

**EAST SUSSEX FIRE AUTHORITY**

Date: **8 February 2007**

Title: **Fire Authority Service Planning Processes for 2007/08 and beyond**

By: **Chief Fire Officer and Chief Executive and Treasurer**

Purpose of Report **To present the relevant reports on the Service Planning Processes for 2007/08 and beyond, for approval for the purposes of setting the 2007/08 Council Tax precept.**

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**RECOMMENDATION:** The Fire Authority is asked to approve the detailed recommendations set out in the relevant appendices to this Agenda Item.

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**MAIN ISSUES**

1. The Fire Authority is asked to approve the detailed recommendations set out in the relevant Parts of this Agenda Item:

Part A - Draft Best Value Performance Plan 2007/08 (page **19**) – report of the Chief Fire Officer & Chief Executive. (copy attached).

Part B – Fire Authority Draft Revenue Budget 2007/08 and Capital Programme 2007/08 to 2011/12 (page **21**) - joint report of Chief Fire Officer & Chief Executive and Treasurer

**Des Prichard**  
**CHIEF FIRE OFFICER & CHIEF EXECUTIVE**

**Sean Nolan**  
**TREASURER**

20 January 2007



**EAST SUSSEX FIRE AUTHORITY**

Date: **8 February 2007**

Title: **Draft Best Value Performance Plan 2007/08**

By: **Chief Fire Officer and Chief Executive**

Purpose of Report **To summarise the outstanding actions required to complete the Draft Best Value Performance Plan (BVPP) 2007/08 for approval and for final completion by the publication date of 30 June 2007.**

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**RECOMMENDATION:** The Fire Authority is asked to:

1. Approve, in principle, the rollforward of the draft Best Value Performance Plan (BVPP) for publication by 30 June 2007, subject to any final amendments once the Revenue Budget and Capital Programme has been approved at this meeting and other outstanding information set out in the report; and
  2. Delegate authority for the approval of the final version of the BVPP to the Chief Fire Officer and Chief Executive in consultation with the Chairman.
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1. **INTRODUCTION**

- 1.1 The approved 2006/07 Best Value Performance Plan (BVPP) contains all the recommended information to meet the Authority's requirements for Best Value, Service Planning, Revenue Budget and Capital Programme purposes and the draft 2007/08 BVPP is being prepared alongside the decisions being made by the Fire Authority as part of its streamlining of the 2007/08 Service Planning and IRMP processes.
- 1.2 The Fire Authority, at its meeting on 18 January 2007, considered the business case for a number of related service improvements, but deferred final consideration until the February 2007 meeting.
- 1.3 The final version of the draft 2007/08 BVPP will be adapted to take into consideration the outcomes of the 2007/08 Service Planning processes including the IRMP, Revenue Budget and related Capital Programme, action plans arising from Modernisation and Improvement Planning process, as well as the outcome of the performance results 2006/07. This version will be presented for consideration at the next meetings of the Policy and Resources Panel scheduled for 17 May 2007.

- 1.4 As agreed in previous years, the Fire Authority is asked to delegate authority for the approval of the final version of the BVPP to the Chief Fire Officer and Chief Executive, in consultation with the Chairman for any alterations after 17 May 2007 prior to publication.

**Des Prichard**  
**CHIEF FIRE OFFICER AND CHIEF EXECUTIVE**  
20 January 2007

Background Papers

Minutes of the Fire Authority January 2007

Policy and Resources & Scrutiny & Audit Panels November 2006 and January 2007

**EAST SUSSEX FIRE AUTHORITY**

Date: **8 February 2007**

Title: **Draft Revenue Budget 2007/08 and related Capital Programme**

By: **Chief Fire Officer and Chief Executive and Treasurer**

Purpose of Report: **To consider the final draft Fire Authority Revenue Budget 2007/08 and related Capital Programme.**

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**RECOMMENDATION:** The Fire Authority is asked to:

1. approve the detailed recommendations as set out in Section 1.2 below of this report;
2. note that the final tax base figures have been announced;
3. in accordance with the Local Government Finance Act 1992 to agree that:
  - (i) the amount calculated by East Sussex Fire Authority as its budget requirement for the year 2007/08 is **£xm**; an increase of **X%** on the 2006/07 base budget of £34.226m.;
  - (ii) the amount calculated by East Sussex Fire Authority as the basic amount of its council tax (i.e. for a Band D property) for the year 2007/08 is **£73.70** (based on final taxbase figures), a **4.9%** increase on the 2006/07 figure of £70.26;
  - (iii) Brighton & Hove City Council and the borough and district councils (the billing authorities) be advised by the Treasurer of the relevant amounts payable and the council tax in the other bands, in line with the regulations and attached table and to issue precepts accordingly. (Appendix 3)

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**MAIN ISSUES**

1. The Fire Authority, at its meeting on 18 January 2007, considered the draft 2007/08 Revenue Budget and draft Capital Programme 2006/07 to 2010/11. (copies available on request). The non-confidential minutes of this meeting are included elsewhere within this Agenda, but are repeated at **Appendix 1 paragraph 1.1.1.**

2. At this meeting, the Fire Authority approved the 2007/08 Committed Budget of **£35.524m** and related detailed provisions, fees and charges etc; the 2007/08 to 2011/12 Capital Programme and gave prior consideration to the Service Investment Proposals of **£260,000** and prioritised savings of upto **£200,000** to ensure the Fire Authority Council Tax increase remained below 5%. The 2007/08 Revenue Support Settlement had been announced the previous year and was confirmed as £13.836m, a 3.2% increase on the previous year.
3. The Fire Authority needs to finalise the 2007/08 Revenue Budget by determining:
  - a) the final level of Service Investment Proposals and required compensatory savings
  - b) the 2007/08 Council Tax Precept

based upon the information set out in this report and as further updated at the meeting.

**Des Prichard**  
**CHIEF FIRE OFFICER AND CHIEF EXECUTIVE**

**Sean Nolan**  
**TREASURER**

20 January 2007

Background Papers:  
Minutes of the Fire Authority January 2007

1. **OUTSTANDING ACTIONS**

1.1 In accordance with the Accounts and Audit Regulations, precepting authorities are required to review and report upon their reserves and balances as part of the budget setting process. The level of balances was considered by the Fire Authority at its meeting on 18 January 2007 and this position is highlighted within the budget papers included in this agenda item.

1.2 The Fire Authority is asked to:

- a) confirm the previously approved committed budget of **£35.524m**;
- b) approve the service investment proposals of **£260,000 in 2007/08; £600,000 full year effect and compensatory savings of £162,000** to ensure the 2007/08 Council Tax increase for a Band D property does not exceed 5%;
- c) approve a final budget figure of **£35.784m; a 4.6% (adjustment to be made for net impact of savings after Council Tax base known)** increase on the 2006/07 base budget of £34.226m subject to any further information received that may require an alteration to this figure.

<b>Net Expenditure after Government Grant as at 20 January 2007</b>	<b>2007/08 Committed Estimate</b>	<b>2007/08 Committed Estimate + adjusted Pressures and compensatory savings</b>
	£000	£000
<b>Revenue Budget</b>	<b>35,524</b>	<b>35,784</b>
<b>Deduct in respect of:</b>		
<b>Surplus on collection</b>	<b>23</b>	<b>23</b>
<b>Formula Grant</b>	<b>13,836</b>	<b>13,836</b>
<b>Net Expenditure to be raised by Council Tax</b>	<b>21,665</b>	<b>21,925</b>

d) approve the Prudential Indicators set out in Appendix 2.

1.3 Once the final decision has been made on the 2007/08 Revenue Budget, the only remaining action in relation to the financial year 2007/08 is for the Treasurer to “advise the billing authorities of the relevant amounts payable and the council tax in the other bands, in line with the regulations and attached table set out as Appendix 3 which includes the final tax figures, and to issue precepts accordingly.”



**OVERVIEW OF 2007/08 REVENUE BUDGET POSITION  
AS REPORTED TO FIRE AUTHORITY 18 JANUARY 2007**

**1. SUMMARY OF OUTCOMES**

**1.1 DRAFT REVENUE BUDGET AND CAPITAL PROGRAMME FOR 2007/08**

1.1.1 The latest meeting of the Fire Authority took place on 18 January 2007 to give initial consideration to the draft budget for next year. The minutes of the Fire Authority meeting on 18 January 2007 are elsewhere on the agenda, but a relevant extract is set out below for ease of reference:

**83. FIRE AUTHORITY SERVICE PLANNING PROCESSES FOR 2007/08 AND BEYOND – DRAFT REVENUE BUDGET 2007/08 and CAPITAL PROGRAMME 2007/08 TO 2011/12**

83.1 The Fire Authority considered a joint report of the Chief Fire Officer & Chief Executive and Treasurer which presented the draft 2007/08 Fire Authority Service Planning issues for formal consideration. (Copy in Minute Book).

83.2 Members considered a summary (Appendix A) which included additional service investment proposals totalling **£260k** and compensatory savings of up to **£200k** recommended for approval by the Policy and Resources Panel at its meeting on 11 January 2007, which would achieve a council tax increase of less than 5% (Band D).

83.3 **RESOLVED** – that

- (i) the revised estimate of expenditure for 2006/07 (Section 2.2) be approved.
- (ii) the continued Revenue Budget consultations taking place be noted (Section 2.3.3).
- (iii) the committed budget for 2007/08 including provision for pay awards, price increases and net inescapable commitments. (Sections 2.3.4, 2.3.6 and 2.3.7) be approved;
- (iv) the fees and charges as set out in section 2.3.5 and in Appendix C be approved.
- (v) the budget pressures identified in Section 2.3.9 be recommended for approval by the Fire Authority at its precept setting meeting on 8 February 2007.
- (vi) the amended Capital Programme for 2006/07 totalling £4.372m and Capital Programme for 2007/08 totalling £4.182m as set out in Section 3 and the related revenue consequences be approved.

- (vii) the savings identified in the confidential part of the agenda before recommended for final decision by the Fire Authority at its precept setting meeting on 8 February 2007 for Council Tax purposes as referred to in Section 6 and Table 14.
- (viii) the format of the Fire Authority's Council Tax information will be finalised after the decisions made at the Fire Authority meeting on 8 February 2007 be noted.
- (ix) the detailed recommendations for setting the precept will be included in the final Revenue Budget report to be presented to the Fire Authority at its 8 February 2007 meeting, using the final tax base figures yet to be published be noted.

## 2. **ADDITIONAL INFORMATION RECEIVED AFTER THE FIRE AUTHORITY MEETING ON 19 JANUARY 2006**

### 2.1 **Finalisation of Council Tax Base for 2007/08 and Collection Fund Surplus.**

- 2.1.1 The Fire Authority has been notified of the final Council Taxbase figures and collection fund surpluses for 2007/08. This results in additional resources of £x,000 compared with those reported to the Fire Authority on 18 January 2007.

## 3. **SUMMARY SCHEDULES OF LATEST REVENUE BUDGET AND MEDIUM TERM FINANCIAL POSITION**

- 3.1 Annexes 1 to 6 attached provide further summary information presuming that the initial Service Investment Proposals of £260,000 as considered by the Fire Authority at its meeting on 18 January 2007 are approved alongside compensatory savings of up to £200,000 as previous identified to the Fire Authority at its January 2007 meeting. **PLEASE NOTE THAT THE ANNEXES HAVE NOW BEEN AMENDED TO REFLECT THE SUPPLEMENTARY INFORMATION RECEIVED E.G. FINAL COUNCIL TAX BASE** as set out below:

- Annex 1 Revenue Budget summary including impact of service investment proposals and compensatory savings, council tax base changes and collection fund surpluses
- Annex 2 Five Year Plan Graph
- Annex 3 Five Year Medium Term Plan Summary to consider future potential impacts of current service planning proposals on future council tax levels (subject to certain assumptions on RGS and council tax base)
- Annex 4 Table of matching Resources to Objectives
- Annex 5 Table of proposed Invest to Save schemes and service investments
- Annex 6 Table of compensatory savings to achieve target Revenue Budget figure of £xm

## 4. **DRAFT COUNCIL TAX LEAFLET INFORMATION**

- 4.1 The draft Council Tax Leaflet information is currently being prepared.

**(AS PRESENTED TO THE FIRE AUTHORITY AT ITS MEETING ON 18 JANUARY 2007,  
ADAPTED TO INCLUDE SERVICE INVESTMENT PROPOSALS OF £260,000 AND  
COMPENSATORY SAVINGS OF £x,000, THE FINAL TAX BASE FIGURES AND  
COLLECTION FUND SURPLUS)**

The Table below summarises the draft Revenue Budget for 2007/08 including the impact of the service investment proposals (£260,000) and the impact of the proposed compensatory saving (£x,000) to achieve the target of less than 5% increase in council tax.

**Table 4 – Revenue Budget Summary**



**Graph 2007/08 committed base budget + all five year plan + investments  
service bids for 2007/08 and after savings are taken**

**REVENUE BUDGET PROJECTION ON A SCHEME BY SCHEME BASIS IN PRIORITY ORDER**

**IMPACT UPON 2006/07 REVENUE BUDGET**

**FUTURE YEARS' IMPACTS**

<b>2007/08</b>	<b>Cumulative cost</b>	<b>Cumulative increase on 2006/07 committed budget of £34.22m</b>	<b>2008/09</b>	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>
<b>£m</b>	<b>£m</b>	<b>%</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>

**TABLE OF MATCHING RESOURCES TO STRATEGIC OBJECTIVES  
2007/08 Committed Revenue Budget + Service Investment Proposals less Savings**

The above table reflects the current allocation of resources to match Strategic Objectives with a committed base estimate of £35.524m in 2007/08. The impact of service investment and savings proposals is also demonstrated upon each of the Strategic Objectives. Further resources are likely to shift from responding to the other strategic objectives throughout 2007/08. Consequently, the position identified above should be regarded as the minimum level of resources that can be identified for protection and prevention related activities and will change progressively in future.

## Annex 5 to Appendix 1

**Table 5 2007/08 Invest to Save proposals for Consideration**

<b>RECOMMENDED PRIORITY ORDER</b>		<b>2007/08</b>	<b>2008/09</b>	<b>2009/10</b>	<b>2010/11 + full year effect</b>	<b>Staff</b>	<b>Estimated payback period</b>
		£'000	£'000	£'000	£'000	FTE	
<b>INVEST TO SAVE SCHEMES</b>							
1.	Home Fire Safety Team	129	-12	-	-	-	Long term
2.	Safe Drive Stay Alive	8	8	80	-		Long term
3.	Brake Tester	3	-	-	-		3 years
4.	CFS evaluation	20	20	20	-	-	Long term
5.	Pilot installation of wind turbine on retained station to generate electricity and save energy costs	6	-	-	-	-	5 years
6.	Appliance bay traffic lights, replacement LED traffic lights	2	-	-	-	-	7.4 years
7.	Energy efficiency measures at HQ	96	-	-	-	-	10.5 years
<b>TOTAL REVENUE COST</b>		<b>386</b>	<b>88</b>	<b>100</b>	<b>-</b>		
Less funding from Invest to Save Budget		<b>-386</b>	<b>-88</b>	<b>-100</b>	<b>-</b>	<b>-</b>	
<b>NET COST OF REVENUE BUDGET</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	

**Table 6 2007/08 Other Service Investments for Consideration**

<b>RECOMMENDED PRIORITY ORDER</b>		<b>2007/08</b>	<b>2008/09</b>	<b>2009/10</b>	<b>2010/11 + full year effect</b>	<b>Staff</b>
		£000	£000	£000	£000	
<b>OTHER SERVICE PRIORITIES</b>						
Revenue Costs of draft 2007/08 Capital Programme		45	178	195	191	-
Additional revenue provision Capital Costs of Marlie Farm		75	75	75	75	-
Additional Service Investment proposals						
1.	ADC costs	65	65	65	65	-
2.	High priority ICT Strategy	40	250	250	250	-
3.	Medium priority ICT Strategy	35	27	27	27	-
<b>TOTAL OTHER REVENUE INVESTMENTS FOR 2007/08</b>		<b>260</b>	<b>595</b>	<b>612</b>	<b>608</b>	<b>-</b>

**INDICATIVE SAVINGS TO ACHIEVE TARGET REVENUE BUDGET OF £xm**  
**if service investment proposals are approved.**

	2006/07	2007/08	%
	Base	2007/08	increase
	£000	£000	%
2006/07 Base Budget	<u>34,226</u>	<u>34,226</u>	
Provision for Pay and Prices			
Less net miscellaneous committed changes on 2006/07 approved 18 January 2007		<u>x</u>	
<b>Standstill Budget</b>		<b>x</b>	
Service Investment Proposals		<u>x</u>	
<b>Savings Required (£x,000 in full year – see schedule overleaf )</b>		<b>x</b>	
<b>Net Budget Requirement</b>	<u>34,226</u>	<u>x</u>	
Formula Grant 2007/08			
Collection Tax (Surplus/Deficit)			
<b>Council Tax to achieve Council Tax Band D increase of 4.9%</b>			
	<u>34,226</u>		
<u>Taxbase</u>			
ESCC	201,909		
B&HCC	<u>93,336</u>		
	<u>295,245</u>		
<b>Council tax for band D</b>	<b>70.26</b>		



## THIS IS LAST YEAR'S INFORMATION REQUIRED TO BE UPDATED BY ESCC CRD

## EAST SUSSEX FIRE AUTHORITY BUDGET SETTING REPORTS FOR 2006/07 – PRUDENTIAL INDICATORS

- P1 The actual capital expenditure that was incurred in 2004/05 and the estimates of capital expenditure to be incurred for the current and the following 3 years that are recommended for approval are:

**Capital Expenditure**

	2004/05 £000 Actual	2005/06 £000 Estimate	2006/07 £000 Estimate	2007/08 £000 Estimate	2008/09 £000 Estimate
Total proposed programme	2,010	3,017	3,022	2,824	2,497

- P2 Estimates of the end of year capital financing requirement for the authority for the current and future years and the actual financing requirement at 31 March 2005 are:

**Capital financing requirement**

	31/03/05 £000 Actual	31/03/06 £000 Estimate	31/03/07 £000 Estimate	31/03/08 £000 Estimate	31/03/09 £000 Estimate
	4,814	7,042	8,383	9,440	10,309

The capital financing requirement measures the authority's underlying need to borrow for a capital purpose. In accordance with best professional practice, East Sussex Fire Authority does not associate borrowing with particular items or types of expenditure. The Authority has an integrated treasury management strategy and has adopted the CIPFA *Code of Practice for Treasury Management in the Public Services*. The Council has, at any point in time, a number of cashflows both positive and negative, and manages its treasury positions in terms of its borrowings and investments in accordance with its approved treasury management strategy and practices. In day to day cash management, no distinction can be made between revenue cash and capital cash. External borrowing arises as a consequence of all the financial transactions of the authority and not simply those arising from capital spending. In contrast, the capital financing requirement reflects the Authority's underlying need to borrow for a capital purpose.

- P3 Estimates of the ratio of financing costs to net revenue stream for the current and future years, and the actual figures for 2004/05 are:

**Ratio of financing costs to net revenue stream**

	2004/05 Actual	2005/06 Estimate	2006/07 Estimate	2007/08 Estimate	2008/09 Estimate
	0.71%	0.72%	1.21%	1.29%	1.48%

The estimates of financing costs include current commitments and the proposals in this budget report.

- P4 The estimate of the incremental impact of capital investment decisions proposed in this budget report, over and above capital investment decisions that have previously been taken by the Authority are:

For the Band D Council Tax

2006/07	2007/08	2008/09
£0.20	£0.76	£1.25

This represents the cumulative impact of the new starts proposed for 2006/07, 2007/08, and 2008/09.

#### Consideration of options for the capital programme.

In considering its programme for capital investment, the Authority is required within the Prudential Code to have regard to:

- Affordability, e.g. implications for Council Tax;
- Prudence and sustainability, e.g. implications for external borrowing;
- Value for money, e.g. option appraisal;
- Stewardship of assets, e.g. asset management planning;
- Service objectives, e.g. strategic planning for the authority;
- Practicality, e.g. achievability of the forward plan.

**The following indicators are considered in detail within the treasury management strategy considered elsewhere on this agenda.**

- P5 CIPFA's *Prudential Code of Capital Finance in Local Authorities* Includes the following as a key indicator of prudence:

*"In order to ensure that over the medium term net borrowing will only be for a capital purpose, the local authority should ensure that net external borrowing does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years."*

The Treasurer reports that the Authority envisages no difficulty meeting this requirement for the current or future years. This view takes into account current commitments, existing plans, and the proposals in this budget report.

#### Authorised limit for external debt

	2005/06 £000	2006/07 £000	2007/08 £000	2008/09 £000
Borrowing	11,135	13,470	15,365	17,265
Other long term liabilities				
<b>Total</b>	<b>11,135</b>	<b>13,470</b>	<b>15,365</b>	<b>17,265</b>

The Authority's updated treasury management strategy and annual plan for 2005/06 was agreed by the Authority at its meeting on 10th February 2005. The plan for 2006/07 is contained elsewhere on the agenda.

P6 The Authority is also asked to approve the following operational boundary for external debt for the same time period. The proposed operational boundary for external debt is based on the same estimates as the authorised limit but reflects directly the Treasurer's estimate of the most likely, prudent but not worse case scenario, without the additional headroom included within the authorised limit to allow for example for unusual cash movements, and equates to the maximum of external debt projected by this estimate. The operational boundary represents a key management tool for in year monitoring by the Treasurer.

**Operational boundary for external debt**

	2005/06 £000	2006/07 £000	2007/08 £000	2008/09 £000
Borrowing	9,191	11,400	13,191	14,982
Other long term liabilities				
<b>Total</b>	<b>9,191</b>	<b>11,400</b>	<b>13,191</b>	<b>14,982</b>

P7 **Borrowing**

	2005/06 Projected <u>Outturn</u>	2006/07 <u>Estimate</u>	2007/08 <u>Estimate</u>	2008/09 <u>Estimate</u>
Fixed Rate Exposure				
Upper Limit	100%	100%	100%	100%
Lower Limit	100%	73%	63%	56%
Variable Rate Exposure				
Upper Limit	0%	27%	37%	44%
Lower Limit	0%	0%	0%	0%

P8 It is recommended that the Authority sets upper and lower limits for the maturity structure of its borrowings as follows.

Amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate.

	<b>Upper Limit</b>	<b>Lower Limit</b>
Under 12 months	0%	25%
12 months and within 24 months	0%	25%
24 months and within 5 years	0%	25%
5 years and within 10 years	0%	50%
10 years and above	50%	100%

P9 East Sussex Fire Authority has adopted the CIPFA *Code of Practice for Treasury Management in the Public Services*.

P10 The Authority does not intend to invest any sums for more than 364 days.



APPENDIX 3

THIS IS LAST YEAR'S INFORMATION REQUIRED TO BE UPDATED BY ESCC CRD

COUNCIL TAX CALCULATIONS  
EAST SUSSEX FIRE AND RESCUE SERVICE  
PRECEPT FOR 2006/07

ref: S.43 Local Government Finance Act 1992

	£	£
Net budget requirement		34,240,000
FORMULA GRANT	13,425,000	
Previous year's surpluses (deficits(-))	70,000	
Total council tax required		20,745,000
Tax base	295,245,000.00	
Basic council tax		£70.26
Basic council tax as calculated above	£70.26	Council tax (£) :-
Band A	6/9	46.84
Band B	7/9	54.65
Band C	8/9	62.46
Band D	9/9	70.26
Band E	11/9	85.88
Band F	13/9	101.49
Band G	15/9	117.11
Band H	18/9	140.53
Basic council tax as calculated above	£70.26	Precept (£) :-
Tax base Brighton & Hove	93,336.30	6,558,145.63
Eastbourne	36,305.00	2,550,920.46
Hastings	29,004.00	2,037,925.82
Lewes	37,149.22	2,610,238.41
Rother	38,007.66	2,670,555.50
Wealden	61,443.10	4,317,214.18

