

EAST SUSSEX FIRE AUTHORITY

Panel	Fire Authority
Date	11 February 2021
Title of Report	Fire Authority Service Planning processes for 2021/22 and beyond – Revenue Budget 2021/22 and Capital Asset Strategy 2021/22 to 2025/26
By	Chief Fire Officer and Assistant Director Resources / Treasurer
Lead Officer	Parmjeet Jassal, Interim Finance Manager

Background Papers	<p>Fire Authority Service Planning processes for 2020/21 and beyond – Revenue Budget 2020/21 and Capital Strategy 2020/21 to 2024/26: Fire Authority 13 February 2020.</p> <p>2021/22 to 2024/25 Strategic Service Planning and Medium Term Financial Plan: Fire Authority 3 September 2020</p> <p>Draft 2021/22 to 2025/26 Strategic Service Planning and Medium Term Financial Plan - Medium Term Capital Asset Strategy: SLT 17 December 2020</p> <p>Fire Authority Service Planning processes for 2021/22 and beyond – Revenue Budget 2021/22 and Capital Asset Strategy 2021/22 to 2025/26: Policy & Resources Panel 21 January 2021</p> <p>Economic and Fiscal Outlook, November 2020 -Office of Budget Responsibility.</p> <p>Bank Of England Monetary Policy Report – November 2020</p>
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Appendices	<p>A – Medium Term Finance Plan 2021/22 – 2025/26 B – Revenue Budget Summary 2021/22 C – Fees and Charges D – Capital Asset Strategy 2021/22 – 2025/26 E – Reserves and Balances Policy F – Precept for 2021/22 G – Establishment 2021/22 H – Local Government Financial Settlement (provisional) Core Spending Power of Combined Fire Authorities</p>
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I – Equality Impact Assessment
J – Consultation Responses

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 Revenue Budget 2021/22, Capital Strategy 2021/22 – 2025/26 and Medium Term Finance Plan for 2021/22 – 2025/26 for approval.

EXECUTIVE SUMMARY

The Authority's budget proposals for 2021/22 and its five year Medium Term Finance Plan (MTFP) were considered by the Policy and Resources Panel on 21 January 2021. Since that meeting the report has been updated to reflect the latest council tax and business rates information, collection fund positions and our best understanding of how the schemes to compensate authorities for the impact of Covid-19 on Collection Funds and council taxbase will operate. The Local Government Finance Settlement (LGFS) is expected to be finalised when the Local Government Finance Report (England) 2021/22 is debated by Parliament on 10 February 2021

The key decision for the Authority is the level of council tax it wishes to set for 2021/22. P&R Panel has recommended two options for the Authority to consider either no increase (0%) or an increase of 1.99% (the referendum threshold for fire authorities is 2%). The loss of income resulting from a freeze in council tax for 2021/22 is estimated as £0.551m (2021/22) rising to £0.618m (2025/26).

Any decision to freeze council tax at its existing level, even for a single year has a permanent impact on the future income that the Authority can generate from council tax. Across the 5 year MTFP the total loss of income is £2.9m. This results in the level of future savings required under our best case scenario of £0.9m (2025/26 base) and £5.3m (5 year total) and under the worst case scenario to £3.1m and £10.9m respectively.

This decision is being made when there remain significant uncertainties for funding after 2021/22 which the current Covid-19 pandemic has only exacerbated. New legislation resulting from the Grenfell enquiry is likely to impose fresh demands on the Authority's prevention services and there is no clarity on the extent to which Government will fund the additional cost.

This Authority in line with the joint NFCC / LGA CSR20 submission has lobbied for a fair and sustainable medium term settlement for the fire service including additional local flexibility to increase council tax by 2% or £5 whichever is the greater. This position will be difficult to maintain if the Authority does not take the increase in council tax available to it in 2021/22.

The IRMP consultation carried out last summer demonstrates that 80% of the public support an increase in council tax for the fire service.

This report outlines proposals for setting a balanced revenue budget for 2021/22, including commitments, growth bids and new savings. It sets out the additional savings necessary to balance the budget should the Authority decide to freeze council tax for 2021/22 (0% option). The Government conducted a Comprehensive Spending Review (SR20) during the year and the sector lobbied strongly to secure a sustainable financial settlement for the fire service. The Authority also lobbied local MPs in support of the sector's CSR submission, particularly highlighting both the pressures and risks the service faces and its reliance on one off grant funding to cover significant costs. Given the economic and financial uncertainty caused by the Covid-19 pandemic the Government announced a one year settlement for 2021/22. The LGFS delivered a better settlement than the Authority has expected with core funding maintained with inflation, pension grant extended for a

further year (and expected to be baselined into the settlement from 2022/23) and compensation for the majority of the impact of Covid-19 on income from council tax and business rates.

However, fire did not receive any additional funding to support sector improvement or the impact of new legislation. There was also no funding for fire in tranche 5 of the grant covering Covid-19 costs for 2021/22. In addition the Provisional LGFS did not grant additional council tax flexibility for the fire service, maintaining the referendum threshold at 2%.

The budget proposals have been developed using the modelling assumptions previously agreed with the Authority including a proposed increase in council tax of 1.99%. The impact of no increase in council tax for 2021/22 has also been set out in the report.

There remains significant uncertainty for funding for 2022/23 and beyond and the Authority will need to remain flexible in its approach to its financial planning. The Government is expected to conduct a Comprehensive Spending Review (CSR21), and progress the much delayed reviews of the funding formula and the future of the business rates system in 2021/22. Given the severe financial pressures on the health and local government sectors as a result of Covid-19 and the Government's wider policy priorities, in the context of the challenge for public sector finances post Covid-19 then the outlook for fire through CSR21 looks particularly difficult. There remains a series of other risks for the Authority to consider in setting its budget and MTFP which are set out in this Report.

As a consequence of this uncertainty the MTFP forecasts overall central support in two scenarios:

- Best case – flat cash (i.e. Settlement Funding Assessment (SFA) maintained at 2021/22 cash levels)
- Worse Case – 5.0% annual decrease in SFA

The revised MTFP under the worst case option shows a need to deliver further savings of £2.528m by 2025/26. In the best case scenario this reduces to £0.326m. If the Authority were to agree not to increase council tax in 2021/22 then this would reduce slightly to £2.524m (worse case) and £0.322m (best case), assuming the additional savings proposed in this Report are delivered.

New savings including those from the IRMP and the Procurement Category Strategy have been built into the MTFP. Officers will continue to explore the potential for further savings to meet the identified target by 2025/26 through Efficiency Strategy activities set out in paragraph 6.7.3.

The Capital Asset Strategy (CAS) reflects the Authority's identified capital investment requirements for the next five years and has been updated to reflect the outcomes of the IRMP and the impact of Covid-19 on delivery in 2020/21. 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 2022/23 onwards. During 2021/22 further work will be undertaken to review the sustainability of the Capital Asset Strategy and its required funding and this will be informed by reviews of the profiling of the

Estates Strategy and a review of the Fleet and Equipment Strategy which are already underway.

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.

RECOMMENDATION The Authority is recommended to approve:

1. Either:

- (a) an increase in council tax of 1.99% and thus approve:
- (i) the budget proposals set out in this Report and the net budget requirement of £40.704m for 2021/22;
 - (ii) the council tax requirement of £28.303m; and
 - (iii) the council tax and precepts as set out in Appendix F

Or (b) a council tax freeze (0% increase) and thus approve:

- (i) the budget proposals set out in this Report and the net budget requirement of £40.153m for 2021/22;
- (ii) the council tax requirement of £27.751m; and
- (iii) the council tax and precepts as set out in Appendix F
- (iv) the use of £0.279m from the General Reserves in 2021/22 to balance the revenue budget

- 2. The capital programme for the next five years and the capital budget of £6.105m for 2021/22 including the plans to use CIL, capital receipts, revenue contributions and new borrowing to finance capital expenditure
 - 3. A one off contribution of £0.210m from the revenue budget to the General Reserves to return it to the policy minimum of 5% of the net revenue budget
 - 4. The fees and charges set out in Appendix C; and
 - 5. 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.
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1. **INTRODUCTION**

- 1.1 The report sets out the proposed Revenue Budget for 2021/22, a revised MTFP for 2021/22 to 2025/26 as well as the proposed CAS and Capital Programme for the Authority for the period 2021/22 to 2025/26 for the Authority to consider. The report is based on the latest information available, but Members should note that 2021/22 represents a one-year settlement, which at the time of writing this report had still not been finalised. Estimates have also been used where full information from billing authorities was not available and / or where the operation of some Government grants is not yet clear.
- 1.2 The Provisional LGFS suggests a council tax referendum threshold of 2% for 2021/22 for Fire Authorities and options for a council tax freeze (0% option) and 1.99% increase are set out in the report.
- 1.3 As a result of the economic uncertainty created by the Covid-19 pandemic the Government has issued a one year Provisional LGFS for 2021/22. This means that there is still significant uncertainty about the Authority's funding for 2022/23 onwards and therefore a range of assumptions have been made as to the level of funding in the MTFP.
- 1.4 The Authority has continued to make good progress in identifying and delivering savings proposals over the last 12 months. The latest version of the MTFP includes savings of £0.995m including £0.504m identified as part of the 2021/22 budget setting process. Additional base budget savings necessary to balance the budget if the Authority chooses to freeze the council tax for 2021/22 are also set out. It 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 but with reduced flexibility in terms of revenue contributions to capital and contingency.
- 1.5 There remains significant uncertainty for funding for 2022/23 and beyond and the Authority will need to remain flexible in its approach to its financial planning. The Government is expected to conduct a Comprehensive Spending Review (CSR21), and progress the much delayed reviews of the funding formula and the future of the business rates system in 2021/22. Alongside this issues such as the UK's exit from the EU, new legislation in the wake of the Hackett review, HMI findings locally and nationally, pension costs, the implementation of the IRMP, major projects such as Project 21, CRM and ESN and the ongoing impact of Covid-19 are likely to impact on our financial position over the medium term.
- 1.6 The level of savings required post 2021/22 will depend heavily on these factors. Our scenario modelling indicates the requirement to make savings, under the 1.99% option of £0.918m in 2022/23 decreasing gradually to £0.326m in 2025/26 (best case). The worst case scenario shows a savings requirement of up to £2.528m by 2025/26. These savings decrease to £0.322m (best case) and to £2.524m (worse case) with a council tax freeze, assuming that the additional savings set out in this Report are approved and delivered.

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. The coronavirus pandemic has delivered the largest peacetime shock to the global economy on record. It has required the imposition of severe restrictions on economic and social life; driven unprecedented falls in national income; fuelled rises in public deficits and debt surpassed only in wartime; and created considerable uncertainty about the future. The UK economy has been hit relatively hard by the virus and by the public health restrictions required to control it. The economic outlook remains highly uncertain and depends upon the future path of the virus, the stringency of public health restrictions, the timing and effectiveness of vaccines, and the reactions of households and businesses to all of these. It also depends on the outcome of the Brexit negotiations. The Office of Budget Responsibility (OBR) expects that UK GDP will fall by 11% this year. Its latest central forecast, which predates the latest lockdown, predicts debt increasing to 105% of GDP by the end of this year, and GDP still down 3% from its pre-Covid levels by the end of 2024. Clearly these factors will be a key influence on public finances generally and the level of flexibility the Government has in terms of future funding for local authorities through CSR.
- 2.2 The official UK bank interest rate was reduced from 0.75% to 0.25% and then again to 0.10% in March 2020 as the Bank Of England sought to respond to the economic shock of Covid-19. Rates are expected to remain at this level until at least the end of 2022. The cost of borrowing through the PWLB remains historically low with the Government recently reducing rate by a further 1%. The PWLB 25 year certainty rate is currently 1.7% and is expected to remain below 2% until at least the end of 2022.
- 2.3 The Government continue to set the target for CPI at 2%. The November 2020 figure was 0.3% down from 0.7% in October and the OBR expect it to rise to 1.2% by the end of 2020 and then to the 2% target by 2025.

3. **NATIONAL FUNDING**

- 3.1 The CSR20 announced in November 2020 set out a more positive settlement for the fire sector nationally than had been anticipated, with a commitment to increase settlement funding assessment (SFA) by inflation for 2020/21 ("cash real"). This is reflected in the provisional LGFS. This contrasted with our existing modelling which anticipated reductions in SFA of 5% pa over the MTFP period. The Home Office has also subsequently confirmed that its 2021/22 budget includes a continuation of the funding (£115m) for the one off fire pensions grant awarded to fire in 2019/20.
- 3.2 The LGFS proposes a council tax referendum threshold of 2% for fire authorities. The Authority and the sector nationally has lobbied for an increase of 2% or £5 whichever is the greater in order to allow it to invest in protection services post Grenfell and in anticipation of the outcomes of the Hackett Review, and to address the areas for improvement identified by HMI.

- 3.3 The Provisional LGFS was released on 17 December 2020 and is in line with expectations set out in SR20. We have modelled on the basis of the Provisional LGFS and used the analysis provided by Local Government Futures. The main assumptions from a funding perspective are:
- SFA (RSG and Business Rates) will increase by CPI from the assumed level of funding in 2020/21
 - that the 2020/21 pensions grant will be extended at the same level for another year and baselined into CSR21
 - that the council tax referendum threshold will be set at 2%
 - that any income from the East Sussex Business Rate Pool for 2021/22 will be transferred into the earmarked reserves (given current uncertainty regarding business rates the Authority does not budget for Pool income).
- 3.4 Any decision to trigger a council tax referendum would incur a significant cost in actually carrying out the vote, and thereby acts as a disincentive to break the referendum ceiling. The Revenue Budget and MTFP have been prepared on the basis of a 1.99% increase for 2021/22 and beyond. An alternative scenario of a freeze in council tax for 2021/22 (0% option) is set out in paragraph 4.8.
- 3.5 The Local Government Finance Report (England) 2021/22 will be debated in Parliament in the week commencing 8 February and there is a risk that final funding figures will not be announced in time for the Authority's budget setting meeting on 11 February 2021. 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 2022/23 and beyond and the Authority will need to remain flexible in its approach to its financial planning. The Government is expected to conduct a Comprehensive Spending Review (CSR21), and progress the much delayed reviews of the funding formula and the future of the business rates system in 2021/22. Whilst the joint National Fire Chief's Council (NFCC) / Local Government Association (LGA) CSR20 Submission was well argued and apparently well received in Government, the outcome was mixed. A cash plus basic settlement, extension of the pension grant and some compensation for loss of council tax and business rate income is welcome. However in the published SR document, there is not a single specific mention of the fire service and the sector was unsuccessful in securing additional flexibility already granted to Districts and Boroughs (2% or £5) and PCCs (2% or £15). Given the severe financial pressures on the health and local government sectors as a result of Covid-19 and the Government's wider policy priorities, in the context of the challenge for public sector finances post Covid-19 then the outlook for fire through CSR21 looks particularly challenging.
- 3.7 The Provisional LGFS announcement was followed by a letter from the Fire Minister to the sector setting a clear expectation that fire authorities should deliver further efficiencies through better asset management, budgetary control and the removal of unnecessary costs, as well as collaboration with other bodies. The Minister again

highlighted the level of reserves held in the fire sector (£538m or 39% of core spending power) although they acknowledged that some reserves are held to finance capital spend.

- 3.8 As a consequence of this uncertainty and the likelihood of a challenging CSR, the MTFP forecasts overall central support in two scenarios:
- Best case – flat cash (i.e. Settlement Funding Assessment (SFA) maintained at 2021/22 cash levels)
 - Worse Case – 5.0% annual decrease in SFA
- 3.9 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. Our assumptions are based on information provided by the billing authorities and analysis by Local Government Futures.
- 3.10 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 for one year in 2020/21 and the Government has announced it will continue to be provided in 2021/22. In the MTFP, we have assumed that the 2020/21 grant will continue at the same value for the life of the MTFP (£1.735m).
- 3.11 There has been no announcement on specific grants for the fire and rescue service to date. The Authority has assumed cash flat for 2021/22 and beyond.
- 3.12 As part of the LGFS the Government has announced a range of grants and other measures aiming to mitigate the impact of Covid-19. The ones that are applicable to this Authority are set out below. It is worth noting that the fire service nationally has not received any core Covid-19 grant funding (tranche 5 = £1.55bn) for 2021/22 so any cost impacts will fall directly on the Authority and local council tax payers.
- Income Guarantee Scheme – provides compensation for 75% of the losses in council tax and business rate income in 2020/21 which is distributed through the Collection Fund in 2021/22. In addition the Government has agreed that 2021/22 Collection Fund deficits can be spread (accounted for) over three financial years. The methodology for the payment of this grant is still not entirely clear and we have based our forecasts on our current understanding.
 - Local Council Tax Support Grant – provides compensation for the impact on the council taxbase in 2021/22 of increases in those claiming council tax support. The Authority's indicative allocation is £0.474m
 - Income Loss Compensation Scheme – provides 0.75% compensation for loss of income for fees and charges and has been extended to the end of June 2021. This will partially mitigate losses against budgeted income for activities such as commercial training and dry riser testing.

4. **MEDIUM TERM FINANCIAL PLAN**

- 4.1 The MTFP (Appendix A) reflects the modelling for 2021/22 set out in paragraph 3.1 above and then the scenarios in paragraph 3.6 for the remaining four years of the

plan. Appendix A shows the best case in detail and a summary of the impact of the worst case scenario. It includes the latest information on business rates and council tax. The risks set out in paragraph 4.8 below, the potential for further reductions in public spending and proposed changes to the way local government is supported centrally makes forecasting the position beyond 2021/22 extremely difficult. For that reason the forecast within the MTFP for 2022/23 to 2025/26 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:

- From 2021/22 we have modelled 2 scenarios, flat cash (0% increase - best case) and worse case (5.0% reduction per year);
- any changes to the distribution of business rates under the Government's localisation proposals for business rates 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 at forecast levels for 2021/22 in future years.
- A reduction in council tax base of 0.64% for 2021/22 based on notifications from the Districts and Boroughs, an increase of 0.5% 2022/23, an increase of 0.75% 2023/24, an increase of 1% 2024/25 thereafter;
- Increases of 0% or 1.99% in council tax in 2021/22 and 1.99% per annum thereafter;
- A pay freeze in 2021/22 and net provision for pay increases of 2.5% for all staff in 2022/23 and thereafter;
- Provision for price increases of 1.0% in 2021/22 (0.5% under the 0% option) and 2% 2022/23 thereafter;
- Delivery of savings in line with agreed plans and identification of further savings through the Efficiency Strategy.
- That additional employers' pension contributions for the Firefighter's Pension Scheme are funded through grant at the same level as in 2020/21.
- The release of additional S31 grant received in relation to business rate reliefs in 2020/21 (and held in an earmarked reserve) to compensate for the impact on the Collection Fund deficit (£1.309m) in 2021/22.

4.3 Approval was confirmed in the provisional LGFS for the East Sussex Business Rate Pool to continue in 2021/22. Given the additional risk / uncertainty around business rates income Treasurers of the member authorities (ESFOA) have reviewed additional scenario modelling and intelligence from Local Government Futures, and have agreed that the Pool should continue. Income from the Pool in 2020/21 is still not certain and we are awaiting full monitoring from Q3 but it is likely to be significantly lower than the original (pre-Covid -19) forecast of approximately £0.4m. The Authority has not budgeted for any Pool income in either 2020/21 or in 2021/22 and any income received is transferred into the Business Rate Pool Reserve. Should any income be forthcoming in 2020/21 (payment is not received until after the audit of the 2020/21 accounts i.e. September 2021) it is proposed to be used to fund investment in the CRM system which will significantly enhance our Prevention (Business Safety) delivery. This is in line with the Pool MoU. Members should be

aware that if the Pool makes a net loss then that will be shared proportionately to the benefits set out in the MoU which is 10% for this Authority. ESFOA's view is that the risk of this is low.

- 4.4 Overall, current forecasts for Collection Funds indicate a deficit of £1.321m in 2021/22 and £0.169m in 2022/23 and 2023/24. When the use of the S31 Reserve and our estimates of the compensation offered by Government are taken into account the forecast is for a surplus of £0.068m in 2021/22 and deficits of £0.089m in 2022/23 and 2023/24.
- 4.5 For 2021/22 pay inflation for all terms and conditions is 0% reflecting the national government announcement of a pay freeze excepting those earning under £24,000 who receive a flat rate increase of £250 (budgeted cost including on costs of £4,000). Provision is made for incremental progression and performance related pay (where applicable) and for the correction of historic anomalies and other changes in the pay budget identified through budget monitoring in the current year and an ongoing exercise to review and formalise the support staff establishment.
- 4.6 The assumption for price inflation in the 2021/22 revenue budget is 1% (0.5% under the council tax freeze option) and the remainder of the MTFP is 2.0%. The reduction in provision for 2021/22 is based on the fact that actual inflation in 2020/21 is forecast to be less (1.2% forecast) than the budget provision (2%). This is a saving of £0.101m in 2021/22 (£0.151m under the council tax freeze option). As noted earlier in this report the OBR forecast is for CPI to remain slightly below the Government's 2% target until 2024. There may be some scope for further reductions in future iterations of the MTFP, but any headroom provides a small hedge against any additional costs arising after the UK's exit from the EU.
- 4.7 The MTFP presents two options for council tax:
- a 1.99% council tax increase for 2021/22 and for the duration of the MTFP. The result of the modelling is net expenditure increases of 2.4% in 2021/22 and then 2.4%, 1.4%, 1.8% and 1.9% in subsequent years.
 - a council tax freeze for 2021/22 and 1.99% increases annually thereafter for the duration of the MTFP. The result of the modelling is net expenditure increases of 1.0% in 2021/22 and then 2.4%, 1.4%, 1.8% and 1.8% in subsequent years.
- 4.8 Should the Authority determine that it wishes to consider a lower level of council tax increase for 2021/22, in the light of the impact of Covid-19 on the local economy and local council taxpayers, it must consider not only the immediate impact in that year, but also the cumulative impact in future years. The financial impact of a 0% increase would be a reduction in council tax income of £0.551m in 2021/22 rising to £0.618m by 2025/26 and a total loss of income of £2.9m over the MTFP period. The additional savings required to balance the budget under this scenario are set out in paragraph 6.7.3

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

- Our ability to identify and deliver the savings required to balance the budget over the medium term through the Efficiency Strategy and the Integrated Risk Management Plan (IRMP);
- The significant costs likely to arise from the remedy to the successful legal challenge to the transitional arrangements for the FPS 2015 (increased employers contributions, compensation and administrative costs) and a number of other pensions cases, and a lack of clarity on whether the Government will fund those costs;
- Increased reliance on borrowing to fund future capital investment from 2022/23 onwards and the resulting impact on the revenue budget;
- The need to find an additional £1.0m to fund the delivery of the business critical CRM project (see the paper elsewhere on this agenda);
- Lack of clarity about the financial impact of the national Emergency Service's Mobile Communication Programme;
- The potential for pay awards to exceed the provision in the budget;
- Uncertainty about future governance and funding including:
 - the three year Comprehensive Spending Review
 - the impact of the Fairer Funding Review
 - proposals for review of business rates
- Any financial impact of the UK's decision to leave the EU including the impact of currency movements on the cost of goods and services purchased from the EU and more widely on the economy and the Governments fiscal objectives
- The impact of local growth and additional housing, road and commercial risks;
- Any further development of local devolution proposals;
- Any further proposals by the Government or the Police & Crime Commissioner locally for changes to fire service governance in Sussex;
- Outcomes for the fire service nationally and locally from the HMICFRS inspection process;
- The impact of the Building and Fire Safety Bills on fire service responsibilities and the resultant costs of compliance / delivery.
- Ongoing financial impacts of the Covid-19 pandemic in excess of the Government grant received / forecast

The Authority has made provision to manage financial risks and in year pressures through both the Reserves Strategy and a contingency within the Revenue Budget of £0.341m in 2021/22 decreasing to £0.330m by 2025/26.

4.9 In overall terms the assumptions set out in the report mean that the revised MTFP shows a balanced budget in 2021/22 (under the council tax freeze option with the taking of additional savings of £0.272m and the drawdown of £0.279m from General Balances, with the additional savings having a full year effect of £0.635m by 2022/23) and then a need to deliver savings of £0.914m in 2022/23, £0.683m in 2023/24, £0.451m in 2024/25 and £0.322m by 2025/26 (best case scenario).

The worse-case scenario results in savings targets of £1.511m in 2022/23, £1.845m in 2023/24, £2.148m in 2024/25 and £2.528m in 2025/26. Under the council tax freeze option, the savings decrease slightly to £1.507m in 2022/23, £1.840m in 2023/24, £2.144m in 2024/25 and £2.524m in 2025/26.

5. **PROJECTED REVENUE POSITION 2020/21**

5.1 The revised Service Revenue Budget for 2020/21 is £41.152m. Based on figures to the end of November 2020, and as reported to Policy & Resources Panel on 21 January 2021, the revenue budget is forecast to underspend by £0.496m.

5.2 The underspend is a forecast and cannot be relied upon to provide additional funds. However elsewhere on this agenda it is recommended that the forecast underspend should be used to fund additional investment in the CRM project.

6. **REVENUE BUDGET 2021/22**

6.1 **Impact of national funding changes on local position**

6.1.1 The Revenue Budget Summary for 2021/22 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 which reflects the difference between the 5% reduction in SFA modelled and the cash real settlement.

Table 1: Summary of Impact of Local Government Finance Settlement

	2021/22
	£'000
Locally Retained Business Rates	2,631
Top Up Grant	5,170
Business Rates Baseline	7,801
Revenue Support Grant	3,226
Settlement Funding Assessment	11,027
Estimated value of Business Rates Pool	0
S31 Grant - Business Rates Adjustment	833
Total for comparative purposes	11,860
As reported to Fire Authority September	11,135
Increase/(decrease) in funding	725

6.1.2 The Authority's council tax base for 2021/22 is calculated as 290,494.8, a decrease of 0.64% on 2020/21. This decreased taxbase combined with a council tax increase of 1.99% yields additional income of £0.372m. Under the council tax

freeze option there is a decrease in income of £0.180m. In comparison, the taxbase increased in 2020/21 by 0.63% and 2019/20 by 1.02%.

- 6.1.3 Overall, current forecasts for the Collection Funds indicate a deficit of £1.321m in 2021/22 and £0.169m in 2022/23 and 2023/24. When the use of the S31 Reserve and our estimates of the compensation offered by Government are taken into account the forecast is for a surplus of £0.068m in 2021/22 and deficits of £0.089m in 2022/23 and 2023/24. The 2020/21 Collection Fund surplus was £0.085m.

Table 2: Movement in Resources

	2021/22	2021/22	
	Latest position	Fire Authority September 2020	Increase / (Decrease)
	£'000	£'000	£'000
Locally Retained Business Rates	2,631		
Business Rates Top up	5,170		
Business Rates Baseline	7,801		
Revenue Support Grant	3,226		
Settlement funding assessment	11,027	9,776	1,251
Council Tax Collection Fund Surplus / (Deficit)	(34)		(34)
Business Rates Collection Fund Surplus / (Deficit)	(1,288)		(1,288)
Section 31 grant Business Rates adjustment	833	759	74
75% compensation Council Tax	49		49
75% compensation Business Rates	31		31
Release from reserves	1,309		1,309
local council tax support grant	474		474
Total Funding	12,402	10,535	4
Council Tax			
Council Tax Requirement	28,303	28,572	(269)
Total Resources	40,704	39,107	1,597

Under the council tax freeze option the Council Tax Requirement reduces to £27.751m and total resources to £40.153m.

6.2 Comparative position

- 6.2.1 As part of the provisional LGFS the Government publishes an assessment of all authorities' core spending power. For 2021/22 this Authority's increase in core spending power is assessed as 2.5% which is lower than the fire sector average of 2.7%. Out of 18 standalone fire authorities (excluding Mets) for which comparable figures are available only four, Cleveland, Humberside, Lancashire and Nottinghamshire have lower CSP increases (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 of 1.47% pa rather than the actual 2021/22 figure which is a reduction of 0.79%. Even when the Covid -19 LCTS grant is taken into account the adjusted CSP increase is only 2.3%. If a 0% increase in council tax was approved then the CSP increase would be 0.9%. In terms of spend per 1,000 population this Authority ranks first out of 23 combined fire authorities based on actual expenditure for 2019/20 (source CIPFA Stats).
- 6.2.2 A comparison of Band D council tax for 2020/21 shows that this Authority ranks fourth highest out of 20 combined fire authorities. The Authority's Band D tax for 2020/21 was 8.3% higher than the authority ranked one below and 4.9% lower than the authority ranked higher.

6.3 Overview of current budget proposals

- 6.3.1 The Budget Strategy of the Fire Authority is to support the following policy priorities:
- (i) to fulfil the Fire Authority's statutory duties as a legally separate authority
 - (ii) to ensure the Fire Authority has sufficient resources to meet its statutory responsibilities, not only for the current year, but also for the investment required primarily for the replacement of assets to ensure long-term service sustainability
 - (iii) to discharge its duties, as established under the Combination Order, with regard to determining an annual budget and consulting with stakeholders of its budget proposals, as appropriate
 - (iv) to deliver our Purpose and Commitments through our Integrated Risk Management Plan (IRMP) and our other key corporate strategies
 - (v) to identify sufficient savings over the medium term to ensure it has a balanced budget and sustainable medium term finance plan in the light of expected reductions in public sector funding
- 6.3.2 The Authority has since 2010/11 achieved £9.519m of operational and non-operational savings. The current MTFP has a savings of an additional £0.995m over the period covered by the MTFP, with an additional £0.635 under the council tax freeze option.
- 6.3.3 Precepting status means that the Revenue Budget has to be balanced within the context of the impact upon council taxpayers and demands and pressures faced by

the Fire Authority in meeting its statutory obligations, commitments and requirement to maintain an effective level of Reserves and Balances. The 2021/22 Revenue Budget has been prepared against a background of continued uncertainty regarding future funding for public services. We are currently anticipating that CSR and other reviews affecting our medium term funding from central government will be completed by 2022/23. We have modelled two funding scenarios and the Authority should, as a minimum, ensure that it makes plans to address the worst case scenario.

Table 3: Summary of Net Budget Requirement 1.99% council tax increase

	£'000	Change %
Original Estimate 2020/21	39,737	
Pay inflation	4	0.01%
Non pay inflation	98	0.24%
Changes in capital financing	1	0.00%
Commitments and bids	1,368	3.44%
Savings	(504)	(1.27%)
Original Estimate 2021/22	40,704	2.42%

Under the council tax freeze option non pay inflation reduces to £50,000, savings increase to £726,000 and the Original Estimate reduces to £40,153.

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 19th June, were reported to the Fire Authority at its' meeting on 3 September 2020 (Item 88).

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

In total, 2,047 responses were received:

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

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

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

The extent to which ESFRS offers value for money

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

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

- Open consultation questionnaire - More than 4 in 5 (83%) respondents would be willing to pay more in council tax for their local fire and rescue service (ESFRS) next year, whilst 17% would not be willing.
- Residents' Survey - Around 4 in 5 (81%) residents would be willing to pay more in council tax for their local fire and rescue service next year, whilst around 1 in 5 (21%) residents would not.
- Public focus groups/depth interviews - All but three public participants said they would be willing to pay more for ESFRS next year (one said they were not prepared to and there were two 'don't knows').

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

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

- Open consultation questionnaire - Of the respondents who would be willing to pay more in council tax for their local fire and rescue service next year, just over half (55%) preferred Option A (an increase of up to 3% depending on what the Government allows), whilst just under half (45%) preferred Option B (an increase of more than 3%).
- Public focus groups/depth interviews - Among the 37 public participants who were prepared to bear an increase, opinion was almost equally split between those who would tolerate an up to 3% rise (18) and those who would tolerate an over 3% rise (19).

- Those who supported a more than 3% rise typically commented that the weekly increase would be ‘less than a cup of coffee’ and considered it a more than reasonable price to pay for an “essential” public service.
- Those who supported a less than 3% increase did so on the grounds of affordability, for themselves and for others – and the impact of the Covid-19 pandemic on people’s finances was raised in the context of keeping increases to a minimum currently.
- Stakeholder webinar - 16 of the 19 stakeholders offered a view as to the level of increase they would be prepared to tolerate: 5 opted for an up to 3% rise; 4 for more than 3%; and there were 7 ‘don’t knows’.

6.4.3 The budget proposals have been shared with key business representative groups, partners and employee representative bodies with an invitation to comment. All responses received are included in full at Appendix J.

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 freeze in pay and the consequent impact of nil overall level of budget provision for pay awards, it is proposed to retain fees and charges at their current levels.

6.6 Main Variations

6.6.1 In setting the 2021/22 Revenue Budget a number of commitments have already been agreed, either previously as part of the 2020/21 budget setting or from the 2021/22 budget setting and Star Chamber process. These add to or reduce the revenue budget as pressures and cyclical items and one-off projects come and recede. Some are fixed sums and others are driven by assumptions. The current position is illustrated in table 4:

Table 4: 2021/22 Budget Commitments

	Current position £'000
Removal of temporary increases	
Fund Control interim service from General and earmarked reserves	500
Control interim service	(546)
SCC exit project costs	(77)
Fund SCC exit project costs	77
Facilitate the HMICFRS inspection in Spring 2021	(36)
ORR Implementation - programme management resource 1 x GM	(84)
Reinstate resilience crewing	(120)
Additional pensions resource	(15)
I&E Reserve Contribution to enable further invest to save activity in relation to ORR and Efficiency Strategy	(214)
Contribution to General Fund	(138)
Service pressures	
LGPS 20.6% to 20.1% decrease of 2.4%	(29)
Fleet Strategy adjustments	302
Removal of Joint control Costs	(1,101)
Interim Service Control Room/Tripartite	1613
Contribution from Mobilisation Reserve	(512)
NFCC subscriptions budget correction	13
Maritime Training - ship alongside	5
Pension Abatement	15
Occupation Heath Collaboration	15
Face fit testing	8
Foam spares - additional costs	20
Increase in insurance premiums	40
Overstated FPS admin saving	10
Increase in External Audit fees	30
Pay budget amendments and incremental progression	354
Additional Personal Protective Equipment costs	20
IT Strategy Refresh - revenue implications	398
Hazardous Waste Collection - additional provision	9
Reduction of Dry Riser testing income (one year only)	20
Maritime allowance pay delay in achieving saving (12 months only)	32

Fightfighter Pensions Scheme - employer's contributions	160
IRMP implementation team (fixed term)	141
Reduced Treasury Management income	35
Reduction of redundant income budgets	55
Increase in injury pension	15
Transfer from reserves balance after savings for 0% CT increase	0
Other adjustments	
Reduction in Corporate Contingency	(11)
TOTAL	1,004
Bids	
People Strategy:	
- Training Suite for EDI	10
- Development of toolkits and corporate training - resource for 12 months	45
- Grievance training	10
- Staff survey	10
- E-recruitment	13
- Appraisal Process	40
- HR Intelligence	10
- Draw down from the people strategy reserve	(40)
Fire Fighter recruitment	50
Flu Vaccinations	6
Return General Balances to 5% policy minimum (one year only)	210
Total Bids	364
Overall Total	1,368

6.6.2 The main variations reflect:

- Mobilising – the removal of the old SCC budget and the extension of the interim ESFC service for 6 months along with 6 months of the forecast cost of the new tri-partite service. The additional one off cost is funded from the Mobilising Strategy Reserve (P21 risk contingency)
- Fleet Strategy adjustments – reflecting the additional equipment costs related to the high number of new appliances due to be delivered in 2021/22
- Pay budget adjustments (including increments) - 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

- IT Strategy Refresh – the revenue implications of the new IT Strategy agreed by the Authority in September 2020
- Firefighter Pension Scheme – employer’s contribution – the correction of under budgeting for the impact of the increase in employer’s contributions following the most recent revaluation, net of the Pension Grant
- IRMP Implementation Team – the cost of establishing the team to implement the IRMP proposals as agreed by the Authority in September 2020
- People Strategy – the costs associated with the proposed People Strategy which total £0.138m in 2021/22 and £0.397m over the MTFP
- Firefighter Recruitment – the Service has determined that it needs to run regular whole time firefighter recruitment and training over the MTFP to reflect its expected retirement profile starting in 2021/22 (£0.050m) and with costs totalling £0.905m over the MTFP.
- General Balances contribution – this is to return General Balances to the agreed 5% policy minimum (the council tax freeze option requires a contribution of £0.279m in 2021/22 pending realisation of savings).

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 £10.514m (£11.145m under the council tax freeze option) of which £9.519m will have been delivered by the end of 2020/21. The MTFP includes savings of £0.504m for 2021/22 and savings of £0.995m over the duration of the MTFP (£0.726m and £1.630m respectively under the council tax freeze option). These are shown in tables 5a and 5b below:

Table 5a: Savings (1.99% council tax option)

Div	Team	Description	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	Net savings £'000
SC	Community Safety	Reduction in administration costs in Safer Communities	(25)	0	0	0	0	(25)
	Central	Use of BR Pooling to support service delivery	50	0	0	0	0	50
RT	Estates	Estates Strategy revenue maintenance savings.	(40)	(60)	(120)	(120)	(120)	(460)
OSR	Engineering	Engineering - cutting equipment purchased early (1 year only)	60	0	0	0	0	60
All	All	Travel & subsistence	(16)	16	0	0	0	0

OSR	Emergency Planning	Various savings to fund abatement costs	(15)	0	0	0	0	(15)
OSR	Engineering	Fuel	(15)	15	0	0	0	0
PI	Communications	Stationery contract savings	(10)	0	0	0	0	(10)
PS	HR	Firewatch Project	0	(25)	0	0	0	(25)
PS	Training	STC Catering contract savings	(4)	(6)	0	0	0	(10)
		Reinstate contribution to Capital Expenditure	0	452	0	0	0	452
RT	Corporate	Funded from the Revenue Account (CERA)						
RT	Corporate	Reduce Corporate Contingency	(106)	106	0	0	0	0
RT	Estates	Cessation of HQ shuttlebus service	(18)	0	0	0	0	(18)
RT	ITG	IT Strategy - delay some projects from 21/22 to 22/23	(100)	100	0	0	0	0
RT	Procurement	Category Strategy Savings	(25)	(25)	(25)	(25)	(25)	(125)
SC	All ops	Changes to operational policies and practice (IRMP Appendix A)	(50)	(75)	(125)	0	0	(250)
SC	Community Safety	Community Safety - Adaptations contract income target (net of contract costs)	(15)	0	0	0	0	(15)
SC	Community Safety	Community Safety Restructure	(79)	0	0	0	0	(79)
SC		IRMP Savings	(96)	(123)	2	(207)	(101)	(525)
Total Proposed Savings			(504)	375	(268)	(352)	(246)	(995)

6.7.2 The Authority has agreed to adopt a more strategic approach to delivering efficiencies that moves beyond previous approaches that had focussed on delivering savings necessary to balance the revenue budget. The main new efficiencies / savings built into the MTFP as a result are:

- IRMP – financial impact of the IRMP agreed September 2020 excluding the short term costs of the implementation team (shown separately in table 4)
- Changes to operational policy and practice that will release further efficiencies agreed to be implemented alongside the IRMP
- Procurement – Category Strategy – forecast savings resulting from the new Category Strategies agreed by SLT

6.7.3 The proposed additional savings necessary to balance the 2021/22 budget, should the Authority approve the council tax freeze option, are set out in Table 5b. In order to ensure that the savings mitigate the longer term impact of this option base budget savings rather than one off savings have been identified. Not all of these savings can be achieved by 1 April 2021 with some requiring internal consultation processes with staff groups affected.

The proposal to move Battle Fire Station to retained duty system will require full public consultation and a further formal decision by the Fire Authority. None of the proposed additional savings have been subject to consultation with staff representative bodies. Table 5b therefore shows the estimated part year effect for 2021/22 with the savings fully achieved by 1 April 2022. In order to balance the budget in 2021/22 it will also be necessary to drawdown £0.279m from General Balances. As the full year effect savings will be greater than the impact of the council tax freeze for 2022/23 – 2024/25 then excess savings could be repaid into General Balances. This would need further consideration as the level of savings required in future years becomes clear after CSR21. These proposals are estimated to result in a reduction of 13 posts by 1 April 2022 of which 12 would be operational.

Table 5b: Additional Savings (council tax freeze option)

Div	Team	Description	2021/22	2022/23	2023/24	2024/25	2025/26	Net savings
			£'000	£'000	£'000	£'000	£'000	£'000
All	All	Non Pay inflation reduce to 0.5 %	(50)	0	0	0	0	(50)
PI	PMO	Consolidate project management capacity	(13)	(12)	0	0	0	(25)
SC	Safer Communities	RDSO's reduce by 1 FTE	(50)	0	0	0	0	(50)
SC	Safer Communities	IRMP Remove 4 posts from the City	(160)	0	0	0	0	(160)
SC	Safer Communities	Battle to RDS	0	(350)	0	0	0	(350)
Total Proposed Savings			(273)	(362)	0	0	0	(635)

6.7.4 As part of the budget setting process SLT has reviewed the opportunities set out in the Efficiency Strategy and identified the following areas to explore in 2021/22 for potential delivery from 2022/23 onwards. Each area will be built into the relevant Directorate Business Plan – some will require extra resourcing, for which bids will need to be made against the Improvement & Efficiency Reserve and for this reason, along with the need to fund additional investment in the CRM project an additional contribution of £0.286m is made into that Reserve in 2021/22:

- Community Safety – alternative delivery models
- Primary Authority – further development of income opportunities
- IT Outsource contract review / option to extend
- CRM / Firewatch / Process Digitisation
- Review of Senior / Middle Management
- Administration Review
- Fleet & Equipment Strategy
- ITF Shared Transport function
- P21 / Tripartite Mobilising Service– operational / joint working efficiencies
- Capital Asset Strategy sustainability

In addition work is continuing as part of the Estates Strategy to progress both the Estates Shared Service and achieve an agreed programme of sharing of estates assets with SECamb and Sussex Police, which will be essential to delivering the efficiencies / savings already built into the MTFP (£0.460m by 2025/26, £0.480m in total).

7. **CAPITAL PROGRAMME**

- 7.1 The Capital Asset Strategy (CAS) reflects the Authority's identified capital investment requirements for the next five years and has been updated to reflect the outcomes of the IRMP and the impact of Covid-19 on delivery in 2020/21. During 2021/22 further work will be undertaken to review the sustainability of the Capital Asset Strategy and its required funding and this will be informed by reviews of the profiling of the Estates Strategy and a review of the Fleet and Equipment Strategy which are already underway.
- 7.2 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 2022/23 onwards. The MTFP includes the cost of financing capital expenditure with an increase of £1,000 in 2021/22 as some external debt is paid off and increases of £4,000 in 2022/23, £156,000 in 2023/24, £101,000 in 2024/25 and £65,000 in 2025/26 as debts mature and are paid off but new borrowing is required. At 31 March 2021 the Authority's debt will be £10.698m and is forecast to stand at £18.202m by the end of the MTFP. The total revenue costs of borrowing (MRP and interest) will increase by £0.327m to £1.237m over the MTFP.

Table 6: Change in Capital Investment 2020/21 to 2025/26

	Total resource £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
2021/22 Strategy							
Fleet	12,757	1,671	3,100	2,269	2,269	1,789	1,659
Property	12,832	624	3,005	5,413	1,404	1,103	1,283
IMD	0						
Total Cost	25,589	2,295	6,105	7,682	3,673	2,892	2,942
2020/21 Strategy							
Fleet	12,794	3,393	2,011	2,916	2,917	1,557	
Property	11,251	2,599	4,756	1,545	989	1,362	
IMD							
Total Cost	24,045	5,992	6,767	4,461	3,906	2,919	
Increase / (Decrease) in planned spend							

Fleet	(37)	(1,722)	1,089	(647)	(648)	232	1,659
Property	1,581	(1,975)	(1,751)	3,868	415	(259)	1,283
IMD	0	0	0	0	0	0	0
Total Increase / (Decrease)	1,544	(3,697)	(662)	3,221	(233)	(27)	2,942

8. RESERVES & BALANCES

- 8.1 Reserves are an essential part of good financial management. They help authorities cope with unpredictable financial pressures and plan for their future spending commitments.
- 8.2 The Authority's Reserves Strategy is set out in Appendix E and sets out how the adequacy of the level of General Reserves has been assessed and the details of the level and purpose of the Authority's Earmarked Reserves. The format reflects the template developed by the NFCC Finance Co-ordination Committee to promote greater consistency across the sector.
- 8.3 The Authority holds a number of earmarked reserves to support the delivery of a range of strategies and projects, including joint funding of the installation of sprinklers and people strategy as well as where the Authority is the Accountable Body for the regional Emergency Service Mobile Communications Programme grant. 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 £648,000. The S31 Business Rates Retention earmarked reserve will be used to make good expected S31 grant deficits in 2021/22 and the I.T. reserve is topped up annually from the revenue budget (by £565,000 in 2021/22) to deliver the IT strategy. As noted in paragraph 6.7.4 a contribution of £0.286m will be made into the Improvement & Efficiency Reserve in 2021/22 to support funding of additional investment in CRM and developing future efficiency measures.
- 8.4 The Authority is required to maintain general reserves sufficient to cover the key financial risks that it faces, and currently sets its policy for the General Reserve at a minimum of 5% of its net revenue budget. The detailed risk assessment in Annexe A indicates that the overall assessed risk has not changed since last year. The National Fire Framework requires authorities to explain the reasons for holding general balances above 5%. A review of the NFCC's Survey of Fire Reserves (2019/20) indicates that the average level of General Reserves held will reduce from 7.0% (31/03/2019) to 5.6% (31/03/2020) and then below 5% by the end of 2022/23. Based on the Home Office published analysis of standalone FRA Reserves (as at 31 March 2019) the Authority holds below average levels of General and Earmarked Reserves, but above average levels of Capital Reserves. Capital Reserves are used to support the financing of the Capital Asset Strategy and will be exhausted by the end of 2022/23. The level of General Reserves held also reflects the current uncertainty about Fire Sector funding beyond 2021/22. A

summary of the forecast year end reserves and balances position is set out in table 7 below.

TABLE 7: Summary of Forecast Reserves

	31/03/2021	31/03/2022	31/03/2023	31/03/2024	31/03/2025	31/03/2026
	£'000	£'000	£'000	£'000	£'000	£'000
Capital Programme Reserve	2,209	2,709	0	0	0	0
Other Earmarked Reserves	7,902	2,739	916	616	356	356
Total Earmarked Reserves	10,111	5,448	916	616	356	356
General Fund	1,815	2,025	2,025	2,025	2,025	2,025
Capital Reserves	5,752	233	0	0	0	0
Total Useable Reserves	17,678	7,706	2,941	2,641	2,381	2,381

Under the council tax freeze option General Fund Reserves will reduce by £0.279m in 2021/22.

9. **CHIEF FINANCE OFFICER STATEMENT**

9.1 In the view of the Treasurer in line with the requirements set out in Section 25 of the Local Government Act 2003, the estimates used for the purposes of calculating the budget, revenue and capital, have been produced in a robust and transparent way and the proposed financial reserves are consistent with Fire Authority policy and are prudent and necessary. Given the continuing uncertainty around funding after 2021/22, the risks set out in this report and the nature of its business as an emergency service, the Authority needs to recognise that risks, financial and otherwise, and their consequent impact on the budget and reserves, may change during the year and will need to be continually monitored and reviewed in line with the Authority's policies.

10. **EQUALITY IMPACT ASSESSMENT**

10.1 Following the introduction of the Equality Act 2010 the Authority must, in the exercise of its functions, including the setting of its Revenue Budget and the taking of decisions on savings proposals, have due regard to its duties under the Act and in relation to certain protected characteristics. This means that Members must understand the consequences of the decisions they take for those with the relevant protected characteristics and consider these proportionately alongside other relevant factors.

10.2 All changes to strategy and policy and new projects are subject to individual Equality Impact Assessments. However a high level EIA of the budget proposals for the 1.99% option 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 which have been subject to a separate EIA. Procurement category strategy savings will be subject to the proposed new Responsible Procurement Policy which includes EDI considerations. The cessation of the HQ shuttlebus service involved engagement with staff affected to determine any need for reasonable adjustments. Other budget proposals are not assessed to impact on any protected characteristics at this stage. The EIA has been reviewed by the EDI Group and approved by the Assistant Director Resources / Treasurer and the HR Manager.

- 10.3 An EIA of the additional savings required for the council tax freeze option has not been carried out at this point. A separate EIA would need to be completed for the proposal to change Battle to RDS and this would be conducted as part of the project.

APPENDIX A

MEDIUM TERM FINANCIAL PLAN 2021/22 - 2025/26

Best case scenario – Flat Cash (0% per annum reduction in SFA 2022/23 onwards)

INCREASE COUNCIL TAX BY 1.99% EACH YEAR

	2021/22	2022/23	2023/24	2024/25	2025/26
	£'000	£'000	£'000	£'000	£'000
Gross Revenue Service Budget	41,459	41,904	42,237	42,867	43,592
Less					
Specific grants	(2,008)	(2,008)	(2,008)	(2,008)	(2,008)
Other income	(582)	(596)	(607)	(620)	(632)
Total income	(2,590)	(2,604)	(2,615)	(2,628)	(2,640)
Net Service Budget	38,870	39,301	39,622	40,239	40,952
Capital financing costs less interest receivable	871	885	1,051	1,152	1,217
Capital expenditure from the Revenue Account	0	452	452	452	452
Transferred from reserves	(597)	(30)	0	0	0
Transferred to reserves	1,561	1,092	1,145	1,181	1,199
Total Net Expenditure	40,704	41,700	42,270	43,024	43,820
Net Budget brought forward	39,737	40,704	41,700	42,270	43,024
Unavoidable cost pressures					
Pay inflation	4	732	726	739	753
Price inflation	98	231	245	239	241
Total inflation	102	963	971	978	994
Changes in Capital Financing	1	4	156	101	65
Budget commitments	1,368	(347)	(289)	28	(17)
Savings approved	(504)	375	(268)	(352)	(246)
Total Net Expenditure	40,704	41,700	42,270	43,024	43,820
Sources of Funding	2021/22	2022/23	2023/24	2023/24	2023/24
	£'000	£'000	£'000	£'000	£'000
Locally Retained Business Rates	2,631				
Business Rate Top Up	5,170				
Business Rates Baseline	7,801				
Revenue Support Grant	3,226				
Settlement Funding Assessment	11,027	11,027	11,027	11,027	11,027
Section 31 Grant Business Rates adjustment	833	833	833	833	833
Council Tax Collection Fund (Deficit) / Surplus	(34)	(127)	(127)	0	0
Business Rates Collection Fund (Deficit) / Surplus	(1,288)	(42)	(42)	0	0
Collection Fund (Deficit) / Surplus	(1,321)	(169)	(169)	0	0

Release of S31 Reserve	1,309				
Covid-19 Collection Fund Deficit 75% compensation CT	49	49	49		
Covid-19 Collection Fund Deficit 75% compensation BR	31	31	31		
Collection Fund (Deficit) / Surplus (Adjusted)	68	(89)	(89)	0	0
local council tax support grant	474	0	0		0
Council Tax Requirement	28,303	29,011	29,811	30,709	31,634
Total Resources Available	40,704	40,782	41,581	42,569	43,494
Additional Savings Required / (surplus)					
	(0)	918	688	455	326

Worst case scenario – savings required

	2021/22	2022/23	2023/24	2024/25	2025/26
	£'000	£'000	£'000	£'000	£'000
5% per annum settlement funding assessment reduction	(0)	1,511	1,845	2,148	2,528

APPENDIX A (i)

MEDIUM TERM FINANCIAL PLAN 2021/22 - 2025/26

Best case scenario – Flat Cash (0% per annum reduction in SFA 2022/23 onwards)

FREEZE COUNCIL TAX (0% in 2021/22 and 1.99% thereafter)

	2021/22	2022/23	2023/24	2024/25	2025/26
	£'000	£'000	£'000	£'000	£'000
Gross Revenue Service Budget	41,184	41,261	41,577	42,190	42,896
Less					
Specific grants	(2,008)	(2,008)	(2,008)	(2,008)	(2,008)
Other income	(578)	(592)	(604)	(616)	(628)
Total income	(2,586)	(2,600)	(2,612)	(2,624)	(2,636)
Net Service Budget	38,598	38,661	38,965	39,566	40,260
Capital financing costs less interest receivable	871	885	1,051	1,152	1,217
Capital expenditure from the Revenue Account	0	452	452	452	452
Transferred from reserves	(876)	(30)	0	0	0
Transferred to reserves	1,561	1,161	1,214	1,250	1,268
Total Net Expenditure	40,153	41,129	41,682	42,420	43,197
Net Budget brought forward	39,737	40,153	41,129	41,682	42,420
Unavoidable cost pressures					
Pay inflation	2	726	711	724	737
Price inflation	50	230	244	237	239
Total inflation	52	956	955	961	976
Changes in Capital Financing	1	4	156	101	65
Budget commitments	1,089	3	(289)	28	(17)
Savings approved	(727)	13	(268)	(352)	(246)
Total Net Expenditure	40,153	41,129	41,682	42,420	43,198
Sources of Funding	2021/22	2022/23	2023/24	2023/24	2023/24
	£'000	£'000	£'000	£'000	£'000
Locally Retained Business Rates	2,631				
Business Rate Top Up	5,170				
Business Rates Baseline	7,801				
Revenue Support Grant	3,226				
Settlement Funding Assessment	11,027	11,027	11,027	11,027	11,027
Section 31 Grant Business Rates adjustment	833	833	833	833	833
Council Tax Collection Fund (Deficit) / Surplus	(34)	(127)	(127)	0	0

Business Rates Collection Fund (Deficit) / Surplus	(1,288)	(42)	(42)	0	0
Collection Fund (Deficit) / Surplus	(1,321)	(169)	(169)	0	0
Release of S31 Reserve	1,309				
Covid-19 Collection Fund Deficit 75% compensation CT	49	49	49		
Covid-19 Collection Fund Deficit 75% compensation BR	31	31	31		
Collection Fund (Deficit) / Surplus (Adjusted)	68	(89)	(89)	0	0
local council tax support grant	474	0	0		0
Council Tax Requirement	27,751	28,444	29,228	30,109	31,016
Total Resources Available	40,153	40,215	40,999	41,969	42,876
Additional Savings Required / (surplus)					
	0	914	683	451	322

Worst case scenario – savings required

	2021/22	2022/2	2023/2	2024/2	2025/2
	£'000	£'000	£'000	£'000	£'000
5% per annum settlement funding assessment reduction	0	1,507	1,840	2,144	2,524

REVENUE BUDGET OBJECTIVE SUMMARY

	2020/21 Original Estimate £'000	2021/22 Original Estimate (1.99% option) £'000	2021/22 Original Estimate (Freeze option) £'000
Peoples Services	3,641	3,875	3,871
Resources/Treasurer	7,506	7,855	7,822
Planning and Improvement	1,275	1,222	1,208
Total Deputy Chief Fire Officer	12,422	12,952	12,901
Safer Communities	21,017	21,462	21,251
Operational Support	4,298	4,677	4,669
Total Assistant Chief Fire Officer	25,315	26,139	25,919
CFO Staff	705	781	781
Treasury Management	839	875	875
Non delegated costs	(1,058)	(1,348)	(1,350)
Corporate Contingency	454	341	341
Transfers from Reserves	(627)	(597)	(876)
Transfers to Reserves	1,687	1,561	1,561
Total Corporate	2,000	1,613	1,332
Total Net Expenditure	39,737	40,704	40,152

APPENDIX B

REVENUE BUDGET SUBJECTIVE SUMMARY

	2020/21 Original Estimate	2020/21 Original Estimate (1.99% option)	2020/21 Original Estimate (Freeze option)
	£'000	£'000	£'000
Salaries, Allowances and On-costs	29,511	29,607	29,382
Training Expenses	586	754	751
Other Employees Costs	45	46	45
Employee Costs	30,142	30,406	30,178
Repair, Maintenance and Other Costs	1,261	1,293	1,287
Utility Costs	1,233	1,230	1,223
Premises Costs	2,494	2,523	2,510
Vehicle Repairs and Running costs	979	1,024	1,019
Travel Allowances and Expenses	124	79	78
Transport Costs	1,103	1,102	1,097
Equipment and Supplies	1,046	1,338	1,332
Fees and Services	3,292	4,040	4,026
Communications and Computing	1,837	1,769	1,759
Other Supplies and Services	290	301	300
Supplies and Services	6,465	7,447	7,417
Sums set aside from revenue	414	428	428
Interest Payments	496	483	483
Capital Financing	910	911	911
Grants and Contributions	(2,041)	(2,304)	(2,302)
Interest Received	(75)	(40)	(40)
Other Income	(321)	(306)	(303)
Income	(2,437)	(2,649)	(2,646)
Transfers from reserves	(627)	(597)	(876)
Transfers to reserves	1,687	1,561	1,561
Total Net Expenditure	39,737	40,704	40,152
Financed By:		0	0
Council Tax	(27,931)	(28,303)	(27,751)
Business Rates	(7,714)	(7,801)	(7,801)
Revenue Support Grant	(3,208)	(3,226)	(3,226)
Covid-19 Local tax support grant	0	(474)	(474)
S31 Grants	(799)	(833)	(833)
Collection Fund Surplus/Deficit Council Tax	(85)	(68)	(68)
Total Funding	(39,737)	(40,704)	(40,152)

FEES AND CHARGES**APPENDIX C**

WITH EFFECT FROM 1 APRIL 2021

Fee	Existing Fees 2020/21 £	New Fees 2021/22 £
The hiring of a major pumping appliance with crew per hour	304	304
The hiring of other pumping vehicles with crew per hour	245	245
The hire of hydraulic platforms or turntable ladders with crew per hour	329	329
Large animal rescue per hour	304	304
Dry Riser (subsequent test at the owner's request):		
First Dry Riser	228	228
Additional Dry Risers	149	149
Interviews: *		
- Insurance co. etc.	149	149
- After two hours	97	97
Copy of Petroleum Licences *	37	37
Copy plans *	42	42
Standby at Venue	304	304
Fire Investigation Report	327	327
Chemical Protection Suit	171	171
Commercial Training Customers Site (per session up to 20 delegates):		
- Fire Marshal / Warden training (4 hours)	599	599
- Fire Extinguisher training (3 hours)	599	599
- Fire Awareness (3 hours)	599	599
Commercial Training One day course (per delegate)	187	187
Commercial Training Fire Safety at work (1 day, per delegate)	179	179
Commercial Training Fire Talk (without practical, 1 to 3 hours)	350	350
Inspection of Plans for Marriage Act 1994 *	126	126
Environmental search fees *	118	118

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

MEDIUM TERM CAPITAL STRATEGY 2021/22 - 2025/26

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 (excepting the review of special appliances).

The main areas covered within the strategy are summarised below.

Estates Strategy – General Schemes

This Strategy seeks to achieve property maintenance and improvements as identified by the most recent condition surveys undertaken in 2018 as part of the review of the Estates Strategy. This informs us of the overall cost prioritisation of work and ensures that the building stock can be sustained in effective working order on a long term basis. It also reflects the capacity of the Estates Team to deliver the required day-to-day services effectively. This includes the Estates related costs of the investment in our station end IT equipment and investment in excess of £1m in the Fire Training Units at Service Training Centre.

Spend against budget is significantly reduced in 2020/21 due to the need to suspend works during Covid 19 lockdown and the legacy impact on the supply chain and their resources. Future plans have been adjusted accordingly.

Estates Strategy – Strategic Schemes

These Schemes reflect the improvements necessary to deliver the standards set out in the Design Guide across our estate (including STC but excluding Shared Investment Schemes shown below). They reflect the condition surveys carried out in 2018 and the overall cost includes a contingency of c15% and provision for inflation for the last three years of the Strategy.

We are now two years into the strategy and have developed five schemes to a good level of design. However it has become apparent that due to key issues beyond the control of the team such as outcome of IRMP and impact of Covid there is a need to review and re-sequence the programme of works to ensure both sufficient internal and external resource are available to support the successful project delivery.

This review and re-sequencing work is Work in Progress and being undertaken in consultation with operational colleagues, prioritising whole time stations, the need to support the implementation of the IRMP and the recommendations of the Condition surveys.

Since the last version of the Capital Asset Strategy was approved, planned Estates works have been re-packaged with generic upgrades e.g. heating, roofing etc. rolled

into Design Guide schemes for each station. In addition planned refurbishment of live fire training facilities at Service Training Centre is shown as a separate scheme. This has resulted in an overall reduction in the total cost of General Schemes and an increase in the total cost of Strategic Schemes.

This part of the Strategy includes key strategic schemes to improve security and renewables across the whole estate and also to deliver upgrades to fuel tanks. The latter project is part of the Integrated Transport Project and following the approval of an updated business case is part funded by Fire Transformation Grant held by Surrey CC on behalf of the ITF and a partner contribution from Sussex Police. Batch 1 of this project was completed in August this year with the remaining scope due for delivery in 2021/22. Confirmation is awaited from Sussex Police as to whether they wish to continue to partner on this scheme; should they withdraw this will not impact the grant funding but could affect their £60,000 contribution.

Estates Strategy – Shared Investment Schemes

The Authority has a programme of property schemes which involve shared investment with partners either through the One Public Estates Programme (East Sussex and Greater Brighton) and the Integrated Transport Function (ITF). This includes major refurbishments to existing sites and new build projects and these are summarised below:

Integrated Transport Function (ITF) – South Eastern Hub Workshop – the ITF, part of the wider Emergency Services Collaboration Project (ESCP), has identified the need for a new workshop site in the South East of the Surrey / Sussex area. This was originally planned as a partnership between ESFRS and Sussex Police on a site near Bexhill but initial feasibility studies have confirmed that the proposal was unaffordable and Sussex Police have subsequently withdrawn from the project.

The Authority is currently working with SECAMB to assess the feasibility of a joint facility in Polegate. Should the project progress on a partnership basis £1.5m of funding would be available from the Fire Transformation Grant awarded to the ITF in 2015/16 in addition to the £1m provided from the Authority's own resources.

The impact of this delay to agreeing the brief is that the likely programme for delivery has slipped by about one year.

Preston Circus Fire Station– this station is the Authority's main asset in the City and we have determined that redevelopment of a modern, fit-for-purpose facility on the existing site is our preferred option. The project has yet to be signed off at RIBA Stage 2 and is now subject to further review to ensure the appliance bays are fit for purpose for the current fleet.

As such the programme has not significantly progressed for almost a year and spend forecast have therefore been pushed on by a year.

The preferred option to maintain business as usual during project delivery is to take temporary off site accommodation, the costs are included within the overall project cost. Our preferred option for the surplus space on site is for this to be redeveloped as part of the project and let on a commercial basis. This will require additional

investment in the project and a proposal will be brought once we have more certainty on the deliverability within with current scheme budget.

Lewes Fire Station – the current Lewes Fire Station site forms part of the planned North Street Quarter redevelopment. As part of the redevelopment it is proposed that a new fire station is provided as part of an emergency services hub at the rear of the current North Street Police Station and the adjacent Springman House site. Discussions remain ongoing and in principle the project should be at no cost to the Authority, at this stage a budget of £250,000 has been included to cover internal project management and other costs.

Lewes District Council and its partners in the project have recently agreed to sell their landholdings to developer Human Nature (HN). We are currently awaiting a meeting with HN to understand their approach and timeline for the NSQ project and the Lewes Blue Light Hub.

Uckfield and Heathfield – These OPE projects to bring Sussex Police and SECAmb onto the existing fire station sites in Uckfield and Heathfield were approved in November 2018. Since that time and following changes to policing numbers locally and nationally Sussex Police confirmed that they would not be able to commit to these projects for several years. The Authority is therefore assessing the viability of proceeding solely with SECAmb as a partner and also reviewing the detriment to the budget of the loss of the partner contribution from Sussex Police.

Fleet and Equipment Strategy

The Authority has a rolling programme of replacing its vehicle fleet in line with its agreed lifing policy. This encompasses fire appliances (approximately three each year), aerial appliances, ancillary vehicles and the light fleet (cars and vans). An interim review of the fleet replacement programme was carried out in 2018/19 and reduced the total number of appliances required by three. As a result of the IRMP it was agreed to remove the Water tenders from 5 day crewed stations including 2 water tenders from Rye and Battle. Eastbourne and Hastings would have one additional appliance called a P2. Three Appliances from the spares fleet would be based on 3 Day crewed stations Bexhill, Newhaven & Crowborough. As a result of the IRMP it was agreed not to proceed with the flexible fleet review and it would remain with the fire appliance single type design.

Also as part of the IRMP it was also agreed to remove the ARP from Eastbourne and replace it in 2022/23 with a dedicated aerial appliance to mirror the same build as the new aerial appliance for Hastings.

The Authority has taken on a number of national resilience assets and receives a New Burdens grant for their maintenance. Future requirements for these assets once they reach end of life in 2022/23 is being reviewed nationally by the NFCC and the Home Office. Once the outcome of the review is known and the Government confirms funding for new assets a review of local need for any assets where replacement is not funded by Government will be carried out.

Most equipment replacement is funded through our revenue budget, however, schemes can be considered for capital funding where they meet certain criteria. A business case to SLT will be prepared to detail the new policy for capitalising

equipment, the pros and cons of adopting this policy and the net financial impact on both capital and revenue budgets (increase in the cost of borrowing, savings on the revenue budget etc.).

Detailed strategies for Estates, and Fleet and Engineering are available as separate documents.

Funding

The Capital Strategy is funded from a number of sources which are described below. In order to ensure the Strategy is sustainable and affordable we aim to maximise external funding, where it is available, so as to reduce the pressure on our own resources. This is becoming increasingly important in the light both of pressures on our revenue budget and the ending of general capital grant from central government.

- Capital Grant

General capital grant allocations from central government for fire authorities ended in 2014/15 and grant funding thereafter is on a wholly bid-for basis. The Authority has not submitted any bids for the duration of this Strategy. As noted above there is the potential for grant funding to be accessed through the ITF project. The Authority has been successful in a bid for CIL grant funding from Lewes District Council to cover 50% of the cost of Design Guide works at Barcombe and Seaford Fire Stations.

- Partner Contributions

The Authority is increasingly engaged in collaborative working with other public sector partners, particularly other emergency services. This includes capital projects, and where the Authority is lead body for a scheme this may lead to partners making contributions towards the capital costs.

- Capital Receipts

Receipts from the disposal of existing capital assets may only be used to fund expenditure on new capital assets. The Government did offer flexibilities for capital receipts generated between 2016/19, to be used to fund the revenue costs of transformation projects, however, given the Authority's position in terms of both funding of the capital programme (primarily through capital receipts) and the availability of one off revenue finance through its Reserves, the offer was not pursued.

Historic capital receipts from the sale of service houses and 20 Upperton Road along with the sale of the former Newhaven Fire Station in Fort Road (£0.525m in 2020/21 & 2021/22) will be used to fund the Capital Strategy. As at 31 March 2021 it is estimated that there will be unapplied capital receipts of £5.752m (Capital Receipts Reserve) including the sale of ARP (£0.120m) plus the balance on the sale of Fort Road (£0.472m) will bring the amount available to £6.224m. It is the Authority's current policy to use capital receipts to fund the capital programme before using the Capital Programme Reserve (which is a revenue reserve).

- Revenue Contributions

The Authority can make revenue contributions to the cost of its capital expenditure either direct from its revenue budget or from reserves earmarked for capital schemes. As at 31 March 2021 it is estimated that there will be a balance of £2.209m in the Capital Programme Reserve (CPR). A revenue contribution to the CPR of £0.5m is included in the base budget annually from 2022/23. 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 £0.452m 2022/23 onwards.

- 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 £50,000 - £60,000 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 need to finance the Capital Asset Strategy over the next five years is £10.150m and this has been fed into the MTFP and our future borrowing costs.

MEDIUM TERM CAPITAL STRATEGY 2021/22 to 2025/26 – SCHEMES

Capital Programme Expenditure 2021-22 to 2025-26									
	Total Budget	Total Previous Year's Spend	Estimated Spend 2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	Remaining Spend
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Property									
Shared Investment Schemes									
Integrated Transport Project	1,000	0	20	180	800	0	0	0	1,000
- Partner contribution	0								
Integrated Transport Project net cost	1,000	0	20	180	800	0	0	0	1,000
One Public Estate									
- Heathfield	50	0	16	0	34	0	0	0	50
- Partner contribution	0								
- Heathfield net cost	50	0	16	0	34	0	0	0	50
- Lewes	250	4	0	0	0	246	0	0	246
- Partner contribution	0	0							0
- Lewes net cost	250	4	0	0	0	246	0	0	246
- Preston Circus	3,138	79	85	750	2,224	0	0	0	3,059
- Partner contribution	0	0							
- Preston Circus net cost	3,138	79	85	750	2,224	0	0	0	3,059
- Uckfield	100	0	6	0	0	94	0	0	100
- Partner contribution	0	0							
- Uckfield net cost	100	0	6	0	0	94	0	0	100
Total Shared Investment Scheme:	4,538	83	127	930	3,058	340	0	0	4,455
Strategic Schemes									
- Replacement Fuel Tanks	552	139	220	193	0	0	0	0	413
- Partner contribution	(352)	(137)	(215)	0	0	0	0	0	(215)
- Replacement fuel tanks net cost	200	2	5	193	0	0	0	0	198
Design Guide Schemes	5,605	60	120	1335	1015	874	1008	1193	5,545
BA Chambers works	399	399	0	0	0	0	0	0	0
STC live fire Training	1,340	0	25	200	1115	0	0	0	1,340
Sustainability	277	21	31	100	75	50	0	0	256
Security	215	0	65	20	50	40	20	20	215
Total Strategic Schemes	8,036	482	246	1,848	2,255	964	1,028	1,213	7,554
General Schemes	1,373	677	251	100	100	100	75	70	696
Total Property	13,947	1,242	624	2,878	5,413	1,404	1,103	1,283	12,705

	Total Budget	Total Previous Year's Spend	Estimated Spend 2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	Remaining Spend
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Information Management									
- Sussex Control Centre	1,643	1,606	37	-	-	-	-	-	37
- Grant funds	(1,643)	(1,606)	(37)	-	-	-	-	-	(37)
Sussex Control Centre net cost	-	-	-	-	-	-	-	-	-
Fleet and Equipment									
- Vehicle cameras	118	-	-	118	-	-	-	-	118
- Grants funds	(118)	0	0	118	-	-	-	-	(118)
- Vehicle cameras net cost	-	-	-	-	-	-	-	-	-
RPE Project	993	961	32	-	-	-	-	-	32
- grant funds	(10)	(10)	0	-	-	-	-	-	0
Telemetry	70	-	-	70	-	-	-	-	70
Special Projects	1,053	951	32	70	-	-	-	-	102
Aerials	2,201	510	190	-	743	758	-	-	1,691
Aerial Rescue Pump	22	22	-	-	-	-	-	-	-
Fire Appliances	6,603	838	830	1,461	891	877	861	845	5,765
Ancillary Vehicles	2,926	300	191	1,149	381	391	368	146	2,626
Cars	1,699	112	175	316	254	64	272	506	1,587
Vans	1,675	689	253	104	-	179	288	162	986
Total Fleet and Equipment	16,179	3,422	1,671	3,100	2,269	2,269	1,789	1,659	12,757
Total Property	14,074	1,242	624	3,005	5,413	1,404	1,103	1,283	12,832
Total Expenditure	30,253	4,664	2,295	6,105	7,682	3,673	2,892	2,942	25,589

MEDIUM TERM CAPITAL STRATEGY 2021/22 to 2025/26 - FUNDING

	2021/22	2022/23	2023/24	2024/25	2025/26	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Fleet and Equipment	3,100	2,269	2,269	1,789	1,659	11,086
Estates	3,005	5,413	1,404	1,103	1,283	12,208
Original Capital Programme	6,105	7,682	3,673	2,892	2,942	23,294
Funded by:						
Capital Receipts Reserve	5,991	233	-	-	-	6,224
Capital Programme Reserve	-	3,209	500	500	500	4,709
Revenue Contributions to Capital Programme Reserve	-	-	-	-	-	-
Revenue Contributions to Capital	-	452	452	452	452	1,808
BR Pilot Economic Reserve	86	-	-	-	-	86
CIL	-	289	-	-	-	289
MRP / Internal Borrowing	28	-	-	-	-	28
New Borrowing / Need to Borrow	-	3,499	2,721	1,940	1,990	10,150
Updated Capital Programme	6,105	7,682	3,673	2,892	2,942	23,294

Funding – Use of Reserves							
	2020/21		2021/22	2022/23	2023/24	2024/25	2025/26
	£'000		£'000	£'000	£'000	£'000	£'000
Capital Receipts Reserve							
Opening Balance	7,518		5,752	233	0	0	0
Transfers In	173		472	0	0	0	0
Transfers Out	(1,939)		(5,991)	(233)	0	0	0
Closing Balance	5,752		233	0	0	0	0
Capital Programme Reserve							
Opening Balance	1,709		2,209	2,709	0	0	0
Transfers In	500		500	500	500	500	500
Transfers Out	0		0	(3,209)	(500)	(500)	(500)
Closing Balance	2,209		2,709	0	0	0	0
B R Pilot Economic Reserve							
Opening Balance	86		86	0	0	0	0
Transfers In	0		0	0	0	0	0
Transfers Out	0		(86)	0	0	0	0
Closing Balance	86		0	0	0	0	0

Reserve Strategy

Introduction and Background

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

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

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

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

Strategic Context

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

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

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

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

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

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

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

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

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

Provisions

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

Unusable Reserves

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

Governance

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

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

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

Risk Assessment to Determine the Adequacy of the General Reserve

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

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

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

The Authority currently sets its policy for the General Reserve at a minimum of 5% of its net revenue budget. The detailed risk assessment is attached at Annexe A and indicates that the overall assessed risk has not changed since last year. Given that not all assessed risks are likely to crystallise in a single year it is deemed appropriate to maintain the minimum level of 5%. This aligns the Authority's General Reserves with the threshold set out in the National Fire Framework. A review of the NFCC's Survey of Fire Reserves indicates that the average level of General Reserves held will reduce from 7.0% (31/03/2019) to 5.6% (31/03/2020) and then below 5% by the end of 2022/23. Based on the Home Office published analysis of standalone FRA Reserves (as at 31 March 2019) the Authority holds below average levels of General and Earmarked Reserves, but above average levels of Capital Reserves. Capital Reserves are used to support the financing of the Capital Asset Strategy and will be exhausted by the end on 2022/23. The level of General Reserves held also reflects the current uncertainty about Fire Sector funding beyond 2021/22.

At the start of 2021/22, the General Reserve is forecast to represent 4.51% of the Authority's net revenue budget which is a small 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, 2021/22, 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 £2.301m. The proposed policy minimum of 5% equates to £2.014m. At the start of 2021/22 the General Reserve is expected to be £1.815m and it is planned to increase by £0.210m to £2.025m by 31 March 2022. Under the council tax freeze option, General Fund Reserves will reduce by £0.279m in 2021/22.

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:

- **Improvement & Efficiency:** This reserve is to enable the Authority to develop its collaborative approach to service delivery, support changes to services that will deliver efficiencies and respond to priority areas for service improvement. This includes support for the Authority's transformation programme and any costs that may arise from it including redundancy payments. Collaborative projects are also being progressed with a number of potential partners, many of which may require proportionate pump priming funding to realise future financial savings for all partners involved. The majority of the forecast balance of £0.646m at 1 April 2021 is currently uncommitted but is forecast to be drawn down over the next three financial years as new bids are made.
- **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.
- **Mobilising Strategy Reserve:** to facilitate to delivery of the Authority's mobilising strategy – as agreed at the Fire Authority in January 2020 this reserve holds the one off funding for Project 21 (P21) which includes the delivery of a tri-partite mobilising service with Surrey and West Sussex County Fire Authorities and associated investment in other aspects of our mobilising such as pagers & alerters and MDT replacement (outside of that already planned in the IT Strategy and funded from the IT Strategy Reserve). The reserve is expected to be fully drawn down by the end of 2021/22
- **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. £0.5m each year is paid into this reserve from the Authority's revenue budget. As a result of the planned investment in the IT Strategy and the Estates Strategy it is forecast that this reserve will be exhausted before the end of the current planning period.
- **Capital Receipts:** Capital receipts not yet applied to capital expenditure. Under statute capital receipts may only be used to finance capital expenditure. Having disposed of its stock of service houses and its HQ building the Authority has only one surplus property, Fort Road, Newhaven and this has been sold to Lewes District Council – subject to LDC obtaining planning permission for development the sale will complete in 2021/22. The agreed sale of the ARP from Eastbourne is expected to deliver a receipt of £120,000 in 2020/21. No further disposals are currently planned and this reserve will be fully utilised over the life of the current Capital Asset Strategy, with the balance remaining at 31

March 2021 primarily being used to fund investment in the new Estates Strategy to bring our property assets up to the standard set out in the Design Guide.

Together the use of the Capital Programme Reserve and the Capital Receipts Reserve, along with other revenue funding, grants and contributions from partners has meant that the Authority has been able to finance its capital investment requirements without recourse to external borrowing since 2008.

- **Sprinklers:** as part of its policy of promoting the use of sprinklers the Authority has made provision for match-funding the retro-fitting of sprinklers in high risk / high rise residential premises. Two projects are currently planned for delivery in 2021/22 (subject to Covid 19), St. James House and Essex Place, and further plans are in the pipeline.
- **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.
- **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.
- **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) and decisions about Project 21. Further discussion with the Home Office will be required to determine use of the grant as it was originally intended to fund improvements jointly for East and West Sussex through our joint control service which ended 4 December 2019.
- **ESMCP Regional Programme:** the Authority acts as regional lead for ESCMP implementation and holds grant funding for regional and local resourcing on behalf partner FRAs. The actual drawdown is dependent on regional business cases made to the Home Office.
- **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.
- **People Strategy** (formerly Wholetime Firefighter Recruitment): the balance of this reserve, originally held to finance the recruitment and training of 32 new Wholetime Firefighters over the period 2017/18 to 2019/20, will now be utilised to part fund the implementation of the new People Strategy 2020-25. The reserve will also be used to hold revenue funds committed to the People Strategy as part of the 2021-22 budget and the MTFP.

- **Business Rates Retention Pilot:** holds the additional income from the East Sussex Pilot and is split between financial stability and economic development as set out in the Memorandum of Agreement with other partners. Following the decision of the Fire Authority in July 2019 the majority of the financial stability element (£0.480m) was transferred into the Mobilising Strategy Reserve to fund investment in Project 21. The economic development element will be used to finance estates capital schemes.
- **S31 Business Rate Retention Reliefs** – holds S31 grants received from Government in 2020/21 which compensate for the loss of Business rates income due to reliefs granted by Government but impacted by Covid 19. These amounts will be released in 2021/22 when related losses will be charged via the Collection Fund

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. The Authority maintains a bad debt provision based on aged debtor analysis but it would be insufficient to fully fund a loss from a major contract. Additionally, Public Sector procurement processes and contracts are coming under	Low	0.500	0.125

Risk type	RISK	Likelihood	Impact	Net Impact
			£m	£m
	increasing scrutiny and could be open to legal challenge.			
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, impact of Covid 19	Low	1.000	0.250
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 and may be pushed lower by UK's exit from the EU and lower interest rates as a result of Covid 19. 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
Provision of services	The Authority no longer has delegated responsibility for the delivery of mobilisation and control functions for West Sussex Fire and Rescue Service under a S16 agreement and therefore this risk has reduced significantly. Failure to provide the service to the agreed performance levels could result in additional costs for the Authority	Low	0.250	0.063

Risk type	RISK	Likelihood	Impact	Net Impact
			£m	£m
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. However for 2020/21 the savings target is relatively small	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
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 Brexit and the UK economy might lead to increased inflation. This may include the impact of new tariffs on	Medium	0.200	0.100

Risk type	RISK	Likelihood	Impact	Net Impact
			£m	£m
	the cost of goods purchased from the EU for example vehicle chassis.			
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				2.301

The planned movement on each of the earmarked reserves is shown in the following table:

Description	2021/22	2021/22	2021/22	Projected Closing Balance				
	Opening Balance 01/04/21 £'000	Planned Transfers In £'000	Planned Transfers Out £'000	31/03/2022 £'000	31/03/2023 £'000	31/03/2024 £'000	31/03/2025 £'000	31/03/2026 £'000
Earmarked Reserves								
Improvement & Efficiency	646	286	(300)	632	332	0	0	0
Sprinklers	640	0	(347)	293	0	0	0	0
Insurance	249	0	0	249	249	249	249	249
ESMCP ESFRS readiness	1,425	0	(713)	712	0	0	0	0
ESMCP Regional Programme	307	0	(307)	0	0	0	0	0
Responding to New Risks	18	0	0	18	0	0	0	0
IT Strategy	2,029	565	(2,016)	578	128	210	0	0
People Strategy	40	0	(40)	0	0	0	0	0
Mobilising Strategy	846	0	(846)	0	0	0	0	0
Business Rates Retention Pilot - financial stability	107	0	0	107	107	107	107	107
Business Rates Retention Pilot - economic development	86	0	(86)	0	0	0	0	0
Business Rate Pool	200	0	(50)	150	100	50	0	0
S31 Business Rate Retention Reliefs	1,309	0	(1,309)	0	0	0	0	0
Carry Forwards	0	0	0	0	0	0	0	0
Capital Programme Reserve	2,209	500	0	2,709	0	0	0	0

Total Earmarked Reserves	10,111	1,351	(6,014)	5,448	916	616	356	356
General Fund	1,815	210	0	2,025	2,025	2,025	2,025	2,025
Total Revenue Reserves	11,926	1,561	(6,014)	7,473	2,941	2,641	2,381	2,381
Capital Receipts Reserve	5,752	472	(5,991)	233	0	0	0	0
Total Capital Reserves	5,752	472	(5,991)	233	0	0	0	0
Total Usable Reserves	17,678	2,033	(12,005)	7,706	2,941	2,641	2,381	2,381

Under the council tax freeze option General Fund Reserves will reduce by £0.279m in 2021/22

EAST SUSSEX FIRE AUTHORITY: PRECEPT FOR 2021/22

REF: S43 LOCAL GOVERNMENT FINANCE ACT 1992

1.99% COUNCIL TAX INCREASE

	£	£
NET BUDGET REQUIREMENT		40,704,400
Forecast Business Rates retained	2,631,036	
Top Up grant	5,170,000	
Total Base Line funding	7,801,036	
Add Revenue Support Grant	3,226,000	
Total Grant funding (excluding transitional/freeze grant)	11,027,036	
Section 31 Grant Business Rates adjustment	833,000	
Previous Year's Surpluses/(Deficits)	67,538	
local council tax support grant	474,000	
Total Council Tax required		28,302,826
Tax base	290,495	
Basic Council Tax (Band D equivalent)		97.43
Basic Council Tax from above calculation		<u>Council Tax</u>
Band A	6/9	64.95
Band B	7/9	75.78
Band C	8/9	86.60
Band D	9/9	97.43
Band E	11/9	119.08
Band F	13/9	140.73
Band G	15/9	162.38
Band H	18/9	194.86
	<u>Tax Base</u>	<u>Precept</u>
Brighton and Hove	89,493.00	8,719,303
Eastbourne	34,532.20	3,364,472
Hastings	25,722.00	2,506,094
Lewes	36,711.40	3,576,792
Rother	37,606.60	3,664,011
Wealden	66,429.60	6,472,236
	290,494.80	28,302,908

EAST SUSSEX FIRE AUTHORITY: PRECEPT FOR 2021/22
REF: S43 LOCAL GOVERNMENT FINANCE ACT 1992

COUNCIL TAX FREEZE

NET BUDGET REQUIREMENT	£	£
		40,152,900
Forecast Business Rates retained	2,631,036	
Top Up grant	5,170,000	
Total Base Line funding	<u>7,801,036</u>	
Add Revenue Support Grant	3,226,000	
Total Grant funding (excluding transitional/freeze grant)	<u>11,027,036</u>	
Section 31 Grant Business Rates adjustment	833,000	
Previous Year's Surpluses/(Deficits)	67,538	
local council tax support grant	474,000	
Total Council Tax required		27,751,326
Tax base	290,495	
Basic Council Tax (Band D equivalent)		95.53
Basic Council Tax from above calculation		<u>Council Tax</u>
Band A	6/9	63.69
Band B	7/9	74.30
Band C	8/9	84.92
Band D	9/9	95.53
Band E	11/9	116.76
Band F	13/9	137.99
Band G	15/9	159.22
Band H	18/9	191.06
	<u>Tax Base</u>	<u>Precept</u>
Brighton and Hove	89,493.00	8,549,266
Eastbourne	34,532.20	3,298,861
Hastings	25,722.00	2,457,223
Lewes	36,711.40	3,507,040
Rother	37,606.60	3,592,558
Wealden	66,429.60	6,346,020
	290,494.80	27,750,968

FUNDED STAFFING ESTABLISHMENT

	FTE @ 1/4/2021	FTE @ 1/4/2022 1.99% option	FTE @ 1/4/2022 freeze option
Principal Officers	3	3	3
Wholetime Firefighter	338	334	322
RDS firefighter Units	219	219	219
Control Room Staff	30.21	3	3
Support staff	152.08	152.08	151.08

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

Local Authority	Core Spending Power	Settlement Funding Assessment	Compensation for under-indexing the business rates multiplier	Estimated Council Tax excluding Parish Precepts	Core Spending Power	Percentage change in Core Spending Power from 2020-21 to 2021-22
	£ millions	£ millions	£ millions	£ millions	£ millions	%
	2020-21	2021-22	2021-22	2021-22	2021-22	
Avon Fire	44.291	16.052	0.568	28.819	45.439	2.590
Bedfordshire Fire	30.380	8.275	0.310	22.799	31.384	3.303
Berkshire Fire	34.508	10.417	0.371	24.719	35.508	2.898
Buckinghamshire Fire	28.133	7.482	0.268	21.197	28.947	2.892
Cambridgeshire Fire	30.063	8.926	0.319	21.685	30.930	2.883
Cheshire Fire	43.981	13.482	0.493	31.263	45.239	2.860
Cleveland Fire	27.371	14.719	0.488	12.748	27.955	2.132
Derbyshire Fire	38.541	13.246	0.468	25.837	39.551	2.622
Devon and Somerset Fire	77.594	22.354	0.830	56.116	79.745	2.773
Dorset and Wiltshire Fire	57.176	14.332	0.545	43.857	58.786	2.816
Durham Fire	29.355	10.622	0.371	19.097	30.090	2.505
East Sussex Fire	39.214	10.989	0.405	28.800	40.194	2.499
Essex Fire	73.423	25.039	0.861	49.452	75.351	2.627
Hampshire Fire	66.976	0.000	0.000	0.000	0.000	0.000
Hereford and Worcester Fire	32.400	7.768	0.296	25.139	33.318	2.834
Humberside Fire	44.451	20.162	0.666	24.731	45.559	2.493
Kent Fire	72.781	21.361	0.777	52.834	74.971	3.009
Lancashire Fire	56.282	24.251	0.817	32.564	57.632	2.398
Leicestershire Fire	36.074	13.350	0.469	23.306	37.126	2.915
Nottinghamshire Fire	42.783	16.299	0.565	26.986	43.850	2.492
Shropshire Fire	22.629	5.243	0.204	17.625	23.409	3.447

Equality Impact Analysis Record (Inclusion Risk and Benefits)

This form should be completed in conjunction with EIA Tip Sheet and Key EIA Considerations

Part 1 – The Document				
1.	Name of Policy, Procedure, Activity, Decision or Service:	Fire Authority Service Planning processes for 2021/22 and beyond – Revenue Budget 2021/22 and Capital Strategy 2021/22 to 2025/26 – 1.99% Council Tax option		
	Status of PPADS (please tick)	<input checked="" type="checkbox"/> NEW	<input type="checkbox"/> UNDER REVIEW	<input type="checkbox"/> CHANGING <input type="checkbox"/> EXISTING
2.	a. Main purpose of PPADS:	To set a balanced revenue budget and agree the Capital Asset Strategy in the context of a five year financial plan	b. Project Manager and Process owner:	AD Resources / Treasurer
	c. Project/processes this PPADS is linked to:	All budget decisions including revenue and capital projects requiring businesses cases or other approvals		
3	List the information, data or evidence used in this analysis:	Budget reports to Senior Leadership Team, P&R Panel and Fire Authority		
Part 2 - Analysis				
Characteristics	Neutral Impact (x)	Negative Impact* (Risk Assess & score)	Positive Impact (x)	Narrative Section, detail below why and how you scored impact, you should consider: What are the risks &/or negatives, benefits and or opportunities to that Protected Characteristic? You <u>will</u> need evidence to support your Analysis.
A person of a particular age	<input type="checkbox"/>		<input checked="" type="checkbox"/>	All budget proposals have been assessed by SLT. All proposals linked to strategies, policies and projects will be subject to specific EIAs. Positive impacts relate to IRMP - see separate risk assessment No other proposals are assessed as impacting this group at this stage.
A disabled person	<input type="checkbox"/>	X	<input type="checkbox"/>	All budget proposals have been assessed by SLT. All proposals linked to strategies, policies and projects will be subject to specific EIAs. Negative impacts relate to IRMP - see separate risk assessment Cessation of shuttlebus has been subject to consultation with those affected to identify any reasonable adjustments No other proposals are assessed as impacting this group at this stage.
A person of a particular sex, male or female	<input type="checkbox"/>	X	<input type="checkbox"/>	All budget proposals have been assessed by SLT. All proposals linked to strategies,

				<p>policies and projects will be subject to specific EIAs.</p> <p>Negative impacts relate to IRMP - see separate risk assessment</p> <p>Cessation of shuttlebus has been subject to consultation with those affected to identify any reasonable adjustments</p> <p>No other proposals are assessed as impacting this group at this stage.</p>
Pregnancy, Maternity, Marriage or Civil Partnership	<input checked="" type="checkbox"/>		<input type="checkbox"/>	<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>
A person of a gay, lesbian or bisexual sexual orientation	<input checked="" type="checkbox"/>		<input type="checkbox"/>	<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>
A person of a particular race	<input checked="" type="checkbox"/>		<input type="checkbox"/>	<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>
A person of a particular religion or belief	<input checked="" type="checkbox"/>		<input type="checkbox"/>	<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>
Transgender a person whose gender identity/expression does not make their assigned sex	<input checked="" type="checkbox"/>		<input type="checkbox"/>	<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>Positive impact relates to IRMP - see separate impact assessment</p> <p>No other proposals are assessed as impacting this group at this stage.</p>
Community considerations Application across communities or associated with socio-economic factors considering the 10 dimensions of Equality	<input type="checkbox"/>		<input checked="" type="checkbox"/>	<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>Positive impact relates to IRMP - see separate impact assessment</p>
Criminal convictions	<input checked="" type="checkbox"/>		<input type="checkbox"/>	<p>No other proposals are assessed as impacting this group at this stage.</p>
Rural living	<input type="checkbox"/>		<input checked="" type="checkbox"/>	
Human rights	<input checked="" type="checkbox"/>		<input type="checkbox"/>	
Part 3 – The results				
	Yes	No		
Are there negative scores in Low? (see guidance)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p><i>If Yes, list any actions required to adjust the activity and any mitigation you will implement in the action plan below in section 6</i></p>	

Were positive impacts identified?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<i>If No, I & D will contact you about this</i>
Are some people benefiting more than others? If so explain who and why.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	See separate IRMP impact assessment
Are one or more negative scores in Medium or High ? (See guidance)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<i>If Yes, Contact I & D for further consultation</i>

Part 4 - Consultation, decisions and actions

If medium or high range results were identified who was consulted and what recommendations were given?

N/A

Describe the overall decision on this Policy, Procedure, Activity, Service or Decision:

N/A

List all actions identified to address/mitigate negative risk or promote positively

Action	Responsible person	Completion due date
1. IRMP Equality Impact Assessment and Actions 2. Cessation of Shuttlebus Service - identification of individual impacts and mitigations / reasonable adjustments rests with individual line managers in the first instance 3. Procurement Category Strategy activities 4. EIA of all strategies, policies and projects	1. IRMP Implementation Board 2. Identification of individual impacts and potential mitigations / reasonable adjustments rests with line managers supported by HR / Estates 3. Procurement Manager / service lead for each procurement 4. Relevant SRO / lead officer	Various / on-going

When, how and by whom will these actions be monitored?

Responsible persons are set out above

Part 5 – Sign Off

Created by (Print Name): Duncan Savage Department: Resources / Treasurer

Signature**Duncan Savage Date: 11-01-2021

To be completed by Equalities Team

Signature** Lucy Birch EIA number: tbc

Assessment date: **01-02-2021** Review date: **tbc**

**** Please type your signature to allow forms to be sent electronically****

APPENDIX J

RESPONSES TO BUDGET CONSULTATION WITH PARTNERS, BUSINESSES AND STAFF REPRESENTATIVE BODIES

26 January 2021

Open letter from ESFRS Unison members to the Fire Authority and public question with reference to the Medium-Term Financial Plan and Council Tax.

We recognise that East Sussex Fire Authority has a very difficult role in setting its budget so we can serve the public, particularly during the Covid crisis and with the ongoing uncertainty about Government funding.

As you look to discuss the Medium Term Financial Plan and discuss setting Council Tax, we would strongly urge you to back a rise in Council Tax so we can continue to put public safety first. Surveys have shown that the public would support this move as they value the service and all it does.

We want assurances that the Fire Authority will not disproportionately affect our professional support services teams who deliver so much for the Service as follows:

- Our Community Safety, Business Safety and Communications team members deliver front-line, public facing engagement and activities which are evaluated and shown to be making a positive impact on community safety. This was praised in the recent HMICFRS report into our response to Covid, particularly the innovative way we continued to deliver services online or over the phone.
- Our analysts explain where we need to put our resources and how we are performing so the Service can improve and target activities as well as meet Government reporting requirements.
- Our finance and procurement team makes sure the Service gets the best out of its funding, is transparent and stays within the law.
- Our HR and Training teams ensures the workforce has the right skills when recruited and the right training to continue in their careers.
- Our Health, Safety and Wellbeing team makes sure we look after our people, keeping them safe.
- Our Democratic Services ensures that you, as Fire Authority members, have what you need to carry out your governance role as well ensuring we meet legal requirements surrounding the Freedom of Information Act.
- Our IT, estates, engineering teams makes sure we have fit for purpose buildings, equipment and vehicles, keeping our firefighters safer through improvements in contamination control and new technology.
- Within all these teams are our wonderful administrators – too often overlooked when they are the glue which holds us together.

Our question is this – will the Fire Authority commit to protecting our communities by ensuring we have a stable and sustainable income for the future and approving a rise in Council Tax?