4)		
Consultant Fees	(20)	(20)		
E-recruitment	(4)	(4)		
Firewatch Benefits realisation	25	25		
HR travel and licences	(9)	(9)		
NHS recharges	(4)	(4)		
VDU eye tests	(2)	(2)		
Occupational health psychology	(8)	(8)		
Occupational health medical fees	(10)	(10)		
Officers subsistence	(1)	(1)		
EDI training	(10)	(10)		
Car allowance	(4)	(4)		
External training	(160)	(160)		
Engineering Fitting Out	(30)	(30)		
Engineering Heavy Rescue Equipment	(52)	(52)		
Control IT SLA	(199)	(199)		
Budget Error - CRM	(54)	(54)		
Additional Availability Allowance	(20)	(20)		
NI reduction	(230)	(230)		
Support Staff Pay Vacancy Factor	(80)	(80)		
<b>Total Net Savings</b>	<b>(1,295)</b>	<b>(1,245)</b>	<b>(50)</b>	





## Capital Programme 2023/24 to 2027/28

Capital Programme Expenditure 2022-23 to 2026-27	Total Budget	Total Previous Years	2023/24	2024/25	2025/26	2026/27	2027/28	Remain Spend	Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Property</b>									
<b>Shared Investment Schemes</b>									
Integrated Transport Project	800					800		800	-
Roedean Betterment	25		25					25	
Bohemia Road Betterment	95		95					95	
Fort Road - RIBA Stages 1-2	80	21	59					59	
Preston Circus	3,287	394	1,243	1,650				2,893	-
<b>Total Shared Investment Schemes</b>	<b>4,287</b>	<b>415</b>	<b>1,422</b>	<b>1,650</b>	<b>-</b>	<b>800</b>	<b>-</b>	<b>3,872</b>	<b>-</b>
<b>Strategic Schemes</b>									
- Replacement Fuel Tanks	492	450	42					42	-
- Partner contribution	(292)	(292)							-
- Replacement fuel tanks net cost	200	158	42					42	-
Design Guide	356	356							-
Hove	544	521	23					23	-
Roedean	482	53	429					429	-
Eastbourne	587	97	490					490	-
Bohemia Road	524	46	478					478	-
Security	386	95	291					291	-
Sustainability	171	22	119	30				149	-
MPTH	399	399							-
Eastbourne MPTH	259	26	233					233	-
Training Centre MPTH	308	34	274					274	-
Hove MPTH	278	24	254					254	-
Bohemia Road MPTH	257	26	231					231	-
Live Fire Training	4,000	49	34	437	2,500	980		3,951	-
<b>Total Strategic Schemes</b>	<b>8,751</b>	<b>1,906</b>	<b>2,898</b>	<b>467</b>	<b>2,500</b>	<b>980</b>	<b>-</b>	<b>6,845</b>	<b>-</b>
<b>General Schemes</b>									
General Schemes	830	830							-
Phase 1 General Costs	36	30	6					6	-
Seaford CIL	296	3	12	281				293	-
Seaford CIL partner Contribution	(133)			(133)				(133)	-
Barcombe CIL	392	4	14	374				388	-
Barcombe CIL Partner Contribution	(156)			(156)				(156)	-
The Ridge	408			20	388			408	-
Hailsham	184	19	8	10	147			165	-
Rye	532	12	36	17	467			520	-
Battle	163	1			56	106		162	-
Herstmonceux	279					50	229	279	-
Bexhill	460					200	260	460	-
Heathfield	280	9	9	19	243			271	-
Uckfield	495	8			100	387		487	-
Lewes	578	7			241	330		571	-
Pevensy	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	94	94							-
<b>Total General Schemes</b>	<b>5,429</b>	<b>1,017</b>	<b>85</b>	<b>432</b>	<b>1,642</b>	<b>1,163</b>	<b>1,090</b>	<b>4,412</b>	<b>-</b>
Bay Doors, Floors, IT	1,515	7	795	300	205	208		1,508	-
Training Towers	279	1	278					278	-
Temperature Control in Sleeping Pods	195	18	177					177	-
<b>Total Property</b>	<b>20,456</b>	<b>3,364</b>	<b>5,655</b>	<b>2,849</b>	<b>4,347</b>	<b>3,151</b>	<b>1,090</b>	<b>17,092</b>	<b>-</b>
Vehicle Cameras	150		150					150	-
Grant Funds	(117)		(117)					(117)	-
Breathing Apparatus	1,000					500	500	1,000	-
Aerials	2,228	908	1,250					1,250	(70)
Aerial Rescue Pump	22	22							-
Fire Appliances	8,566	4,158	563	904	887	932	1,122	4,408	-
Ancillary Vehicles	2,956	774	915	1,037	153		77	2,182	-
Cars	2,189	861	29	286	531	261	215	1,322	(6)
Vans	2,358	1,018	323	302	170	235	310	1,340	-
Equipment	70		70					70	-
<b>Total Fleet and Equipment</b>	<b>16,228</b>	<b>7,741</b>	<b>3,183</b>	<b>2,529</b>	<b>1,741</b>	<b>1,928</b>	<b>2,224</b>	<b>11,605</b>	<b>(76)</b>
<b>Total Expenditure</b>	<b>36,684</b>	<b>11,105</b>	<b>8,838</b>	<b>5,378</b>	<b>6,088</b>	<b>5,079</b>	<b>3,314</b>	<b>28,697</b>	<b>(76)</b>

## Capital Programme 2023/24

## Estates Capital Programme Expenditure 2023/24

Project	Total Budget	Forecast	Variance	Variance	Underspend/ Overspend	Spend in Advance	Slippage
	2023/24 £'000	2023/24 £'000	2023/24 £'000	2023/24 %	2023/24 £'000	2023/24 £'000	2023/24 £'000
Roedean Betterment	25	25	-	-			
Bohemia Road Betterment	95	95	-	-			
Fort Road - RIBA Stages 1-2	59	80	21	36%		21	
Preston Circus	1,243	1,045	(198)	-16%			(198)
<b>Total Shared Investment Schemes</b>	<b>1,422</b>	<b>1,245</b>	<b>(177)</b>		-	21	(198)
Replacement Fuel Tanks (incl. Partner contribution)	42	42	-	-			
Design Guide:							
Hove	23	4	(19)	-83%			(19)
Roedean	429	430	1	0%		1	
Eastbourne	490	490	-	-			
Bohemia Road	478	479	1	0%		1	
Security	291	291	-	-			
Sustainability	119	119	-	-			
MPTH:							
Eastbourne MPTH	233	-	(233)	-100%			(233)
Training Centre MPTH	274	-	(274)	-100%			(274)
Hove MPTH	254	-	(254)	-100%			(254)
Bohemia Road MPTH	231	-	(231)	-100%			(231)
Live Fire Training	34	34	-	-			
<b>Total Strategic Schemes</b>	<b>2,898</b>	<b>1,889</b>	<b>(1,009)</b>		-	2	(1,011)
Phase 1 General Costs	6	-	(6)	-100%			(6)
Seaford CIL (incl. Partner contribution)	12	12	-	-			
Barcombe CIL (incl. Partner contribution)	14	14	-	-			
Hailsham	8	8	-	-			
Rye	36	36	-	-			
Heathfield	9	9	-	-			
<b>Total General Schemes</b>	<b>85</b>	<b>79</b>	<b>(6)</b>	<b>(0)</b>	-	-	(6)
Total Bay Door, Floor, IT Building Works	795	766	(29)	-4%			(29)
Total Training Towers	278	-	(278)	-100%			(278)
Total Temperature Control for Sleeping Pods	177	177	-	-			
<b>Total</b>	<b>5,655</b>	<b>4,156</b>	<b>(1,499)</b>	<b>-27%</b>	-	23	(1,522)

## Fleet Capital Programme Expenditure 2023/24

Project	Total Budget	Forecast	Variance	Variance	Underspend/ Overspend	Spend in Advance	Slippage
	2023/24 £'000	2023/24 £'000	2023/24 £'000	2023/24 %	2023/24 £'000	2023/24 £'000	2023/24 £'000
GX13ECD	525	525	-	-			
GX08JPF	795	795	-	-			
<b>Total Aerials</b>	<b>1,320</b>	<b>1,320</b>	-	-	-		
GX09HIA	222	204	(18)	-8%	(18)		
GX09HIC	222	204	(18)	-8%	(18)		
GX57EUL	189	154	(35)	-18%	(35)		
<b>Total Fire Appliances</b>	<b>633</b>	<b>563</b>	<b>(70)</b>		<b>(70)</b>		
MX08SXS	321	321	-	-			
TRA14	4	4	0	1%			
TRA6	43	43	-	-			
TRA7	43	43	-	-			
GX57 ELUV	-	125	125			125	
GX56 NWR	157	157	(0)	0%			
GX56 NWS	157	157	-	-			
GX03 AXM	-	-	-	-			
GX53 AZU	-	-	-	-			
GX53 AZV	-	-	-	-			
QU04 VNW	65	65	-	-			
<b>Total Ancillary Vehicles</b>	<b>790</b>	<b>915</b>	<b>125</b>		-	125	
GX15JIL	85	85	-	-			
GU16LSC	33	33	-	-			
GX17EBM	33	33	-	-			
GX68DHA	37	37	-	-			
Fire Investigation - NEW!	70	70	-	-			
Hazmat - NEW!	65	65	-	-			
<b>Total Vans</b>	<b>323</b>	<b>323</b>	-	-	-		
GV18 ABF	41	35	(6)	-14%	(6)		
GX66JVU	14	-	(14)	-100%			(14)
GX66JVV	14	-	(14)	-100%			(14)
GX66JVV	13	-	(13)	-100%			(13)
GX66JVY	13	-	(13)	-100%			(13)
GX66JVZ	13	-	(13)	-100%			(13)
<b>Total Cars</b>	<b>108</b>	<b>35</b>	<b>(73)</b>		<b>(6)</b>		<b>(67)</b>
Equipment	35	35	-	-			
CCTV Cameras	150	150	-	-			
ITF grant for CCTV cameras	(117)	(117)	-	-			
Equipment (Operational IRMP)	35	35	-	-			
<b>Total Special Projects</b>	<b>103</b>	<b>103</b>	-	-	-		
Rounding Adjustment	2	-	(2)				(2)
<b>Total</b>	<b>3,279</b>	<b>3,259</b>	<b>(20)</b>	<b>-1%</b>	<b>(76)</b>	125	<b>(69)</b>

## Total Capital Programme Expenditure 2023/24

	Total Budget	Forecast	Variance	Variance	Underspend/ Overspend	Spend in Advance	Slippage
	2023/24 £'000	2023/24 £'000	2023/24 £'000	2023/24 %	2023/24 £'000	2023/24 £'000	2023/24 £'000
<b>Total</b>	<b>8,934</b>	<b>7,415</b>	<b>(1,519)</b>	<b>-17%</b>	<b>(76)</b>	148	<b>(1,591)</b>

## Reserves 2023/24

Description	Opening Balance	2023/24	2023/24	2023/24	2023/24	2023/24	2023/24	2023/24	Projected Closing Balance	Lead AD
	01/04/2023	Original Planned Transfers In	Original Planned Transfers Out	Original Planned Transfers Net	Forecast Transfers In	Forecast Transfers Out	Forecast Transfers Net	Net Change	as at 31 March 2024	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
<b>Earmarked Reserves</b>										
Business Rate Pool Reserve*	1,093	0	(200)	(200)	0	(85)	(85)	115	1,008	Duncan Savage
Business Rates Retention Pilot - financial stability	80	0	(80)	(80)	0	(80)	(80)	0	0	Duncan Savage
Capital Programme Reserve	3,895	1000	(4,906)	(3,906)	1000	(4,895)	(3,895)	11	0	Duncan Savage
Covid-19	71	0	0	0	0	0	0	0	71	Duncan Savage
ESMCP ESFRS readiness	1,425	0	0	0	0	0	0	0	1,425	Hannah Scott-Youlton
ESMCP Regional Programme	60	0	0	0	0	0	0	0	60	Hannah Scott-Youlton
Improvement & Efficiency	521	0	(214)	(214)	83	(214)	(131)	83	390	Duncan Savage
Insurance	249	0	0	0	0	0	0	0	249	Duncan Savage
ITG Strategy	3,509	592	(2,199)	(1,607)	592	(2,996)	(2,404)	(797)	1,105	Duncan Savage
Mobilising Strategy	75	0	0	0	0	(75)	(75)	(75)	0	Duncan Savage
People Strategy	312	0	(130)	(130)	0	(130)	(130)	0	182	Julie King
Sprinklers	440	0	(440)	(440)	0	(440)	(440)	0	0	Hannah Scott-Youlton
BRR - Protection Uplift - Accreditation & RPL	23	0	(12)	(12)	0	(12)	(12)	0	11	Matt Lloyd
BRR - Protection Uplift - Protection	126	0	(96)	(96)	0	(96)	(96)	0	30	Matt Lloyd
Business Rate Tax Income Guarantee Scheme (75%)	16	0	(16)	(16)	0	(16)	(16)	0	0	Duncan Savage
Council Tax Income Guarantee Scheme (75%)	41	0	(42)	(42)	0	(42)	(42)	0	0	Duncan Savage
New Dimensions Grant	48	0	(32)	(32)	0	(48)	(48)	(16)	0	Hannah Scott-Youlton
Pensions Administration	216	0	(105)	(105)	0	(105)	(105)	0	111	Julie King
Responding to New Risks	31	0	(33)	(33)	0	(31)	(31)	2	0	Hannah Scott-Youlton
Carry Forwards	147	0	(173)	(173)	0	(147)	(147)	26	0	Duncan Savage
Cadets	6	0	0	0	0	(6)	(6)	(6)	0	Matt Lloyd
<b>Total Earmarked Reserves</b>	<b>12,384</b>	<b>1,992</b>	<b>(6,678)</b>	<b>(7,086)</b>	<b>1,675</b>	<b>(9,418)</b>	<b>(7,743)</b>	<b>(657)</b>	<b>4,642</b>	
General Fund	1,556	319	0	319	0	319	319	0	1,875	Duncan Savage
<b>Total Revenue Reserves</b>	<b>13,940</b>	<b>1,911</b>	<b>(6,678)</b>	<b>(6,767)</b>	<b>1,675</b>	<b>(9,099)</b>	<b>(7,424)</b>	<b>(657)</b>	<b>6,517</b>	
Capital Receipts Reserve	520	0	(526)	(526)	56	(576)	(520)	6	0	Duncan Savage
<b>Total Capital Reserves</b>	<b>520</b>	<b>0</b>	<b>(526)</b>	<b>(526)</b>	<b>56</b>	<b>(576)</b>	<b>(520)</b>	<b>6</b>	<b>0</b>	
<b>Total Usable Reserves</b>	<b>14,460</b>	<b>1,911</b>	<b>(6,204)</b>	<b>(7,293)</b>	<b>1,731</b>	<b>(9,675)</b>	<b>(7,944)</b>	<b>(651)</b>	<b>6,517</b>	

## Fire Authority Treasury Management Update 2023/24 - Quarter 1

This update summarises the performance of the Authority's treasury management, against benchmarks and the key indicators set in the Treasury Management Strategy, as approved by the Fire Authority in its meeting of 9 February 2023.

### Investments

Average Investment Balances £'000	Average Investment return	Average Bank rate	Difference
17,400	4.02%	4.34%	(0.32%)

The average investment return over months 1-2 has under-performed bank rate by 0.32%. This is typical in a rising interest rate environment as a result of the time lag between changes in base rate and investments maturing and being able to re-invest at more favourable rates.

### Borrowing

Capital Financing Requirement (CFR)	Original Estimate 2023/24 £'000	Forecast as at Month 2 2023/24 £'000
Opening CFR	9,887	9,817
Borrowing Need	2,989	2,000
Minimum Revenue Provision	(514)	(394)
<b>Closing CFR</b>	<b>12,362</b>	<b>11,423</b>

The above table shows the M2 forecast of the Capital Financing Requirement compared to the estimate within the 2023/24 strategy approved in February 2023. The CFR is expected to give rise to new borrowing required in the year of £2.000m.

Borrowing Limits	Operational Boundary £'000	Authorised Borrowing Limit £'000
Limit set for 2023/24	13,600	15,000
Less: PFI & Leases	0	0
Limit for Underlying Borrowing	13,600	15,000
Actual External Borrowing at 31 May 2023	9,817	9,817
Headroom*	3,783	5,183

\*cannot be less than zero

The above table shows that the Fire Authority are within the Operational Boundary and Authorised Borrowing Limits set within the TM strategy and has sufficient headroom to cover the borrowing need arising from the year's capital programme.

<b>Maturity Structure of borrowing</b>	<b>Lower Limit set</b>	<b>Upper Limit set</b>	<b>Actual as at 31 May 2024</b>
Under 12 Months	0%	25%	4%
12 months to 2 years	0%	40%	4%
2 years to 5 years	0%	60%	17%
5 years to 10 years	0%	80%	25%
10 years to 20 years	0%	80%	14%
20 years to 30 years	0%	80%	20%
30 years to 40 years	0%	80%	15%
40 years to 50 years	0%	80%	0%

The maturity profile of the Authority's borrowing is within the limits set within the strategy.