

EAST SUSSEX FIRE AUTHORITY

Panel	Fire Authority
Date	8 February 2024
Title of Report	Fire Authority Service Planning processes for 2024/25 and beyond – Revenue Budget 2024/25 and Capital Asset Strategy 2024/25 to 2028/29
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Lead Officer	Alison Avery, Finance Manager

Background Papers	<p>Fire Authority Service Planning processes for 2023/24 and beyond – Revenue Budget 2023/24 and Capital Strategy 2023/24 to 2027/28: Fire Authority 9 February 2023</p> <p>2024/25 to 2028/29 Strategic Service Planning and Medium Term Financial Plan: Fire Authority 7 December 2023</p> <p>Fire Authority Service Planning processes for 2023/24 and beyond – Revenue Budget 2023/24 and Capital Asset Strategy 2024/25 to 2028/29: Policy and Resources Panel 18 January 2024</p> <p>Economic and Fiscal Outlook, November 2023 - Office of Budget Responsibility.</p> <p>Bank of England Monetary Policy Report – November 2023</p>
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Appendices	A Medium Term Finance Plan 2024/25 – 2028/29
	B Revenue Budget Summary 2024/25
	C Fees and Charges
	D Capital Asset Strategy 2024/25 – 2028/29
	E Reserves and Balances Policy
	F Precept for 2024/25
	G Establishment 2024/25
	H Local Government Financial Settlement (provisional) Core Spending Power of Combined Fire Authorities
	I Equality Impact Assessment

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 2024/25, Capital Strategy 2024/25 – 2028/29 and Medium Term Finance Plan for 2024/25 – 2028/29 for approval.

EXECUTIVE SUMMARY

The Authority's budget proposals for 2024/25 and its five year Medium Term Finance Plan (MTFP) were considered by the Policy & Resources Panel on 18 January 2023. Since that meeting the report has been updated to reflect:

- The latest council tax information including the Collection Fund position which has resulted in the forecast overall Collection Fund position for 2024/25
- The additional Funding Guarantee Grant announced by the Secretary of State
- The increase in Employers contribution for the Firefighters pension scheme and estimated offsetting Home Office grant
- Final revisions to pressures, bids and savings primarily to subsume Safer Communities saving within the Tranche 3 / Future Foundations project.

Final business rates and collection fund positions have not yet been finalised and these remain as estimates as reported previously. The Local Government Finance Settlement (LGFS) is expected to be finalised when the Local Government Finance Report (England) 2024/25 is debated by Parliament during February 2024.

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 identified £1.883m of savings in 2024/25.

The MTFP indicates base budget savings of £2.211m will be required under the mid range scenario in 2025/26 (higher range £1.884m, lower range £2.536m). It will be essential for the Authority to act urgently to identify options to deliver the significant savings necessary to balance the budget for 2025/26.

There remains significant uncertainty for funding for 2025/26 and beyond and the Authority will need to remain flexible in its approach to its financial planning. A general election is expected to take place this year which may impact policy priorities for the coming years. At the time of publication none of the major political parties has indicated an intention to increase funding for local public services at a time when there are increasing financial pressures across public services generally, but in particular on health and social care. Reforms to local government funding have been delayed again (business rates and the funding formula) but are still expected in the medium term. Alongside this, the Authority can expect to see the continued impact of supply chain disruption and associated inflation, albeit at reduced levels, particularly on capital investment, new legislation on Business Safety (including the impact of the Building Safety Regulator), unfunded recommendations

from HMICFRS both locally and nationally, the need for cultural change across the sector, pension costs, the implementation of the existing IRMP and the development of the new CRMP and major projects such as ESN (Emergency Services Network) are likely to impact on our financial position over the medium term.

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 will need to take out 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 2024/25 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. The impact of slippage and inflation on scheme costs within the Estates capital programme make it unaffordable in its current form and has resulted in a two phased review, an agreement of priorities to the end of 2024/25 against capacity and funding available for delivery, with a full review of the Estates Strategy, Design Guide and remaining capital programme in 2024/25. The full impact of inflationary cost pressures has yet to be reflected in the latter years of the CAS and it is likely that it will be unaffordable in its current form. Full reviews of the Estates, Fleet & Equipment and IT Strategy are planned for 2024/25.

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.

RECOMMENDATION

The Authority 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 amount and allocation of fire specific grants for 2024/25; and

- (d) the final business rate bases and the collection fund positions are still awaited and that any changes will be reflected through budget monitoring for 2024/25
2. Approve an increase in council tax of 2.99% and thus approve:
 - (i) the budget proposals set out in this Report and the net budget requirement of £49.992m for 2024/25
 - (ii) the council tax requirement of £32.483m; and
 - (iii) the council tax and precepts as set out in Appendix F;
 3. Approve the capital programme for the next five years and the capital budget of £8.949m for 2024/25 including the plan to use Community Infrastructure Levy (CIL), capital receipts, revenue contributions and new borrowing to finance capital expenditure;
 4. Approve that the general balance remains below the Authority's policy minimum of 5% of the net revenue budget until 2026/27;
 5. Approve the fees and charges set out in Appendix C;
 6. Approve that the Assistant Director Resources/Treasurer, in consultation with the Chief Fire Officer and the Chairman, be authorised to make any adjustments to the presentation of the budget to reflect the Final Local Government Settlement;
 7. Approve that the Authority:
 - (a) Does not progress placing a third pumping appliance into Bohemia Road (Hastings) as this option is no longer financially viable
 - (b) Does not progress changing the Ridge Fire Station to Day Crewed from the current shift system which will maintain the current provision of two immediately available fire appliances in Hastings;
 8. Approve that the Authority does not progress the East of the County options previously set out as part of tranche 4;
 9. Further to the recommendation agreed by Policy & Resources Panel that the Senior Leadership Team present options for achieving permanent savings to balance the 2025/26 budget at the earliest opportunity, it is recommended that the Fire Authority request that Officers develop an options appraisal for Mayfield On-Call Fire Station. This would cover options to redistribute

resources based on risk and the closure and sale of the Fire Station. An indicative timeline for any associated public consultation and implications would also be required.

1. INTRODUCTION

- 1.1 The report sets out the proposed Revenue Budget for 2024/25, a revised MTFP for 2024/25 to 2028/29 as well as the proposed CAS and Capital Programme for the Authority for the period 2024/25 to 2028/29 for the Authority to consider. The report is based on the latest information available, but Members should note that 2024/25 represents a one-year settlement, which at the time of writing the report had still not been finalised. Estimates have also been used where full information from billing authorities was not available for business rates and / or where the operation of some Government grants is not yet clear.
- 1.2 The Government has issued a one year Provisional LGFS for 2024/25. A subsequent written ministerial statement set out additional Funding proposals. There is still significant uncertainty about the Authority's funding for 2025/26 onwards.
- 1.3 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 £11.876m, with further identified savings over the MTFP totalling £2.171m.
- 1.4 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 2024/25 but only by reducing flexibility in terms of contingency / non pay inflation and the use of one-off savings. It is essential that as well as delivering the savings proposals set out in this report to balance the 2024/25, additional permanent savings necessary to balance the 2025/26 budget are identified as soon as possible.
- 1.5 There remains significant uncertainty for funding for 2025/26 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 2024/25 and agreeing its Medium Term Finance Plan (MTFP) for the next five years. Whilst the Government has granted council tax flexibility, there is no commitment that flexibility will remain at 3% for fire & rescue services beyond 2024/25. A general election is expected this year and this may impact policy priorities for the coming years. At this stage none of the major political parties has indicated that there will be an increase in funding for local public services at a time when there are increasing financial pressures across public services generally but in particular on health and social care. Reforms to local government funding have been delayed again (business rates and the funding formula) but are still expected in the medium term. Alongside this, the Authority can expect to see the continued impact of supply chain disruption and associated inflation (albeit at reduced levels), particularly on

capital investment, new legislation on Business Safety (including the impact of the Building Safety Regulator), unfunded recommendations from HMICFRS both 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 (Emergency Services Network) 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 growth is expected to have been flat in Q3 2023 with indicators of growth in Q4 being mixed.
- 2.2 The official UK bank interest rate has remained at 5.25% since August, having risen gradually from 4.25% in April 2023. It is expected to remain at 5.25% until June 2024 and then fall gradually to 4.00% by March 2025 and 3.00% by March 2026. The cost of borrowing through the Public Works Loan Board (PWLB) has risen over the corresponding period.
- 2.3 The Government continues to set the target for CPI at 2%. The November 2023 figure was 4.2% and the OBR expects it to continue to fall and reach the 2% target by the end of 2025.

3. NATIONAL FUNDING

- 3.1 The Provisional LGFS announced in December 2023 set out the smallest core spending power (CSP) increases for standalone fire & rescue authorities at 4.6%, due to the roll in of the Fire Pensions Grant which is cash flat for 2024/25 and lower council tax flexibilities. East Sussex's CSP increases by 4.9% and it is one of 31 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, but there is a risk that the overall £12m national grant may be reduced as the Home Office seeks to balance its own budget.
- 3.2 The Provisional LGFS proposes a council tax referendum threshold of 3% for 2024/25. The Authority and the sector nationally had lobbied strongly for the threshold of £5 as granted in 2023/24 to be extended in order both to protect existing services, to invest in protection services post Grenfell and to address the areas for improvement identified by HMICFRS. This flexibility was not extended, removing potential additional income of £568,000 meaning that the Authority will need to take a greater proportion of the savings proposals identified.
- 3.3 The Provisional LGFS was released on 18 December 2023. 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 and the subsequent written ministerial statement;
- 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 2.99%;
- that the East Sussex Business Rate Pool continues for 2024/25 and any income will be transferred into the earmarked reserves (given the uncertainty regarding business rates and the delays in distribution of Pool surpluses due to the national audit backlog the Authority does not budget for Pool income);
- that the 2023/24 pensions grant will be rolled into the settlement at the same cash level and that the additional cost of increased employers contributions from the latest scheme valuation is fully funded by a new pensions grant;
- That the 2023/24 protection grant will be extended at the same level for another year, although this is yet to be confirmed by the HO.

3.4 Following the consultation period on the Provisional LGFS The Secretary of State, Michael Gove, announced additional funding for local authorities worth £600 million. The additional funding includes increasing the Funding Guarantee from 3% to 4%, to ensure authorities see a minimum increase in Core Spending Power of 4%, before council tax. It is forecast this would result in an additional £0.516m for 2024/25 only. This additional funding has been allocated to the contingency and plans for its use will be agreed by SLT and reported through our regular budget monitoring.

3.5 The Local Government Finance Report (England) 2024/25 will be debated in Parliament at some point in early February and there is a risk that final funding figures will not be announced in time for the Authority's budget setting meeting on 8 February 2024. 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 2025/26 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 2024/25 and agreeing its Medium Term Finance Plan (MTFP) for the next five years. The Authority has delivered significant savings since 2010 and at the same time has drawn down on its reserves to fund planned investment priorities. As a result, it has significantly less financial flexibility and resilience. Borrowing to fund capital investment will be required from 2024/25 for the first time in over 15 years. Changes to frontline service delivery through the IRMP have proved challenging to implement and will take

time to bed in and deliver the desired outcomes. At the same time the impact of sickness and other long-term absence is driving pressures in the operational pay and overtime budgets which it may not be possible to fully manage out. In the absence of a medium-term funding settlement the 5 year MTFP forecasts the need for significant additional savings in both 2025/26 and beyond.

- 3.7 Part of the Sector's offer to Government through CSR (Comprehensive Spending Review) 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. The Authority is required to publish its Productivity & Efficiency Plan by 31 March 2024. We are currently awaiting updated guidance from the Home Office and our intention is to consult on the plan before the publication date and bring it for formal adoption to the earliest possible Authority meeting.
- 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 2023/24 actual data and announcements relating to the one-year LGFS supported by modelling provided by LGF. This remains the case for the final budget papers to Fire Authority as the national deadline for the billing authorities to submit their NNDR1 returns for 2024/25 is 31 January, after the deadline for the Fire Authority papers. Any changes once the budget has been set will be reported through our regular budget monitoring.
- 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, 2022/23 and 2023/24. This grant has been rolled into the settlement for 2024/25. The Home Office has announced that there will be a further 2024/25 Fire Pensions grant to compensate for the further increase to employer contribution rates as a result of the recent scheme valuation. The new employer rate of 37.6% and estimated offsetting grant have been incorporated within the MTFP at nil impact on the budget in 2024/25. There is a risk that the actual allocation will not match the cost at individual authority level and any impact will be reported through our regular budget monitoring.
- 3.10 There has been no announcement on specific grants for the fire service to date. The Authority has assumed cash flat for 2024/25 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. The Authority has lobbied for a fairer apportionment of the Protection Uplift Grant to reflect the local risk resulting from the numbers of both high and medium rise buildings. Following a meeting in September HO did agree to review the basis of the allocation, however the final outcome has yet to be announced. There is a potential risk that the overall quantum of the national grant could be reduced from £12m as the HO seeks to balance its own budget.

4. MEDIUM TERM FINANCIAL PLAN

4.1 The MTFP (Appendix A) reflects the modelling for 2024/25 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 mid range in detail and includes the latest information on business rates and council tax. The risks set out in paragraph 4.9 below, the expected national election, 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 2028/29 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;
- Minimum Funding Guarantee Grant drops out completely after 2024/25;
- An increase in council tax base of 1.44% for 2024/25 and an increase of 1% pa in 2025/26 and thereafter;
- Increases of 2.99% in council tax in 2024/25 and 1.99% thereafter;
- Provision for pay increases of 4% for all staff in 2024/25, reducing to 2% pa thereafter;
- Provision for price increases of 3% in 2024/25 (excepting specific areas where provision for excess inflation is proposed) and 2% 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 will be funded by a new Government grant from 2024/25.

4.3 Following a review by the East Sussex Finance Officers Association (ESFOA) an application to continue the East Sussex Business Rate Pool in 2024/25 was made and approval was confirmed in the provisional LGFS. As the deadline for withdrawal (15 January) has now passed the Pool will continue to operate. The Authority has not budgeted for any Pool income in 2024/25 and any income received will be transferred into the Business Rate Pool Reserve. The MTFP assumes that income from the Pool will fund the delivery of the capital programme reducing the need to borrow. 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 (Memorandum of Understanding) which is 10% for this Authority. ESFOA's view is that the risk of this is low.

4.4 The council tax base forecast for 2024/25 previously included an estimate of the impact of the proposal by Rother District Council to increase the maximum discount in its Local Council Tax Reduction Scheme to 100% i.e. a loss of £0.040m. Confirmation has been received that it is expected this loss will be

offset in full, partly by the utilisation of flexibilities under the Levelling Up and Regeneration Bill relating to empty properties and partly due to improved collection rates.

Further flexibilities relating to second homes may impact on the council taxbase from 2025/26 but this is dependent on decisions made by each billing authority and requires notice to be given before 1 April 2024/25.

4.5 Overall, current forecasts for Collection Funds indicate a surplus of £0.059m in 2024/25.

4.6 For 2024/25 pay inflation for all terms and conditions is 4%. Provision is made for incremental progression and performance related pay (where applicable), 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.

4.7 Price inflation has been allocated for specific items identified during the budget setting process. The remainder of the originally allocated 3% price inflation, totalling £324,000, has been allocated to contingency for 2024/25 only, with an ongoing saving against the contingency budget of £358,000 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 2024/25 and it is intended the contingency budget will be utilised to support any inflationary pressures.

Price inflation is included at 2% for 2025/26 and the remainder of the MTFP.

4.8 The MTFP also models three future funding scenarios:

- Higher range – SFA increases by 2% pa from 2025/26 (in line with our forecast for pay and price inflation), council tax threshold is 3% pa from 2025/26
- Mid range - SFA increases by 2% pa from 2025/26 (in line with our forecast for pay and price inflation), council tax threshold is 2% pa from 2025/26
- Lower range – SFA remains cash flat at 2024/25 levels, council tax threshold is 2% from 2025/26

The MTFP mid range shows a budget gap for the remaining four years of the MTFP, which indicate additional base savings of up to £2.589m (2026/27) would be required.

It should be noted there is uncertainty over funding from 2025/26. The higher range indicates additional base savings of up to £1.911m would be required. The lower range the additional base savings required are £3.570m.

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;

- The provision of grant funding by Government to offset the expected significant increase in costs of employer's contributions to the FPS (Firefighters Pension Scheme) from 2025/26 onwards (new grant provided in 2024/25 is for one year only but would be expected to be continued as part of a new CSR so we have modelled it as ongoing);
- The Service's ability to manage out current revenue pressures in Safer Communities and Training;
- Increasing costs of capital schemes due to inflation which are likely to make the Capital Programme in its current form unaffordable
- Increased reliance on borrowing to fund future capital investment from 2024/25 onwards and the resulting impact on the revenue budget;
- Lack of clarity about the financial impact of the national Emergency Service's Mobile Communication Programme;
- The potential for pay awards to exceed the provision in the budget;
- The potential for non-pay inflation to exceed the provision made in the revenue budget and the capital programme;
- Uncertainty about future governance and funding including:
 - the last year of the current three-year Comprehensive Spending Review and the period from 2025/26 onwards
 - the impact of any changes to the funding formula
 - for the impact of any changes to the business rates system
- The outcome of national elections expected in 2024 and any change to policy or funding for the fire service;
- The impact of local growth and additional housing, road and commercial risks;
- Any further development of local devolution proposals;
- The financial implications of climate change both through service delivery (response to extreme weather events) and the need to meet the national target for net zero carbon emissions by 2050;
- The outcomes of the Fire and Rescue reform White Paper
- Outcomes for the fire service nationally and locally from the HMICFRS inspection process including the ongoing process of cultural change and strengthening of inclusion and diversity;
- The impact of the Building and Fire Safety Acts on fire service responsibilities and the resultant cost of compliance/delivery;
- The possibility of industrial action across the sector.

- 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 £1.016m in 2024/25 (including on a one-off basis general non pay inflation provision of 3% and the additional expected Funding Guarantee Grant income of £0.516m) decreasing to £0.520m in 2025/26.
- 4.11 In order to produce a balanced budget for 2024/25 a total of £1.269m will be funded through one-off savings and flexibilities. Permanent savings will need to be identified ahead of 2025/26 to ensure the budget can be balanced.
- 4.12 The following financial sustainability provisions have been included within 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 2025/26 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 £0.842m to the general reserve to return to the reserve to the 5% policy minimum by 2026/27;
- Provision of £0.3m a year from 2025/26 to fund workforce transition including cultural change and any one-off costs of the additional savings proposals set out in this report. This provision is reduced to £0.1m in 2024/25 in order to balance the budget.

4.13 In overall terms the assumptions set out in the report mean that the revised MTFP shows a balanced budget in 2024/25 with the use of one-off savings/flexibilities and then a need to deliver savings of £2.211m in 2025/26, £2.589m in 2026/27, £2.576m in 2027/28 and £2.165m in 2028/29.

5. PROJECTED REVENUE POSITION 2023/24

5.1 The revised Service Revenue Budget for 2023/24 is £45.058m. Based on figures to the end of November 2023, and as reported to Policy & Resources Panel 18 January 2024, the revenue budget is forecast to underspend by £0.043m.

5.2 Should an overspend materialise this will need to be funded from reserves.

6. REVENUE BUDGET 2024/25

6.1 Impact of national funding changes on local position

6.1.1 The Revenue Budget Summary for 2024/25 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. The majority of the increase in funding is due to the existing Fire Pension Grant of £1.735m being rolled into Revenue Support Grant (RSG).

Table 1: Summary of Impact of Local Government Finance Settlement

	2024/25
	£'000
Locally Retained Business Rates	2,749
Top Up Grant	5,622
Business Rates Baseline	8,371
Revenue Support Grant	5,639
Settlement Funding Assessment	14,010
Service Grant Allocation	49
CSP Minimum Funding Guarantee	1,165
S31 Grant - Business Rates Adjustment	2,231
Total for comparative purposes	17,455
As reported to Fire Authority December	14,803
Increase/(decrease) in funding	2,652

6.1.2 The Authority's council tax base for 2024/25 is calculated as 302,199.40, an increase of 1.44% on 2023/24. This increased tax base combined with a council tax increase of 2.99% yields additional income of £1.391m.

6.1.3 Overall, current forecasts for Collection Funds indicate a surplus of £0.059m in 2024/25, albeit this is yet to be finalised by billing authorities.

Table 2: Movement in Resources

	2024/25	2024/25	Increase /
	Latest	Fire	(Decrease)
	position	Authority	(Decrease)
	£'000	December	£'000
	£'000	2023	£'000
Locally Retained Business Rates	2,749		
Business Rates Top up	5,622		
Business Rates Baseline	8,371		
Revenue Support Grant	5,639		
Settlement funding assessment	14,010	12,274	1,736
Service Grant Allocation	49	314	(265)
CSP Minimum Funding Guarantee	1,165		1,165
Section 31 Grant Business Rates adjustment	2,231	2,215	16
Collection Fund Surplus / (Deficit)	54	(200)	254
Council Tax and Business Rates			
Council Tax Requirement	32,483	32,339	144
Total Resources	49,992	46,942	3,050

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 2024/25 this Authority's increase in core spending power is assessed as 4.9% which is higher than the average for stand-alone fire & rescue authorities of 4.6%. The Authority is also one of thirty-one authorities receiving the CSP minimum guarantee grant. Only four authorities have seen increases of 5.0% (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 2024/25 figure. This comparative analysis reflects the position prior to the written ministerial statement published on 24 January and does not include the impact of the increase in the CSP minimum funding guarantee grant to 4% and the additional £15m for Rural Services Delivery Grant. Updated CSP comparative figures will be published as part of the Final LGFS.

6.2.2 A comparison of Band D council tax for 2023/24 shows that this Authority ranks fourth highest out of 22 combined fire authorities. The Authority's Band D tax for 2022/23 was 7.8% higher than the authority ranked one below and 4.6% 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 £11.876m of operational and non-operational savings. The current MTFP includes additional approved savings of £2.171m. Under the medium range scenario up to a further £2.589m of savings will be required to fully balance the budget over the MTFP.

6.3.3 Precepting status means that the Revenue Budget must 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 2024/25 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 2023/24	45,057	
Transfer of Pension Grant into Revenue Support Grant	1,735	3.85%
Pay inflation	2,192	4.86%
Non pay inflation	385	0.85%
Changes in capital financing	59	0.13%
Commitments and bids	1,812	4.02%
Savings	(1,883)	(4.18%)
Reserve funding	636	1.41%
Original Estimate 2024/25	49,992	10.95%

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 considering 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 submissions 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 The budget proposals were shared with key business representative groups, partners and employee representative bodies on 10 January with an invitation to comment. No responses have been received.

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 2024/25 Revenue Budget a number of commitments have already been agreed, either previously as part of the 2023/24 budget setting or from the 2024/25 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: 2024/25 Budget Commitments

Description	Directorate	24/25 £'000	25/26 £'000	26/27 £'000	27/28 £'000	28/29 £'000
Budget Pressures						
Existing Service Pressures approved						
February 2023						
Airwave – Home Office Grant	RT	47	48	48	0	0
HR maternity cover (one off)	PS	(8)	0	0	0	0
PPE for Firefighter recruitment	PS	(8)	0	0	0	0
Treasury Management income	Corporate	50	50	40	0	0
HR Assistant Role (one off)	PS	(2)	0	0	0	0
Workforce Transition	Corporate	116	0	0	0	0
Transitional funding for training (two years only)	PS	0	(160)	0	0	0
New Service Pressures						
Treasury Management Income (one off)	Corporate	(200)	200	0	0	0

Support staff pay increments	All	66	66	66	66	66
Payroll pay budget – correction of budget error	PS	98	0	0	0	0
Vehicle sales (one off)	OSR	10	(10)	0	0	0
Defib Replacement	OSR	0	10	0	0	0
Hydrant repairs and replacement (excess inflation)	OSR	17	0	0	0	0
AC2 Overtime	OSR	6	0	0	0	0
Fire Brigade Union Overtime	OSR	8	0	0	0	0
Joint Fire Control	OSR	53	0	0	0	0
DBS Checks	PS	3	0	0	0	0
DBS Checks – Funded from Workforce Transition	PS	(3)	0	0	0	0
Say So – Independent Reporting Lines	PS	6	0	0	0	0
Say So – Independent Reporting Lines – Funded from Workforce Transition	PS	(6)	0	0	0	0
Investigating Officers	PS	12	0	0	0	0
Investigating Officers – Funded from Workforce Transition	PS	(12)	0	0	0	0
Health & Safety Job Evaluation	PS	3	0	0	0	0
Occupational health (excess inflation)	PS	2	0	0	0	0
Vending machine contract	PS	2	0	0	0	0
Driver training	PS	66	5	15	14	(8)
PMO Manager – market supplement	P&I	7	0	0	0	0
Finance ERP System – licencing and support	RT	50	50	0	0	0
Insurance (excess inflation)	RT	17	0	0	0	0
MBOS delay/extension (one off)	RT	50	(50)	0	0	0
IT Outsource	RT	0	480	0	0	0
Nasstar Webex Meeting Licences	RT	16	0	0	0	0
Cylix (Learning Pool)	RT	1	0	0	0	0
Canon	RT	10	0	0	0	0
Infographics (Firewatch App)	RT	3	0	0	0	0
Eastbourne fibre connection	RT	4	0	0	0	0
PA Replacement maintenance	RT	1	0	0	0	0
Active Infomatics telent managing agent	RT	5	0	0	0	0
EE	RT	18	0	0	0	0
Firelink charges	RT	107	0	0	0	0
PPE (excess inflation)	RT	73	0	0	0	0
Intend implementation	RT	1	0	0	0	0
Condition surveys (one off)	RT	81	(81)	0	0	81
Cadets	SC	20	0	0	0	0
Cadets – Funded from sponsorship income	SC	(20)	0	0	0	0
NFCC subscription	Corporate	3	0	0	0	0
Ill health retirements (one off)	Corporate	140	(94)	(47)	0	0
Additional Employers Pension Contribution	Corporate	1,428	0	0	0	0
Grant to cover Additional Employers Pension Contribution	Corporate	(1,428)	0	0	0	0
Total Pressures		913	514	122	80	139
Budget Bids						

Bids Originating in 2023/24 budget setting process						
Top up Capital Programme Reserve	Central	500	500	500	500	0
Top Up General Reserve	Central	283	(502)	(100)	0	0
Top up I&E reserve	Central	200	0	0	0	0
Top up reserve – ESMCP (one off)	Central	0	250	(250)	0	0
Top up reserve - ITG Strategy (one off)	Central	0	0	250	(250)	0
Comms and Engagement Strategy	P&I	(12)	0	0	0	0
Wholetime Recruitment (one off)	PS	25	(25)	0	0	0
Public Consultation for CRMP (one off)	P&I	38	(38)	0	0	0
Advert and Publicity for CRMP (one off)	P&I	3	(3)	0	0	0
Pensions Specialist	PS	0	(60)	0	0	0
Additional Pension Resource	PS	(41)	0	0	0	0
Funding for Additional Pension Resource	PS	34	0	0	0	0
EDI Training	PS	60	(60)	60	(60)	60
E-Recruitment	PS	4	0	0	0	0
Direct Entrant	PS	21	(38)	(35)	0	0
Direct Entrant – Funded by Protection Grant	PS	(33)	33	0	0	0
Health & Safety – Additional Resource	PS	(43)	0	0	0	0
Funding for Additional Resource from Carry Forward	PS	24	0	0	0	0
Funding for Pension Specialist from Pension Reserve	PS	(2)	67	0	0	0
BA Project Manager (one off)	OSR	(12)	0	0	0	0
SSRI Regional Post	OSR	(6)	0	0	0	0
IRMP Team	SC	(263)	0	0	0	0
Officer to support HMI Inspection process	P&I	(44)	0	0	0	0
Public consultation for MTFP	P&I	(38)	0	0	0	0
Advert and Publicity for MTFP	P&I	(3)	0	0	0	0
Bids 2024/25						
Reduction of Workforce Transition budget (one off)	PS	(200)	200	0	0	0
Remove top up of I&E reserve in 2024/25 (one off)	Corporate	(200)	200	0	0	0
Extend General Reserve Top Up	Corporate	(311)	360	100	(50)	(50)
Wholetime Recruitment (one off)	PS	(201)	201	0	0	0
Fireground welfare	OSR	10	0	0	0	0
2 x LCS Crew Managers	OSR	116	0	0	0	0
Lightweight flat hose (one off)	OSR	15	(15)	0	0	0
PPE Specialist Functions	OSR	70	5	(55)	0	0
Increase Mobilising Reserve	OSR	0	25	0	0	0
EDI Training	PS	(30)	60	(60)	60	(60)
Treadmill replacements (one off)	PS	45	(45)	0	0	0
Gym Refurbishment (one off)	PS	25	(25)	0	0	0
Gym Refurbishment – Funded from carry forward reserve	PS	(18)	18	0	0	0
PPE for FF recruitment (one off)	PS	5	(5)	0	0	0
HR Support for IRMP/Future Foundations (one off)	PS	67	(67)	0	0	0
Project Management for CRMP (one off)	P&I	26	0	(26)	0	0

Project Co-ordination for CRMP (one off)	P&I	8	0	(8)	0	0
Data Management (one off)	P&I	265	(235)	(30)	0	0
Funding from I&E / ITG Strategy (one off)	Corporate	(257)	257	0	0	0
Public Consultation for CRMP	P&I	(38)	76	(38)	0	0
Advert & Publicity for CRMP	P&I	(3)	6	(3)	0	0
Microsoft Roadmap implementation (one off)	RT	200	(200)	0	0	0
Funded from ITG Strategy	Corporate	(200)	200	0	0	0
Fire Compartmentation Survey (one off)	RT	45	(45)	0	0	0
Flood defences – Lewes and Rye (one off)	RT	35	(35)	0	0	0
Multi station drainage review (three year only)	RT	0	34	0	0	(33)
Conversion of Station Manager to Group Manager to support CRMP	SC	14	0	0	0	0
Safer Communities flexibility (one off)	SC	200	(200)	0	0	0
Increase contingency budget	Corporate	516	(515)			
Total Bids		899	379	305	200	(83)
Overall Total		1,812	893	427	280	(83)
Cumulative Total						

6.6.2 The main variations reflect:

- Pay budget adjustments, including the ongoing impact of 2022/23 & 2023/24 pay rises being higher than budgeted in 2023/24 and incremental progression for support staff;
- Additional Treasury Management income (one-off) expected due to balance of reserves and anticipated interest rates;
- Joint Control Room costs;
- Finance ERP (Enterprise Resource Planning) system and associated implementation costs;
- Excess inflation on Firelink charges;
- Ill health retirements;
- 2 additional Crew Managers within the Logistics Control Support team to support crewing management;
- Personal protective equipment for specialist functions;
- Data Management project and associated funding;
- Microsoft Roadmap and associated funding;
- Additional flexibility for Safer Communities (one-off);
- IT Outsource from 2025/26;
- Additional employer's contribution to Firefighters pension scheme and offsetting government grant;
- Contribution to contingency funded from additional Funding Guarantee Grant.

The following one-off variations were made to provide a balanced budget:

- A reduction of £200,000 in the Workforce transition budget;
- Removal of £201,000 budget for Wholetime recruitment, with the decision that a wholetime recruitment course will not be required in 2024/25;
- Deferral of I&E top up of £200,000, with top ups planned from 2025/26;

- Reduce the general reserve top up in 2024/25 by £310,000 and extend the period over which the reserve is topped up.

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 £14.047m of which £11.876m will have been delivered by the end of 2023/24. The MTFP includes savings of £1.883m for 2024/25 and savings of £2.171m over the duration of the MTFP. These savings are shown in table 5 below:

Table 5: Savings

Description	Directorate	24/25	25/26	26/27	27/28	28/29
		£'000	£'000	£'000	£'000	£'000
Existing Service Savings approved February 2023						
IRMP	SC	(406)	0	0	0	0
Procurement savings	RT	(25)	(25)	(25)	(25)	(25)
Insurance – installation of CCTV	RT	(15)	0	0	0	0
Telent contract savings	RT	(8)	(12)	48	0	0
Estates strategy savings	RT	45	(74)	(45)	0	0
Firewatch benefits realisation	PS	(13)	(12)	0	0	0
EDI (Equality, Diversity and Inclusion) Training	PS	0	10	0	0	0
External Training	PS	0	160	0	0	0
New Service Savings						
Additional Availability Allowance	SC	(14)	0	0	0	0
Unachieved Procurement savings – prior years	RT	66	0	0	0	0
Unachieved CRM savings	SC	104	0	0	0	0
Tranche 1 – RDSO posts	SC	(198)	0	0	0	0
Tranche 2 – Lewes & Crowborough On-Call	SC	(86)	0	0	0	0
Engineering restructure	OSR	(12)	(70)	(13)	0	0
Access to Work	PS	(2)	0	0	0	0
Health & Safety income	PS	(2)	0	0	0	0
Unachieved Firewatch benefits realisation	PS	13	12	0	0	0
Driving Licence Checks	PS	(7)	0	0	0	0
People Strategy savings	PS	(41)	0	0	0	0
CRM licences	RT	(33)	0	0	0	0
Telephone Lines	RT	(3)	0	0	0	0
Process Digitisation (EDRMS)	RT	(50)	0	0	0	0
Airbus annual order, SCguide, ScResponse, CRASH	RT	(23)	0	0	0	0
Integrated Health & Safety System	RT	(23)	23	0	0	0
Joint Fire Control – Orbis	RT	(10)	0	0	0	0
Procurement Travel	RT	(4)	0	0	0	0
Procurement Consultancy Fees	RT	(20)	0	0	0	0

Utilities	RT	(335)	0	0	0	0
Corporate non-pay	Corporate	(8)	0	0	0	0
Reduce contingency	Corporate	(358)	0	0	0	0
Tranche 3/ Future Foundations/Vacancy Management	All	(415)	(215)	0	0	0
Overall Total		(1,883)	(203)	(35)	(25)	(25)
Cumulative Total			(2,086)	(2,121)	(2,146)	(2,171)

6.7.2 To provide a balanced budget for 2024/25 a saving of £358,000 has been made against the contingency budget, reducing the balance of the contingency budget for 2024/25 to £1,016,000. This figure includes the centrally held 3% general inflation provision of £324,000 and the temporary allocation of £516,000 from the additional Funding Guarantee Grant. Given the ongoing pressure in the Safer Communities budget is unlikely to be managed out in advance of 2024/25 and the potential implementation costs for Tranche 3 / Future Foundations it is considered prudent to maintain contingency at this level.

6.7.3 Tranches 1 and 2 of the savings proposals approved by Fire Authority in February 2023 have been delivered in advance of 1 April 2024 and resultant savings totalling £284,000 are included in the Table above. Tranche 3 is underway and being delivered through the Future Foundations Project with support from external consultants. The latest forecast is that Tranche 3 can deliver savings of £415,000 in 2024/25, which includes £200,000 from temporary vacancy management, with the full saving of £630,000 being delivered for 2025/26.

6.8 Tranche 4 – East of the County options

Following the Provisional LGFS which provided some additional funding beyond that forecast in the December report to Fire Authority it has not been necessary to take these savings to balance the 2024/25 budget.

6.8.1 These proposals sought to reduce costs by £263,000 by reducing overall headcount by 4 and drawing from the existing crewing pool as required to maintain crewing levels, without impacting services to the public. There is a limit to what can be achieved in this way at a wider Service level, as any absence, leave or training will effectively draw on the same central crewing pool provision and result in shortfall. If this exceeds the crewing pool provision, then the shortfall will be covered by overtime.

6.8.2 The changes from the current IRMP are not due to be fully embedded for approximately another 12 months at which time we would expect the system to be at its most efficient. The day crewed changes were introduced at the same time across all of the 6 stations, rather than being staggered over a number of years as originally proposed. Also, at present due to the high sickness absence and to some extent the need for greater harmony between the training programme and appliance availability requirements, overtime costs are high.

6.8.3 Therefore, following further assessment of these proposals officer's view is that there is a risk that these proposals will result in increased overtime costs which would offset the saving and add to the existing pressure on the Safer Communities overtime budget.

This option is not recommended for further consideration as part of savings plans for 2025/26 onwards.

6.8.4 The position of ensuring two immediately available fire appliances in Hastings 24/7, which is currently what has been agreed by the Fire Authority, is unlikely to change following further risk analysis.

6.8.5 **Previous IRMP decisions affecting Hastings.**

Within the IRMP 2020-25 the Authority approved a proposal that a 'second full-time fire appliance will be introduced at Bohemia Road Station, increasing the staffing levels at that station and The Ridge fire station changing to a 7 day a week "day crewed" system with a 1 watch staffing level of 9.' In February 2023 the Authority agreed to pause work on this element of the IRMP to allow Tranche 4 proposals for the East of the County to be developed.

6.8.6 Taking into account the uncertainty regarding future funding and the level of savings that the MTFP Mid-range scenario forecasts will be required (£2.211m in 2025/26 and £2.165m by 2028/29) it is officers' view that that it would not be sustainable to commit to the additional cost of the Hastings IRMP proposals at £120,000 per annum at this time. Officers also considered the net impact of not progressing the Tranche 4 East option changes at The Ridge, the volume of change that been introduced over the last 12 months and the challenges that are being experienced in managing crewing within the existing budget. Given these factors it is recommended that the Fire Authority therefore cancel the introduction of an additional pump into Hastings and also the proposal to move the Ridge Fire station to day crewed.

6.8.7 It is important to note that at this point, whilst we undertake the assessment of the annual settlement and the impact of crewing changes made in 2023, the intention is to still deliver a minimum of 18 available appliances 24/7, as set out in the Operational Response Plan once the IRMP has been delivered in full.

6.8.8 Options for operational cover across East Sussex, including Hastings, will be revisited as part of the CRMP during 2024/25, in the normal way, which results in the allocation of resource against risk being assessed. This is impacted annually by the MTFP, annual budget forecasting and eventual settlement. The next CRMP proposals are expected to be approved for public consultation in the summer of 2025.

6.9 The MTFP (Appendix A) indicates that base budget savings will be required to balance the budget over the following four years. The mid range scenario indicates savings required are up to £2.589m. The amount increases in the

lower range with savings required of £3.570m and reduces in the higher range with savings required standing at £1.911m.

The 2024/25 budget includes a number of one-off savings and flexibilities totalling £1.269m, including the removal of wholetime firefighter recruitment budget for 2024/25, a reduction of the workforce transition budget and reductions in the top ups previously planned to the I&E reserve and general reserve.

- 6.10 The forecast funding gap for 25/26 the gap is between £1.884m and £2.536m. Savings of £14.047m have been / are planned to be taken between the period of 2010/11 and 2028/29, and a list of savings has also been agreed to be taken through the MTFP tranches. This leaves the Fire Authority with fewer options to balance any shortfall in the budget and it is now necessary to consider the future of our response locations. The Fire Authority will be provided with a suitable risk evaluated set of options that will ensure we continue to deliver a risk-based community service to the public within a balanced budget.
- 6.10.1 Members will recall that in December 2022 a confidential paper was presented detailing Officers' proposals for bridging a reasonable worst-case scenario revenue budget deficit of £3m, and a reasonable case scenario of £1.7m. The long list of proposals included refreshing the impact analysis of closing three on-call stations; Mayfield, Burwash and Herstmonceux (tranche 5).
- 6.10.2 The analysis was based on the Rural Fire Cover Review in 2009/2010 and it was identified that the then attendance standards and levels of fire cover could be maintained with the removal of an On-Call appliance from the above three stations.
- 6.10.3 These three stations were identified as having very low response activity, the stations had been assessed on the basis of their contribution to overall Service resilience, their availability, crewing profile, the risk profile of the local area, incident activity and neighbouring fire station/appliance(s) capability.
- 6.10.4 Since the Rural Review, we have continually analysed the management of community risk of our fire stations and appliances through a number of strategic reviews and assessments, spanning 20 years of incident and mobilisations data analyses including:
1. Rural Review (2004/05 – 2008/09)
 2. Operational Response Review (2009/10 – 2017/18)
 3. 2023/24 Strategic Assessment of Risk (2018/19 – 2022/23)
 4. Bespoke analysis (2022 – 2023 calendar years)
- 6.10.5 Mayfield, Herstmonceux and Burwash have consistently represented geographical areas that have low levels of response activity compared to other areas across ESFRS.

- 6.10.6 We have carried out a further high-level review of these three stations reviewing comparative data of all On-Call stations and sections. This review considered:
- Population and social demographic and built environment data;
 - Current activity;
 - Number of critical incidents within each station area;
 - Time it takes for the fire appliance to attend incidents;
 - Current fire appliance availability;
 - Opportunities for securing firefighters within close proximity to the stations.
- 6.10.7 Herstmonceux and Mayfield have remained the 1st and 2nd quietest station areas, in terms of the average numbers of incidents occurring in those areas per year, with Burwash station area currently ranking as the 4th quietest station area.
- 6.10.8 In addition to the three stations above, Pevensey, Broad Oak and Forest Row stations currently have 100 or fewer incidents within their area per year. This would indicate, from a demand perspective, that the risk profile in these local areas itself is relatively low. However, we consider in the next section the wider contribution these stations make to overall resilience and service delivery.
- 6.10.9 Pevensey is currently ranked as the 3rd busiest on-call station mobilising to 188 incidents per year, 12.5% of incidents attended are within its own station area (down from 30% during the Rural Review). Whilst there are relatively few incidents within the Pevensey area, the significant proportion (43%) of Pevensey's mobilisations are into Eastbourne station area and, for this reason, has not been considered.
- 6.10.10 Broad Oak mobilises to 98 incidents per year – significantly more than Mayfield and Burwash but fewer than Herstmonceux (116). However, a greater proportion of incidents are attended within its own station area (33.8%) compared to Herstmonceux (7.3%). Following the removal of the second On-Call appliance from neighbouring Rye fire station, Broad Oak will be required to provide more support to Rye. as well as providing cover into Hastings and other easterly stations and for this reason, has not been considered.
- 6.10.11 Forest Row had the overall lowest number of mobilisations. However, its mobilisations to incidents have increased by 45% since the Rural Review, currently ranking 6th busiest out of the 12 On-Call stations and for this reason, has not been considered. Mayfield and Burwash's mobilisations to incidents have reduced by 70% and 64% respectively over the same period. Mayfield and Burwash are now the least-utilised fire appliances, with Mayfield

mobilising to just 13 incidents in 2023, and Burwash mobilising to 29 incidents in 2023.

- 6.10.12 Herstmonceux has become an increasingly busier appliance, due largely to its increased availability over time and a corresponding decrease in the availability of the Hailsham appliance. Whilst there are few incidents occurring within the Herstmonceux station area, the appliance responds to a significantly higher number of incidents in the Hailsham station area and, since this falls within the South Wealden Growth Area, it is likely that this will continue to increase. For this reason, has not been considered.
- 6.10.13 Burwash has the most incidents occurring within the station area compared to the other two stations, particularly critical (life risk) incidents. The average attendance time is the highest of the three areas (approaching 19 minutes), due to its remoteness. The local appliance is, however, still the most likely to be the first arriving appliance. It mobilises to around the same number of incidents per year as Mayfield, a greater proportion of which are within its own station area. It performs more standby mobilisations (70%) than Mayfield, and a significant proportion of these support Battle. Availability remains a challenge, however, given its relative remoteness and prevalence of life-critical incidents, for this reason has not been considered.
- 6.10.14 Based on this high-level review, we are recommending that we undertake further analysis into the future of Mayfield fire station and its contribution to overall service risk reduction and resilience. Further comparative analysis would be required before offering any formal recommendations for change
- 6.10.15 The options appraisal should also set out proposed arrangements for maintaining public safety in the area currently served by Mayfield. This report and recommendations should be presented to Members for a decision in June 2024. It will also need to clearly set out any formal public consultation required before a final decision is taken.

9. CAPITAL PROGRAMME

- 9.1 The Capital Asset Strategy (CAS) reflects the Authority's identified capital investment requirements for the next five years. During 2024/25 further work will be undertaken to review the sustainability of the Capital Asset Strategy and its required funding.
- 9.2 An initial review of the Estates Capital Programme has been carried out in the light of the challenges experienced in its delivery since 2019 which have resulted in significant delay / slippage experienced and the impact of inflation on scheme costs which will make the Programme unaffordable in its current form. This has resulted in a two-phase approach:
- The agreement of short term priorities to the end of 2024/25 against the capacity and funding available for delivery
 - A full review of the Estates Strategy, Design Guide and remaining capital programme in 2024/25

Further detail is provided in Appendix D.

A review of fleet lifing policy has identified the opportunity to extend the life of all light fleet from seven to nine years creating the opportunity to defer planned replacement during 2023/24 and 2024/25 and reducing the cost of the capital programme in the short term.

Additional investment of £1.5m is included across 2025/26 and 2026/27 for IT Flexi Cloud migration and £1.0m across 2026/27 and 2027/28 in anticipation of the replacement of the Vision system at Joint Fire Control.

9.3 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 2024/25 onwards. The MTFP includes the cost of financing capital expenditure with increases of £59,000 in 2024/25, £509,000 in 2025/26, £319,000 in 2026/27 and £91,000 in 2027/28 as borrowing is delayed due to slippage and reprofiling of the capital programme alongside increases in PWLB long term borrowing rate. As of 31 March 2024, the Authority's debt will be £9.417m and is forecast to stand at £20.843m by the end of the MTFP. The total revenue costs of borrowing (MRP (Minimum Revenue Provision) and interest) will increase by £0.863m to £1.823m over the MTFP.

9.4 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 £1.5m (2024/25) 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 7: Change in Capital Investment 2023/24 to 2028/29

	Total resource	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
2045/25 Strategy							
Fleet	12,881	2,086	2,170	2,198	1,954	2,049	2,424
Property	17,013	2,670	6,779	3,708	2,538	613	705
IMD	2,500	0	0	1,250	1,250	0	0
JFC Vision Replacement	1,000	0	0	0	500	500	0
Total Cost	33,394	4,756	8,949	7,156	6,242	3,162	3,129
2023/24 Strategy							
Fleet	12,165	3,741	2,530	1,742	1,928	2,224	
Property	16,117	4,680	2,849	4,347	3,151	1,090	
IMD	0	0	0	0	0	0	

JFC Vision Replacement	0	0	0	0	0	0	
Total Cost	28,282	8,421	5,379	6,089	5,079	3,314	
Increase / (Decrease) in planned spend							
Fleet	716	(1,655)	(360)	456	26	(175)	2,424
Property	896	(2,010)	3,930	(639)	(613)	(477)	705
IMD	2,500	0	0	1,250	1,250	0	0
JFC Vision Replacement	1,000	0	0	0	500	500	0
Total Increase / (Decrease)	5,112	(3,665)	3,570	1,067	1,163	(152)	3,129

10. RESERVES & BALANCES

10.1 Reserves are an essential part of good financial management. They help authorities cope with unpredictable financial pressures and plan for their future spending commitments.

10.2 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.

10.3 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 £234,000, with the balance fully committed in 2024/25. Further contributions of £200,000 a year from 2025/26 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 2024/25) to deliver the IT strategy and a one-off additional payment of £250,000 is planned for 2025/26.

TABLE 8: Summary of Forecast Reserves

	31/03/2024	31/03/2025	31/03/2026	31/03/2027	31/03/2028	31/03/2029
	£'000	£'000	£'000	£'000	£'000	£'000
Capital Programme Reserve	765	0	0	0	0	0
Other Earmarked Reserves	6,086	3,557	3,269	1,878	2,345	2,812
Total Earmarked Reserves	6,851	3,557	3,269	1,878	2,345	2,812
General Fund	2,019	2,311	2,461	2,611	2,711	2,811
Capital Receipts	0	0	0	0	0	0

Total Useable Reserves	8,870	5,868	5,730	4,489	5,056	5,623
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11. CHIEF FINANCE OFFICER STATEMENT

- 11.1 Under Section 25 of the Local Government Act 2003, the Assistant Director Resources and Treasurer as statutory Chief Finance Officer, is required to give Members an opinion on the robustness of the budget estimates and the adequacy of the Authority's proposed financial reserves.
- 11.2 ***Robustness of budget estimates*** – each year the Authority sets out a five-year Medium Term Finance Plan (MTFP) which reflects the financial impact of known and assumed pressures, commitments, bids and savings and compares this to estimated funding levels. Where actual figures are not known best estimates are used. The MTFP is developed to be realistic, deliverable and sustainable over the medium term. It reflects the strategic priorities set out in the Integrated Risk Management Plan 2020-25 and its supporting corporate strategies and plans. There is a robust and detailed approach to setting the budget that involves the Senior Leadership Team and their budget managers.
- 11.3 A balanced budget is proposed for 2024/25. It is, however, dependent on a significant level of one-off savings which is not a sustainable position. Therefore, the Authority must ensure that it has a sharp focus both on delivering the savings proposals included within the budget but also in identifying at the earliest opportunity sustainable permanent savings to enable the budget to be balanced for 2025/26 and over the medium term. This will mean that the Community Risk Management Plan (CRMP) will need to be developed in the context of the resources available to the Authority, and that the Authority will need to consider reductions in services and the affordability of its future investment plans, as well as further efficiencies.
- 11.4 The Authority maintains flexibility to manage in year pressures through its revenue contingency which is budgeted at £0.5m but this includes a general non pay inflation provision of 3% which is held centrally. The additional funding expected from the increase in the Funding Guarantee Grant has temporarily increased this to £1.016m for 2024/25.
- 11.5 The MTFP has been developed at a time when there is significant uncertainty around future funding beyond 2024/25, with another one-year financial settlement, a general election expected which could change policy and funding priorities at national level and plans for reform to local authority funding delayed but still expected. A range of other risks faced by the Authority which have potential financial implications is set out in paragraph 4.9. The Authority must continue to actively monitor and assess these risks and any other changes which may have a financial impact.
- 11.6 ***Financial Reserves*** - Every year the Authority's Reserves Strategy is reviewed and updated to ensure that it remains relevant and appropriate (see section 8 and Appendix E). The Authority has set a policy to maintain a

minimum level of general reserves at 5% of the net revenue budget. The actual level is expected to be at 4.48% as of 31 March 2024 and additional contributions will be made through the MTFP to bring it back to 5% by 2026/27. The level of earmarked reserves has reduced in recent years as a result of planned investment, primarily in our fleet, estate and IT assets, and is forecast to reduce from £6.7m (31/03/24) to a low point of £2.7m (31/03/27). The Authority therefore has less financial flexibility through its reserves than in recent years to manage risk.

11.7 **Assurance** – the Authority has sound governance, risk management and internal control arrangements, as set out in its Annual Governance Statement and gains assurance from the work carried out by internal and external audit. His Majesty’s Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) carried out a full inspection during 2022/23 and concluded that the Authority is good at using its resources efficiently, has good financial management in place and some assurance measures to keep control of spending. Scenario planning is used effectively so that strategic plans are robust.

11.8 In my view as Treasurer, 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 both appropriate and necessary.

12. **EQUALITY IMPACT ASSESSMENT**

12.1 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.

12.2 All changes to strategy and policy and new projects are subject to individual Equality Impact Assessments. However a high-level EIA of the budget proposals has been carried out and is attached at Appendix I. The majority of efficiencies and savings proposals in the MTFP do not impact directly on frontline services the exception being the IRMP and associated changes to operational policies and procedures and Trances 1 & 2 which have been subject to a separate EIA.

APPENDIX A

MEDIUM TERM FINANCIAL PLAN 2024/25 – 2028/29

	2024/25	2025/26	2026/27	2027/28	2028/29
	£'000	£'000	£'000	£'000	£'000
Gross Revenue Service Budget	52,297	50,585	51,327	51,680	52,794
Less					
Specific grants	(1,882)	(1,834)	(1,786)	(1,786)	(1,786)
Other income	(331)	(349)	(356)	(362)	(369)
Total income	(2,213)	(2,183)	(2,142)	(2,148)	(2,155)
Net Service Budget	50,083	48,402	49,185	49,532	50,639
Capital financing costs less interest receivable	660	1,419	1,778	1,868	1,813
Capital expenditure from the Revenue Account	0	0	0	0	0
Transferred from reserves	(3,235)	(802)	(727)	0	0
Transferred to reserves	2,484	3,267	3,767	3,967	3,917
Total Net Expenditure	49,992	52,287	54,002	55,367	56,369
Net Budget brought forward	45,057	49,992	52,287	54,003	55,367
Transfer of pension grant to RSG	1,735	0	0	0	0
Unavoidable cost pressures					
Pay inflation	2,192	826	714	728	750
Price inflation	385	271	290	291	276
Total inflation	2,577	1,096	1,004	1,018	1,026
Changes in Capital Financing	59	509	319	91	(55)
Budget commitments	1,812	893	427	280	56
Savings approved	(1,883)	(203)	(35)	(25)	(25)
Reserve Funding	636	0	0	0	0
Total Net Expenditure	49,992	52,287	54,003	55,367	56,369
Sources of Funding	2024/25	2025/26	2026/27	2027/28	2028/29
	£'000	£'000	£'000	£'000	£'000
Locally Retained Business Rates	2,749	2,804	2,860	2,917	2,976
Business Rate Top Up	5,622	5,734	5,849	5,966	6,085
Business Rates Baseline	8,371	8,538	8,709	8,883	9,061
Revenue Support Grant	5,639	5,752	5,867	5,984	6,104
Settlement Funding Assessment	14,010	14,290	14,576	14,868	15,165
Service Grant Allocation	49	49	49	49	49
Minimum Funding Guarantee	1,165	0	0	0	0
Section 31 Grant Business Rates adjustment	2,231	2,276	2,321	2,368	2,415
	17,455	16,615	16,946	17,284	17,629
Collection Fund (Deficit) / Surplus	54	0	0	0	0
Council Tax Requirement	32,483	33,461	34,468	35,507	36,576
Total Resources Available	49,992	50,076	51,414	52,791	54,205
Additional Savings Required / (surplus) - Mid Range	(0)	2,211	2,589	2,576	2,164
Additional Savings Required / (surplus) - Higher Range		1,884	1,911	1,524	712
Additional Savings Required / (surplus) - Lower Range		2,536	3,245	3,570	3,503

REVENUE BUDGET OBJECTIVE SUMMARY

	2023/24 Original Estimate	2024/25 Original Estimate
	£'000	£'000
People Services	4,363	4,676
Resources/Treasurer	9,089	12,053
Planning and Improvement	1,555	1,748
Total Deputy Chief Fire Officer	15,007	18,477
Safer Communities	23,490	25,164
Operational Support	4,582	5,493
Total Assistant Chief Fire Officer	28,072	30,657
CFO Staff	844	928
Treasury Management	755	664
Non delegated costs	(1,052)	(998)
Corporate Contingency	533	1,015
Transfers from Reserves	(1,062)	(3,235)
Transfers to Reserves	1,961	2,484
Total Corporate	1,979	858
Total Net Expenditure	45,058	49,992

REVENUE BUDGET SUBJECTIVE SUMMARY

	2023/24	2024/25
	Original Estimate	Original Estimate
	£'000	£'000
Salaries, Allowances and On-costs	32,888	35,759
Training Expenses	746	557
Other Employees Costs	43	118
Employee Costs	33,677	36,434
Repair, Maintenance and Other Costs	1,455	1,406
Utility Costs	1,780	1,485
Premises Costs	3,235	2,891
Vehicle Repairs and Running costs	1,063	1,048
Travel Allowances and Expenses	84	65
Transport Costs	1,147	1,113
Equipment and Supplies	1,428	1,613
Fees and Services	4,196	7,968
Communications and Computing	1,951	1,987
Other Supplies and Services	266	290
Supplies and Services	7,841	11,858
Sums set aside from revenue	395	379
Interest Payments	505	581
Capital Financing	900	960
Grants and Contributions	(2,235)	(1,882)
Interest Received	(150)	(300)
Other Income	(256)	(311)
Income	(2,641)	(2,513)
Transfers from reserves	(1,062)	(3,235)
Transfers to reserves	1,961	2,484
Total Net Expenditure	45,058	49,992
Financed By:		
Council Tax	(31,093)	(32,483)
Business Rates	(7,776)	(8,371)
Revenue Support Grant	(3,662)	(5,639)
Service Grant Allocation	(302)	(49)
CSP Minimum Funding Guarantee	(106)	(1,165)
S31 Grants	(2,063)	(2,231)
Collection Fund Surplus/Deficit	(56)	(54)
Total Funding	(45,058)	(49,992)

FEES AND CHARGES

WITH EFFECT FROM 1 APRIL 2024

Fee	Existing Fees	New Fees
	2023/24 £	2024/25 £
The hiring of a major pumping appliance with crew per hour	337	361
The hiring of other pumping vehicles with crew per hour	272	291
The hire of hydraulic platforms or turntable ladders with crew per hour	365	390
Large animal rescue per hour	337	361
Primary Authority Scheme per hour (fees set by Business Advice and Support Partnership)	82	95
Dry Riser (subsequent test at the owner's request):		
First Dry Riser	253	270
Additional Dry Risers	165	176
Interviews: *		
- Insurance co. etc.	165	176
- After two hours	107	115
Copy of Petroleum Licences *	41	43
Copy plans *	46	49
Standby at Venue	337	361
Fire Investigation Report	362	389
Chemical Protection Suit	189	203
Commercial Training Customers Site (per session up to 20 delegates):		
- Fire Marshal / Warden training (4 hours)	664	712
- Fire Extinguisher training (3 hours)	664	712
- Fire Awareness (3 hours)	664	712
Commercial Training One day course (per delegate)	207	221
Commercial Training Fire Safety at work (1 day, per delegate)	198	211
Commercial Training Fire Talk (without practical, 1 to 3 hours)	388	416
Inspection of Plans for Marriage Act 1994 *	139	148
Environmental search fees *	131	140

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

MEDIUM TERM CAPITAL STRATEGY 2024/25 - 2028/29

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

An initial review of the Estates Capital Programme has been carried out in the light of the challenges experienced in its delivery since 2019 which have resulted in significant delay / slippage and the impact of inflation on scheme costs which are likely to make the Programme unaffordable in its current form. This has resulted in a two-phase approach:

- The agreement of short-term priorities to the end of 2024/25 against the capacity and funding available for delivery
- A full review of the Estates Strategy, Design Guide and remaining capital programme in 2024/25

The agreed priorities to the end of 2024/25 are:

- Preston Circus
- Fort Rd Engineering Workshop
- Design Guide Refurbishments at Bohemia Rd, Eastbourne & Roedean
- Maintenance of Live Fire Training Units (LFTU) at Service Training Centre (STC)
- Provision of wet training capabilities at 3 station-based BA Chambers

Planned major schemes to deliver new LFTU and Multi-Purpose Training Hubs will be deferred until after the completion of the Strategic Review of Training with work not starting until 2025/26 at the earliest. This will now include the development of a masterplan for STC.

All other planned Design Guide Refurbishments (at Day Crew and Retained Stations) will be deferred until after a full review of the Estates Strategy, Design Guide and Estates Capital Programme in 2024/25 with the expectation that on grounds of affordability and deliverability the programme will be re-profiled for delivery over a longer period and will consider alternative and more cost effective approaches to achieving improved management of contaminants.

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

As noted above further work on Day Crew and On Call stations will commence after the review of the Estates Strategy with priority likely to be given the CIL funded projects at Seaford and Barcombe.

Some capital investment may be brought forward at specific stations where the provision of gender appropriate welfare facilities is a priority.

Estates Strategy – Strategic Schemes

Four years on from the launch of our Estates Strategy in 2018 we have completed 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.

Building on lessons learned from the first project at Hove a revised procurement strategy has been developed to expedite the delivery of the remaining Whole Time Stations during 2024/25.

The new Access Control installation project has taken longer than expected to get under contract with works expected to start at the end of 2023/24 and conclude early in 2024/25. This will provide enhanced security controls across our estate and extends the provision currently in place at Saxon House.

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 East Hub Workshop

The Authority has approved a new scheme for the refurbishment of the vacant Fort Rd site in Newhaven into an Engineering Workshop as part of the wider ITF collaboration. This £2.059m scheme will be funded in part by Fire Transformation Fund Grant of £1.5m. Subject to planning permission works are expected to start in May 2024 and

be completed by March 2025. Associated betterment works at the smaller vehicle workshops is expected to be complete by the end of 2023/24.

Preston Circus Fire Station

A main contractor has been appointed through the SCAPE framework to design and build the refurbishment works. Additional funding of £1.6m has been agreed taking the total scheme cost to £4.9m. A decant plan to move crews and appliances to Dyke Rd Barracks has also been agreed. This will enable works to commence before the end of 2023/24 with completion expected in the autumn of 2024.

Fleet and Equipment Strategy

The Authority has a rolling programme of replacing its vehicle fleet in line with its agreed lifing policy. In September 2023 SLT agreed to extend the replacement cycle of light fleet (cars and vans) from 7 to 9 years.

The fleet and equipment strategy encompasses fire appliances (approximately three each year), aerial appliances, ancillary vehicles and the light fleet. 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 (Papa 2), 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 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 which reached 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 scheme for replacement of our existing Breathing Apparatus and ancillary equipment is included to the value of £1m over 2025/26 and 2026/27. This is being managed as a joint project through the 4F group (East & West Sussex, Surrey and Kent FRS (Fire and Rescue Service)).

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. However, an existing allocation of £1.5m from the Fire Transformation Grant (ITF Project) will be applied to the Engineering Workshop 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 continues to explore the potential for 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 have been used to fund the Capital Strategy. With no further property assets identified as surplus, capital receipts are likely to be small amounts for the sale of appliances. 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 of 31 March 2024, it is estimated that there will be a balance of £0.765m 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 £1.5m 2024/25 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 £85,000 - £95,000 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 £14.424m and this has been fed into the MTFP and our future borrowing costs.

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

Capital Programme Expenditure 2023-24 to 2028-29	Total Budget	Total Previous Years	Estimated Spend 2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	Remaining Spend
	£'000	£'000	£'000	£'000	£'000	£'000	£'000		£'000
Property									
Shared Investment Schemes									
Roedean Betterment	25		25						-
Bohemia Road Betterment	95		60	35					35
Fort Road - Engineering Workshop	2,836	23	188	2,625					2,625
External Funding - ITF Grants	(1,500)			(1,500)					(1,500)
Preston Circus	4,946	392	1,673	2,881					2,881
Total Shared Investment Schemes	6,402	415	1,946	4,041	-	-	-	-	4,041
Strategic Schemes									
- Replacement Fuel Tanks	492	450	42						-
- Partner contribution	(292)	(292)							-
- Replacement fuel tanks net cost	200	158	42	-	-	-			-
Design Guide	355	355							-
Hove	634	539	9	86					86
Roedean	503	53	2	448					448
Eastbourne	633	97		536					536
Bohemia Road	605	46	212	347					347
Security	386	95	140	151					151
Sustainability	221	22	10	189					189
MPTH	399	399							-
Eastbourne MPTH	260	26	44	60		130			190
Training Centre MPTH	308	34	16		50	208			258
Hove MPTH	278	24	40	50		164			214
Bohemia Road MPTH	258	26	43	50		139			189
Live Fire Training	4,000	49	34	160	2,750	1,007			3,917
Total Strategic Schemes	9,040	1,923	592	2,077	2,800	1,648	-	-	6,525
General Schemes									
General Schemes	1,182	832		350					350
Phase 1 General Costs	30	30							-
Seaford CIL	296	3		7		86	200		293
Seaford CIL partner Contribution	(133)						(133)		(133)
Barcombe CIL	392	4	1		100	287			387
Barcombe CIL Partner Contribution	(156)					(156)			(156)
The Ridge	408						20	388	408
Hailsham	184	19					18	147	165
Rye	64	12	25	13				14	27
Battle	57	1						56	56
Heathfield	19	9	10						-
Uckfield	108	8						100	100
Lewes	576	6		80		190	300		570
Maresfield	30			30					30
Seaford HVP Alterations	94	94							-
Total General Schemes	3,151	1,018	36	480	100	407	405	705	2,097
Bay Doors, Floors, IT	1,505	7	96	181	808	205	208		1,402
Training Towers	279	1				278			278
Total Property	20,377	3,364	2,670	6,779	3,708	2,538	613	705	14,343
Vehicle Cameras	136		136						-
Grant Funds	(136)		(136)						-
Breathing Apparatus	1,000				500	500			1,000
Breathing Apparatus Washing Machines	85			85					85
Aerials	1,857	908	949						-
Aerial Rescue Pump	22	22							-
Fire Appliances	10,031	4,158	554	904	887	932	1,122	1,474	5,319
Ancillary Vehicles	2,821	774	474	685	811		77		1,573
Cars	2,550	861	35			339	644	671	1,654
Vans	2,182	1,018		496		183	206	279	1,164
Equipment	35		35						-
Employee Cost Allocation	39		39						-
Total Fleet and Equipment	16,228	7,741	2,086	2,170	2,198	1,954	2,049	2,424	10,795
JFC Vision Replacement	1,000					500	500		1,000
ITG Flexi Cloud	2,500				1,250	1,250			2,500
Total Expenditure	40,105	11,105	4,756	8,949	7,156	6,242	3,162	3,129	28,638

MEDIUM TERM CAPITAL STRATEGY 2024/25 to 2028/29 – FUNDING

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
JFC				500	500		1,000
ITG			1,250	1,250			2,500
Fleet and Equipment	2,086	2,170	2,198	1,954	2,049	2,424	10,795
Estates	2,670	6,779	3,708	2,538	613	705	14,343
Original Capital Programme	4,756	8,949	7,156	6,242	3,162	3,129	28,638
Funded by:							
Capital Receipts Reserve	626	-	-	-	-	-	-
Capital Programme Reserve	4,130	2,265	2,000	2,500	3,000	3,000	12,765
Business Rates Pool Reserve				1,200			1,200
New Borrowing / Need to Borrow		6,684	5,156	2,542	162	129	14,673
Updated Capital Programme	4,756	8,949	7,156	6,242	3,162	3,129	28,638

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	£'000	£'000	£'000	£'000	£'000	£'000
Capital Receipts Reserve						
Opening Balance	520	0	0	0	0	0
Transfers In	106	0	0	0	0	0
Transfers Out	(626)	0	0	0	0	0
Closing Balance	0	0	0	0	0	0

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	£'000	£'000	£'000	£'000	£'000	£'000
Capital Programme Reserve						
Opening Balance	3,895	765	-	-	-	-
Transfers In	1,000	1,500	2,000	2,500	3,000	3,000
Transfers Out	(4,130)	(2,265)	(2,000)	(2,500)	(3,000)	(3,000)
Closing Balance	765	0	0	0	0	0

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	£'000	£'000	£'000	£'000	£'000	£'000
Business Rates Pool*						
Opening Balance	1,093	1,520	1,420	1,320	20	20
Transfers In	427	0	0	0	0	0
Transfers Out	0	(100)	(100)	(1,300)	0	0
Closing Balance	1,520	1,420	1,320	20	20	20

*Transfers out of £100k 2024/25, 2025/26 and 2026/27 are not to fund capital expenditure

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 Bulletin 13 – Local Authority Reserves and Balances which was issued in March 2023 and replaces the Local Authority Accounting Panel (LAAP) Bulletin 99 - 'Local Authority Reserves and Balances'.

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 adequate 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 2023/24.

At the start of 2024/25, the General Reserve is forecast to represent 4.48% 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, 2024/25, 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 £2.253m. At the start of 2024/25 the General Reserve is expected to be £2.019m and it is planned to increase by £0.592m over 2024/25, 2025/26 and 2026/27 to return the balance to £2.611m by 31 March 2027 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. It is intended the pool will be used to support the capital programme and reduce future borrowing need and this is included within this report and the MTFP. The balance on this reserve includes accruals for 2020/21, 2021/22 and 2022/23 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.

- **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 (Fire and Rescue Authorities). 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. As part of budget setting for 2024/25 this reserve has now been fully committed primarily to support the Data Management Project. Planned top ups of the reserve have been delayed until 2025/26 (£0.2m pa).
- **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 – this reserve holds funding set aside to support the Authority's share of future investment in the Joint Fire Control Roadmap currently £50,000 pa, rising to £75,000 pa from 2025/26. Drawdown is awaiting the agreement of the Roadmap by the Joint Strategic Board.

- **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.
- **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.
- **BRR - Accreditation & RPL:** this Reserve holds the balance of the grant received to support accreditation and recognition of prior learning related to training for protection.
- **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 and the Second Options Exercise for On Call Firefighters, including software costs and administrative costs and other costs not funded by the Pension Fund Account or Government. It is planned to be used during 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 2024/25.
- **Cadets:** holds donations made to support the costs of the Authority's Cadet Scheme.
- **Future Foundation:** funding for the Future Foundations review of the Authority's support service structures and ways of working, including any costs of implementation.
- **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. £1.5m is paid into this reserve from the Authority's revenue budget in 2024/25. 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. The

Authority does not currently plan to make any further disposals of property but will generate capital receipts for any vehicles disposed of for more than £10,000. The reserve is expected to be fully spent at the end of 2023/24.

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	2024/25	2024/25	2024/25	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	31/03/25	31/03/26	31/03/27	31/03/28	31/03/29
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Earmarked Reserves								
Improvement & Efficiency*	365	0	(365)	0	100	200	300	400
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	60	0	0	60	0	0	0	0
BRR – Accreditation & RPL	16	0	(8)	8	0	0	0	0
BRR - Protection Uplift	22	0	(22)	0	0	0	0	0
New Dimensions	21	0	(21)	0	0	0	0	0
Responding to New Risks	1	0	(1)	0	0	0	0	0
IT Strategy*	2,074	642	(2,614)	102	555	1,082	1,374	1,666
People Strategy	35	0	0	35	0	0	0	0
Business Rate Pool	1,520	0	(100)	1,420	1,320	20	20	20
Carry Forwards	18	0	(18)	0	0	0	0	0
Pensions Administration	144	0	(67)	77	77	77	77	77
Mobilising Strategy	50	50	0	100	175	250	325	400

Cadets	5	0	(5)	0	0	0	0	0
Future Foundations	81	0	0	0	0	0	0	0
Capital Programme Reserve	765	1,500	(2,265)	0	0	0	0	0
Total Earmarked Reserves	6,851	2,192	(5,486)	3,557	3,269	1,878	2,345	2,812
General Fund	2,019	292	0	2,311	2,461	2,611	2,711	2,811
Total Revenue Reserves	8,870	2,484	(5,486)	5,868	5,730	4,489	5,056	5,623
Capital Receipts Reserve	0	0	0	0	0	0	0	0
Total Capital Reserves	0	0	0	0	0	0	0	0
Total Usable Reserves	8,870	2,484	(5,486)	5,868	5,730	4,489	5,056	5,623

- * Improvement and Efficiency and IT Strategy reserve include assumed drawdowns from 2025/26

EAST SUSSEX FIRE AUTHORITY: PRECEPT FOR 2024/25
REF: S43 LOCAL GOVERNMENT FINANCE ACT 1992

	£	£
NET BUDGET REQUIREMENT		49,992,000
Forecast Business Rates retained	2,749,000	
Top Up grant	5,622,000	
Business Rates Baseline	8,371,000	
Add Revenue Support Grant	5,639,000	
Settlement Funding Assessment	14,010,000	
Add Service Grant Allocation	49,000	
Add CSP Minimum Funding Guarantee	1,165,000	
Section 31 Grant Business Rates adjustment	2,231,000	
Previous Year's Surpluses/(Deficits)	54,000	
Total Council Tax required		32,483,000
Tax base	302,199	
Basic Council Tax (Band D equivalent)		107.49
Basic Council Tax from above calculation		<u>Council Tax</u>
Band A	6/9	71.66
Band B	7/9	83.60
Band C	8/9	95.55
Band D	9/9	107.49
Band E	11/9	131.38
Band F	13/9	155.26
Band G	15/9	179.15
Band H	18/9	214.98
	<u>Tax Base</u>	<u>Precept</u>
Brighton and Hove	93,574.40	10,058,312
Eastbourne	35,687.20	3,836,017
Hastings	26,728.00	2,872,993
Lewes	38,538.30	4,142,482
Rother	39,197.50	4,213,339
Wealden	68,474.00	7,360,270
	302,199.40	32,483,414

FUNDED STAFFING ESTABLISHMENT

	FTE @ 1/4/2024	FTE @ 1/4/2025
Principal Officers	3	3
Wholetime Firefighter	326	326
RDS firefighter Units	176	176
Control Room Staff	5	5
Support staff	158.29	156.29

*Establishment changes as a result of Future Foundations/Tranche 3 are not reflected in the table above

APPENDIX H

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

Standalone FRA	CSP 2023-24	CSP 2024-25	Change %
Avon	53.5	56.0	4.6%
Bedfordshire	36.9	38.7	4.9%
Berkshire	43.0	45.2	4.9%
Buckinghamshire	35.3	37.0	5.0%
Cambridgeshire	36.3	38.1	4.9%
Cheshire	52.9	55.5	4.9%
Cleveland	33.2	34.6	4.2%
Derbyshire	46.5	48.7	4.7%
Devon & Somerset	92.5	97.0	4.9%
Dorset & Wiltshire	68.4	71.8	5.0%
Durham	35.2	36.8	4.7%
East Sussex	46.3	48.6	4.9%
Essex	87.1	91.20	4.9%
Hampshire & Isle of Wight	91.2	95.5	4.8%
Hereford & Worcester	38.5	40.4	5.0%
Humberside	54.0	56.4	4.4%
Kent	87.3	91.5	4.9%
Lancashire	70.2	73.3	4.5%
Leicestershire	45.0	47.1	4.7%
Merseyside	75.4	78.6	4.3%
Northamptonshire	29.3	30.7	4.8%
Nottinghamshire	51.9	54.3	4.65%
Shropshire	27.2	28.5	5.0%
South Yorkshire	62.6	65.3	5.3%
Staffordshire	49.6	51.9	4.7%
Tyne & Wear	59.8	62.4	4.3%
West Midlands	123.8	128.9	4.2%
West Yorkshire	102.9	107.4	4.4%

Equality Impact Analysis (EIA) Form

This form should be completed in conjunction with How to Complete an Equality Impact Analysis (14_04b)

Name of Policy, Procedure, Activity or Decision (PPAD):	Fire Authority Service Planning processes for 2024/25 and beyond – Revenue Budget 2024/25 and Capital Strategy 2024/25 to 2028/29	Date of Analysis:	26-01-2024
PPAD Owner:	Assistant Director Resources / Treasurer	EIA Author:	Assistant Director Resources / Treasurer
Directorate Lead and Department:	Finance Manager – Resources Directorate		
Status of PPAD: (‘X’ as appropriate)	New	X	Existing
Please list any other policies that are related to or referred to as part of this analysis	All budget decisions including revenue and capital projects requiring business cases or other approvals		
Please list the groups of people potentially affected by this proposal. (e.g. applicants, employees, customers, service users, members of the public)	All stakeholders, employees, service users, communities of East Sussex and Brighton & Hove		
What are the aims and intended effects of this proposal (PPAD)?			
To set a balanced revenue budget for 2024/25, agree the Capital Asset Strategy and Capital Programme for 2024/25 to 2028/29, agree the Reserves and Balances Strategy, agree the Authority’s Medium Term Finance Plan for 2024/25 to 2028/29, achieve financial sustainability over the medium term.			

Stage 1: Equality Impact Quick Checker

Consider the initial impacts of your PPAD on people below to determine whether a full Equality Impact Analysis is required. Consider impact both as an employer and in service delivery.

Does this PPAD have any impact on the following Protected characteristics?	Will impact	Could impact	Won't impact	Commentary for initial conclusions (identify any positive, neutral, and negative impacts):
Age	<input type="checkbox"/>	<input type="checkbox"/>	X	<p>All budget proposals have been assessed by SLT.</p> <p>All proposals linked to strategies, policies and projects will be subject to specific EIAs.</p> <p>No other proposals are assessed as impacting this group at this stage.</p>
Disability	<input type="checkbox"/>	X	<input type="checkbox"/>	<p>All budget proposals have been assessed by SLT.</p> <p>All proposals linked to strategies, policies and projects will be subject to specific EIAs.</p> <p>Funding is provided to implement the accessibility module of the Service's e-recruitment system, and this is likely to have a positive impact on this group.</p> <p>Specific EIAs will be conducted as part of the project.</p>
Gender Reassignment	<input type="checkbox"/>	<input type="checkbox"/>	X	<p>All budget proposals have been assessed by SLT. All proposals linked to strategies, policies and projects will be subject to specific EIAs.</p> <p>No other proposals are assessed as impacting this group at this stage.</p>
Marriage and Civil Partnership (employment only)	<input type="checkbox"/>	<input type="checkbox"/>	X	<p>All budget proposals have been assessed by SLT. All proposals linked to strategies, policies and projects will be subject to specific EIAs.</p> <p>No other proposals are assessed as impacting this group at this stage.</p>
Pregnancy and Maternity	<input type="checkbox"/>	<input type="checkbox"/>	X	<p>All budget proposals have been assessed by SLT. All proposals linked to strategies, policies and projects will be subject to specific EIAs.</p>

				No other proposals are assessed as impacting this group at this stage.
Race	<input type="checkbox"/>	<input type="checkbox"/>	X	All budget proposals have been assessed by SLT. All proposals linked to strategies, policies and projects will be subject to specific EIAs. No other proposals are assessed as impacting this group at this stage.
Religion or Belief	<input type="checkbox"/>	<input type="checkbox"/>	X	All budget proposals have been assessed by SLT. All proposals linked to strategies, policies and projects will be subject to specific EIAs. No other proposals are assessed as impacting this group at this stage.
Sex	<input type="checkbox"/>	<input type="checkbox"/>	X	All budget proposals have been assessed by SLT. All proposals linked to strategies, policies and projects will be subject to specific EIAs. No other proposals are assessed as impacting this group at this stage.
Sexual Orientation	<input type="checkbox"/>	<input type="checkbox"/>	X	All budget proposals have been assessed by SLT. All proposals linked to strategies, policies and projects will be subject to specific EIAs. No other proposals are assessed as impacting this group at this stage.
Other Equality related issues (e.g. socioeconomic)	<input type="checkbox"/>	<input type="checkbox"/>	X	All budget proposals have been assessed by SLT. All proposals linked to strategies, policies and projects will be subject to specific EIAs. No other proposals are assessed as impacting this group at this stage.

<p>If you identified 'Will impact' or 'Could impact' for any Protected Characteristic, go to Stage 2 to conduct a full Equality Impact Analysis.</p>
<p>If you identified 'Won't impact' for all Protected Characteristics, provide your summary rationale for this below and submit this form for record on the 'Equality Impact Analysis' Intranet page:</p>
<p>All budget proposals have been assessed by SLT. All proposals linked to strategies, policies and projects will be subject to specific EIAs. Funding is provided to implement the accessibility module of the Service's e-recruitment system, and this is likely to have a positive impact on this group. A specific EIA will be conducted as part of the project.</p>

All savings proposals to balance the budget beyond 2024/25 will be subject to separate EIAs.
No other proposals are assessed as impacting any of the protected characteristics at this stage.

