

**EAST SUSSEX FIRE AUTHORITY**

<b>Panel</b>	Fire Authority
<b>Date</b>	10 February 2022
<b>Title of Report</b>	Fire Authority Service Planning processes for 2022/23 and beyond – Revenue Budget 2022/23 and Capital Asset Strategy 2022/23 to 2026/27
<b>By</b>	Chief Fire Officer and Assistant Director Resources / Treasurer
<b>Lead Officer</b>	Alison Avery, Finance Manager

---

<b>Background Papers</b>	<p>Fire Authority Service Planning processes for 2022/23 and beyond – Revenue Budget 2022/23 and Capital Strategy 2022/23 to 2026/27: Fire Authority 11 February 2021.</p> <p>2022/23 to 2026/27 Strategic Service Planning and Medium Term Financial Plan: Fire Authority 2 September 2021</p> <p>Fire Authority Service Planning processes for 2022/23 and beyond – Revenue Budget 2022/23 and Capital Asset Strategy 2022/23 to 2026/27: Policy &amp; Resources Panel 20 January 2022</p> <p>Economic and Fiscal Outlook, October 2021 - Office of Budget Responsibility.</p> <p>Bank of England Monetary Policy Report – November 2021</p>
--------------------------	--

---

<b>Appendices</b>	<p>A – Medium Term Finance Plan 2022/23 – 2026/27</p> <p>B – Revenue Budget Summary 2022/23</p> <p>C – Fees and Charges</p> <p>D – Capital Asset Strategy 2022/23 – 2026/27</p> <p>E – Reserves and Balances Policy</p> <p>F – Precept for 2022/23</p> <p>G – Establishment 2022/23</p> <p>H – Local Government Financial Settlement (provisional) Core Spending Power of Combined Fire Authorities</p> <p>I – Equality Impact Assessment</p>
-------------------	---

---

**Implications**

---

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

---

**PURPOSE OF REPORT** To present the Fire Authority's Revenue Budget 2022/23, Capital Strategy 2022/23 – 2026/27 and Medium Term Finance Plan for 2022/26 – 2026/27 for approval.

---

## EXECUTIVE SUMMARY

The Authority's budget proposals for 2022/23 and its five year Medium Term Finance Plan (MTFP) were considered by the Policy and Resources Panel on 20 January 2022. Since that meeting the report has been updated to reflect the latest council tax information. Final business rates and collection fund positions have not yet been finalised and these remain as estimates as reported previously. The Local Government Finance Settlement (LGFS) is expected to be finalised when the Local Government Finance Report (England) 2021/22 is debated by Parliament during February 2022.

The Authority has continued to make progress in identifying and agreeing efficiencies and savings proposals over the last 12 months. The latest version of the MTFP shows that the Authority has already identified £0.778m of savings in 2022/23.

This report outlines proposals for setting a balanced revenue budget for 2022/23, including commitments, growth bids and new savings. The Government conducted a Comprehensive Spending Review (CSR) 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.

Although the CSR covered a three year period, the Government has announced a one year settlement for 2022/23 only. The provisional LGFS delivered a better settlement than the Authority had expected, primarily because of an additional £0.535m Services Grant, which is un-ringfenced and expected to cover costs such as pay, inflation, increase in National Insurance contributions and other pressures. However, this grant is for one year only. Fire pensions grant was not baselined into the LGFS but we expect this to be extended for a further year at the same level as in the current financial year. The Provisional LGFS did not grant additional council tax flexibility for the fire service, maintaining the referendum threshold at 2%, excepting those eight services in the bottom quartile who were granted flexibility to increase their precept by £5.

At the time of writing a number of key elements of the budget setting process remain outstanding:

- Confirmation of fire specific grants e.g. pensions and protection surge from the Home Office (HO)
- Final information on the business rates and collection fund positions from the billing authorities

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%.

There remains significant uncertainty for funding for 2023/24 and beyond and the Authority will need to remain flexible in its approach to its financial planning. The Government is expected to implement its review of the local government funding formula and make changes to the business rates system for 2023/24 which could impact on both the quantum and distribution of fire funding. There remain severe financial pressures post Covid-19 across health and local government sectors and competing policy priorities both within and outside the Home Office. Given this, the future for public finance remains

challenging. There also remains a series of other risks for the Authority to consider in setting its budget and MTFP which are set out in this Report.

In order to balance the budget in 2022/23 a total of £0.432m will be funded from reserves. This includes £0.200m to support investment in protection services beyond the one-off grant funding provided by Government. The use of reserves to balance the budget is a legitimate approach where it assists with smoothing the impact/delivery of planned savings, but the approach cannot form an ongoing part of budget setting as it is not financially sustainable.

The revised MTFP (mid case scenario) shows a need to deliver further savings of £1.516m in the revenue budget by 2026/27. It is essential that the Authority focuses on identifying additional savings that will enable it to balance its revenue budget against the mid case scenario from 2023/24 onwards. If these cannot be found from the efficiency areas of focus set out in paragraph 6.7.2 of this report then the Authority will need to consider other options including the revisiting of options proposed but not adopted as part of its IRMP 2020-25.

The Capital Asset Strategy (CAS) reflects the Authority's identified capital investment requirements for the next five years. As capital reserves are drawn down the Authority 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 2022/23 additional work will be undertaken to review the sustainability of the Capital Asset Strategy and its required funding. This will be informed by further review of the Fleet and Equipment Strategy and Phase 2 of the review of the Estates Strategy.

The Authority has acted prudently in establishing reserves and balances to meet its assessed risks and to provide one off funding for specific priorities. The level of reserves held will significantly reduce over the life of the MTFP and this will bring forward the need to borrow and reduce the level of financial flexibility the Authority has outside of its Revenue Budget. The MTFP includes a number of measures to support financial sustainability over the medium term including additional contributions from the revenue budget into the General Balances and a number of earmarked reserves to maintain some flexibility for future investment and reduce reliance on borrowing for maintaining and replacing existing capital assets.

**RECOMMENDATION** The Authority is recommended to approve:

1. 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 £41.766m for 2022/23;
    - (ii) the council tax requirement of £29.288m; and
    - (iii) the council tax and precepts as set out in Appendix F
  2. The capital programme for the next five years and the capital budget of £7.250m for 2022/23 including the plans to use CIL, capital receipts, revenue contributions and new borrowing to finance capital expenditure
  3. That the general balance remains below the Authority's policy minimum of 5% of the net revenue budget until 2024/25
  4. The fees and charges set out in Appendix C;
  5. The use of reserves as follows to balance the revenue budget in 2022/23:
    - £0.2m from Sprinkler reserve
    - £0.2m from BR Pool reserve (to fund investment in protection services)
    - £0.032m from Financial Stability reserve; and
  6. 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.
-

## 1. **INTRODUCTION**

- 1.1 The report sets out the proposed Revenue Budget for 2022/23, a revised MTFP for 2022/23 to 2026/27 as well as the proposed CAS and Capital Programme for the Authority for the period 2022/23 to 2026/27 for the Authority to consider. The report is based on the latest information available, but Members should note that 2022/23 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 for business rates and / or where the operation of some Government grants is not yet clear.
- 1.2 The Provisional LGFS sets a council tax referendum threshold of 2% for 2022/23 for Fire Authorities (excepting those in the bottom quartile) and that remains the basis of our modelling as agreed by the Fire Authority at previous meetings.
- 1.3 The Government has issued a one year Provisional LGFS for 2022/23. This means that there is still significant uncertainty about the Authority's funding for 2023/24 onwards.
- 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 £1.411m including £0.788m identified as part of the 2022/23 budget setting process. It includes other changes to spending plans, the provisional LGFS final council tax figures and latest estimates on 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 and the use of reserves.
- 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 has conducted a three year Comprehensive Spending Review (CSR21) but has only provided a one year funding settlement. This is believed in part to be due to the Government's intention to implement the Fairer Funding Review for 2023/24 and also make changes to the business rates retention system. Both are expected to be influenced by the Government's levelling up agenda. Whilst the Fairer Funding Review will not lead to immediate changes in the fire funding formula (this is expected for the next CSR) it could influence the division of fire funding through its treatment of council tax and any changes to the area cost adjustment. Alongside this, issues such as the supply chain disruption, 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 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 2022/23 will depend heavily on these factors. Our scenario modelling (mid case) indicates the requirement to make savings of £0.990m in 2023/24, £1.509m in 2024/25, £1.498m in 2025/26 and £1.516m in 2026/27.

## 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 vaccine rollout has allowed the economy to reopen, with recovery faster than previously anticipated and expected growth of 6.5% in 2021. UK GDP rose by 1.5% in Q3 2021 and is expected to rise in Q4, despite supply chain disruption, with an expectation it will be back to its pre-pandemic levels in Q1 2022.
- 2.2 The official UK bank interest rate was increased to 0.25% from 0.10% in December 2021, having been at 0.10% since March 2020 as the Bank of England sought to respond to the economic shock of Covid-19. The cost of borrowing through the Public Works Loan Board (PWLB) remains low. The PWLB 25 year certainty rate is currently 2.1% and is expected to remain below 2.5% until at least the end of 2023.
- 2.3 The Government continues to set the target for CPI at 2%. The November 2021 figure was over 3% and the OBR expects it to rise further in the near term, peaking at around 5% in April 2022. CPI is then expected to fall back materially, with it projected to be a little above the target in two years' time and just below it in three years' time.

## 3. **NATIONAL FUNDING**

- 3.1 The CSR21 announced in November 2021 set out a more positive settlement for the fire sector nationally than had been anticipated, with core spending power increasing for East Sussex by 4.1%, the lowest of any CFA and below the sector average of 4.7%. However this increase is primarily due to the provision of £0.535m in one off Service Grant which is intended to cover all pay and price inflation including the increase in employer's National Insurance contributions. The Home Office is yet to confirm sector specific grants, but it is expected the Fire Pensions Grant will remain at £1.735m for 2022/23.
- 3.2 The LGFS proposes a council tax referendum threshold of 2% for fire authorities. The Authority and the sector nationally have 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. The £5 precept flexibility has been offered only to those eight CFAs in the bottom quartile.
- 3.3 The Provisional LGFS was released on 16 December 2021 and is in line with expectations set out in CSR. 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) is as set out in the provisional LGFS
  - Additional Service Grant received to cover pay, inflation, National Insurance contributions and other pressures
  - that the council tax referendum threshold will be set at 2%
  - that the East Sussex Business Rate Pool continues for 2022/23 and any income will be transferred into the earmarked reserves (given current

uncertainty regarding business rates the Authority does not budget for Pool income).

- that the 2021/22 pensions grant will be extended at the same level for another year, although this is yet to be confirmed by the HO.

- 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 2022/23 and beyond.
- 3.5 The Local Government Finance Report (England) 2022/23 will be debated in Parliament at some point in early February and there is a risk that final funding figures will not be announced in time for the Authority's budget setting meeting on 10 February 2022. 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 2023/24 and beyond and the Authority will need to remain flexible in its approach to its financial planning. The Government has conducted a three year Comprehensive Spending Review (CSR21) but has only provided a one year funding settlement. This is believed in part to be due to the Government's intention to implement the Fairer Funding Review for 2023/24 and also make changes to the business rates retention system. Both are expected to be influenced by the Government's levelling up agenda. Whilst the joint National Fire Chief's Council (NFCC) / Local Government Association (LGA) CSR21 Submission was well argued and apparently well received in Government, the outcome was mixed: a 4.7% average increase in Core Spending Power, primarily due to the additional one-off Service Grant; the expected extension of the pension grant, and; additional precept flexibility but only for Fire Authorities in the bottom quartile. 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 funding continues to be challenging.
- 3.7 Part of the Sector's offer to Government through CSR was to deliver improvements in both productivity and efficiency and work continues through the NFCC's Productivity and Efficiency Group to develop this, particularly how to define and track improvements in operational productivity.
- 3.8 The current assumption is that as part of the one-year only LGFS, losses from central Government policy changing business rates yield will be compensated for by a section 31 grant. Previously the MTFP relied on assumptions based on data from the billing authorities however the nature of the one-year LGFS means that it is preferred to use assumptions based on the 2021/22 actual data and announcements relating to the one-year LGFS supported by modelling provided by Local Government Futures.

- 3.9 Additional funding was provided to fire authorities in 2019/20 in order to mitigate most of the increase in the employer contribution rate for the Firefighter pensions, with the sector paying £10m of the additional costs in 2019/20. This funding was extended in 2020/21 and 2021/22 and was expected to be rolled into the settlement baseline for 2022/23. Whilst the Government has not yet made an announcement about sector specific grants, we understand that the pension grant will remain a direct grant from the HO for 2022/23 and, in the MTFP, we have assumed that the 2021/22 grant will continue at the same value for the life of the MTFP (£1.735m).
- 3.10 There has been no announcement on specific grants for the fire service to date. The Authority has assumed cash flat for 2022/23 and beyond for ongoing grants such as Firelink and New Dimensions but has assumed no additional income from protection grants at this stage. We understand that further funding may be made available to the sector in 2022/23 but at a lower level than in previous years.
- 3.11 As part of the LGFS the Government has not announced any further Covid-19 grant funding for the fire sector for 2022/23. The balance of the Tax Income Guarantee Scheme (TIG) grant received in 2021/22 will continue to be used to offset collection fund losses incurred as a result of Covid-19 in 2020/21 but accounted for in 2021/22, 2022/23 and 2023/24. Current assumptions are based on the information provided by Government so far, but this may change when the TIG second instalment due in January 2022 is confirmed.

#### 4. **MEDIUM TERM FINANCIAL PLAN**

- 4.1 The MTFP (Appendix A) reflects the modelling for 2022/23 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 mid case in detail and a summary of the impact of the best and worse 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 2022/23 extremely difficult. For that reason, the forecast within the MTFP for 2023/24 to 2026/27 should be regarded only as indicative at this stage.
- 4.2 The MTFP reflects our initial modelling of these factors and includes the following key assumptions:
- any changes to the distribution of business rates under the Government's localisation proposals for business rates will have a net nil impact on the Authority
  - changes to the local government funding formula expected for 2023/24 will have a neutral impact on the distribution of fire funding
  - Section 31 grant to compensate authorities for the loss of income as a result of the capping of the multiplier and various reliefs will cease as a separate income stream when business rates are reset for 2023/24.
  - An increase in council tax base of 1.46% for 2022/23, an increase of 0.75% 2023/24, and an increase of 1% 2024/25 thereafter;
  - Increases of 1.99% in council tax in 2022/23 and thereafter;

- Provision for pay increases of 2% for all staff in 2022/23 and thereafter;
- Provision for price increases of 2% in 2022/23 and 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 and 2021/222
- The continued 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 in 2022/23.

- 4.3 Following a review by the East Sussex Finance Officers Association (ESFOA) an application to continue the East Sussex Business Rate Pool in 2022/23 was made and approval was confirmed in the provisional LGFS. Any member authority can decide to withdraw from the Pool before the consultation deadline of 13 January but this means that the whole Pool will cease. This decision was delegated, at the Policy & Resources Panel meeting on 11 November 2021, to the Assistant Director Resources / Treasurer after consultation with the Chairman and the Chief Fire Officer. The Authority has not budgeted for any Pool income in 2022/23 and any income received will be transferred into the Business Rate Pool Reserve. 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 deficits of £0.271m in 2022/23 and £0.171m in 2023/24.
- 4.5 For 2022/23 pay inflation for all terms and conditions is 2%. 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 2022/23 revenue budget is 2% and the remainder of the MTFP is 2%. As noted earlier in this report the OBR forecast is for CPI to remain above the Government's 2% target for the next two years which could result in additional budgetary pressures. Additional inflationary pressures for specific items such as utilities, catering and timber have been provided for in the MTFP.
- 4.7 The MTFP as currently presented uses the 1.99% council tax increase for 2022/23 and for the duration of the MTFP in line with the modelling assumptions previously agreed with the Authority.
- 4.8 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;
- 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 remaining two years of the three year Comprehensive Spending Review
  - the impact of the Fairer Funding Review
  - proposals for changes to the business rates system
- The impact of local growth and additional housing, road and commercial risks;
- Any further development of local devolution proposals;
- the outcomes of the expected White Paper on the role of Police & Crime Commissioners and any impacts locally 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.

4.9 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 £0.298m in 2022/23 increasing to £0.374m by 2026/27.

4.10 In order to produce a balanced budget for 2022/23 a total of £0.432m will be funded by reserves. This includes £0.200m to support investment in protection services beyond the one-off grant funding provided by Government. The use of reserves to balance the budget is a legitimate approach where it assists with smoothing the impact/delivery of planned savings, but the approach cannot form an ongoing part of budget setting as it is not financially sustainable.

4.11 The following financial sustainability provisions have been added into the MTFP

- Increased contributions to the capital programme reserve, up to £2m by 2026/27
- Additional provision of £0.2m a year from 2024/25 to support further improvement and efficiency
- Provision of £0.5m to fund ESN and other IT projects beyond the current IT strategy

- Transfer of £0.442m to the general reserve to return to the reserve to the 5% policy minimum by 2024/25

4.12 In overall terms the assumptions set out in the report mean that the revised MTFP shows a balanced budget in 2022/23 and then a need to deliver savings of £0.990m in 2023/24, £1.509m in 2024/25, £1.498m in 2025/26 and £1.516m by 2026/27.

4.13 Due to the uncertainty over future funding levels an additional two scenarios have been modelled:

- Best case – assumes that the one-off Service Grant of £0.535m is rolled into the baseline from 2023/24 and there is an increase of 2% pa on Settlement Funding Assessment thereafter
- Worse case – assumes a reduction of 5% pa on Settlement Funding Assessment

Under the worse case scenario required savings rise to £3.782m by 2026/27, whereas the saving requirement reduces under the best case scenario, peaking at £0.719m in 2024/25 and falling to £0.201m by 2026/27.

## 5. **PROJECTED REVENUE POSITION 2021/22**

5.1 The revised Service Revenue Budget for 2021/22 is £40.704m. Based on figures to the end of November 2021, and as reported to Policy & Resources Panel on 20 January 2022, the revenue budget is forecast to underspend by £0.388m.

5.2 The underspend is a forecast and cannot be relied upon to provide additional funds. If an underspend does materialise, then it is proposed this is utilised to reduce reliance on existing reserves to fund the revenue budget in 2022/23.

## 6. **REVENUE BUDGET 2022/23**

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

6.1.1 The Revenue Budget Summary for 2022/23 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.

**Table 1: Summary of Impact of Local Government Finance Settlement**

	<b>2022/23</b>
	<b>£'000</b>
Locally Retained Business Rates	2,594
Top Up Grant	5,170
Business Rates Baseline	7,764
Revenue Support Grant	3,325
Service Grant Allocation	535
<b>Settlement Funding Assessment</b>	<b>11,624</b>
Estimated value of Business Rates Pool	0
S31 Grant - Business Rates Adjustment	1,125
<b>Total for comparative purposes</b>	<b>12,749</b>
As reported to Fire Authority September	11,724
<b>Increase/(decrease) in funding</b>	<b>1,025</b>

- 6.1.2 The Authority's council tax base for 2022/23 is calculated as 294,736.34, an increase of 1.46% on 2021/22. This increase tax base combined with a council tax increase of 1.99% yields additional income of £0.985m. In comparison, the tax base decreased for 2021/22 by 0.64% and increased for 2020/21 by 0.63%.
- 6.1.3 Overall, current forecasts for Collection Funds indicate a deficit of £0.271m in 2022/23 net of the release of S31 grants held in reserves and the relevant amount of TIG grant.

**Table 2: Movement in Resources**

	<b>2022/23 Latest position</b>	<b>2022/23 Fire Authority September 2021</b>	<b>Increase / (Decrease)</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Locally Retained Business Rates	2,594		
Business Rates Top up	5,170		
Business Rates Baseline	7,764		
Revenue Support Grant	3,325		
Service Grant Allocation	535		
<b>Settlement funding assessment</b>	<b>11,624</b>	<b>11,027</b>	<b>597</b>
<b>Section 31 Grant Business Rates adjustment</b>	<b>1,125</b>	<b>697</b>	<b>428</b>
Collection Fund Surplus / (Deficit)	(1,136)	(169)	(967)
Council Tax and Business Rates			
Covid-19 Collection Fund 75% compensation	29	29	0
Release from reserves	836	0	836
<b>Collection Fund</b>	<b>(271)</b>	<b>(140)</b>	<b>(131)</b>
Council Tax Requirement	29,288	28,951	336
<b>Total Resources</b>	<b>41,766</b>	<b>40,535</b>	<b>1,231</b>

## 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 2022/23 this Authority's increase in core spending power is assessed as 4.1% which is lower than the fire sector average of 4.7%. Out of 29 standalone fire authorities this is the second lowest increase with Hereford & Worcester at 4.0% and North Yorkshire at 4.1%. Eight authorities have increases of 5.0% or more with Cleveland the highest at 5.4% (see Appendix H). The Government's calculation of core spending power (CSP) assumes that all authorities set a council tax increase at the referendum threshold. It also uses a five year historic average figure for council taxbase growth rather than the actual 2022/23 figure. Almost a third of the Authority's cash increase in CSP for 2022/23 is accounted for by the one-off Service Grant. 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 2021/22 shows that this Authority ranks fourth highest out of 20 combined fire authorities. The Authority's Band D tax for

2021/22 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 the significant uncertainty for future funding

6.3.2 The Authority has since 2010/11 achieved £9.973m of operational and non-operational savings. The current MTFP has a savings of an additional £1.411m over the period covered by the MTFP.

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 2022/23 Revenue Budget has been prepared against a background of continued uncertainty regarding future funding for public services.

**Table 3: Summary of Net Budget Requirement**

	£'000	Change %
<b>Original Estimate 2020/21</b>	<b>40,704</b>	
Pay inflation	590	1.45%
Non pay inflation	227	0.56%
Changes in capital financing	(25)	(0.06%)
Commitments and bids	1,480	3.64%
Savings	(778)	(2.03%)
Reserve Funding	(432)	(1.06%)
<b>Original Estimate 2022/23</b>	<b>41,766</b>	<b>2.49%</b>

## 6.4 Consultation

- 6.4.1 On 23 April 2020, the Authority agreed to commence an 8-week public consultation on the draft Integrated Risk Management Plan (IRMP) 2020-2025 'Planning for a Safer Future'. The full results of the consultation, which ended on the 19 June, were reported to the Fire Authority at its meeting on 3 September 2020 (Item 88).

The consultation programme was adapted 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 submissions<sup>1</sup> 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. One reply was received with a minor clarification, which has been resolved. No other responses were received by the deadline of 28 January 2022.

## **6.5 Fees and Charges**

6.5.1 The existing policy is for fees and charges to be reviewed not less than once a year and that increases should take into account the cost of providing the service, including the effects of inflation.

6.5.2 Appendix C gives details of increases in fees and charges for fire and rescue service activities. The Revenue Budget assumes that the current policy will be followed, i.e. that income will rise to ensure that net expenditure will increase by no more than the rate of inflation. The main impact on the costs of providing these services is pay related. Therefore to reflect the nationally agreed increase in pay it is proposed to increase the fees and charges in line with this inflation.

## 6.6 Main Variations

6.6.1 In setting the 2022/23 Revenue Budget a number of commitments have already been agreed, either previously as part of the 2021/22 budget setting or from the 2022/23 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: 2022/23 Budget Commitments**

	Directorate	Current position £'000
<b>Budget Pressures</b>		
<b>Removal of temporary increases</b>		
Contribution to I&E Reserve	Corporate	(286)
Remove Interim Control Room	OSR	(526)
Reversal of resilience funding	SC	(120)
<b>Existing service pressures (approved Feb 2021)</b>		
Fleet strategy adjustments	OSR	36
Joint Fire Control full year effect	OSR	613
Dry riser testing – reinstatement of income target	SC	(20)
Maritime – transition to ship alongside – delayed removal of allowance	SC	(6)
IRMP Implementation team	SC	2
Reduced Treasury Management income	Corporate	20
<b>New Service pressures</b>		
Protection Apprentices	SC	200
Procurement of timber (excess inflation)	PS	41
Catering food costs (excess inflation)	PS	13
Ill health retirements	PS	120
Logistics control support team allowances	OSR	13
Software licences	P&I	5
Insurance	RT	28
SAP Maintenance and hosting	RT	12
Electricity (excess inflation)	RT	70
Gas (excess inflation)	RT	8

Water (excess inflation)	RT	7
Cleaning	RT	49
Winshuttle for Firewatch	RT	2
CRM Power Platform	RT	35
CRM Support Uplift	RT	7
Wide Area Network – new contract	RT	93
Joint Fire Control – BOSS and DCT licences	RT	28
Business Intelligence SQL licences	RT	19
Staff Pay – impact of 21/22 pay award	All	366
Staff Pay – incremental pay progression and change to pension contribution averages	All	93
NI increase	All	230
<b>Total Pressures</b>		<b>1,152</b>
<b>Budget Bids</b>		
<b>Originating in 2021/22 budget setting process</b>		
Training suite for EDI	PS	10
Leadership Development Training	PS	15
Development of toolkit resource (reversal of one-off funding)	PS	(45)
Rewards & benefits strategy	PS	10
Mentoring system development	PS	15
Grievance training (reversal of one-off funding)	PS	(10)
Korn Ferry – salary structure review	PS	30
Staff survey (reversal of one-off funding)	PS	(10)
Appraisal process (reversal of one-off funding)	PS	(40)
HR Operating models	PS	10
Firefighter recruitment	PS	340
Flu vaccinations	PS	(6)
Return general balances to 5% minimum (reversal of one-off funding)	Corporate	(210)
<b>Bids 2022/23</b>		
Technical pensions resource (two years only)	PS	60
Additional pensions resource (one-off only)	PS	40
Accessibility module	PS	1
Online testing	PS	15
BA washing machine feasibility study (one-off only)	OSR	15
Joint Fire Control – additional GM post	OSR	24
Finance Improvement Plan (£40k one-off)	RT	65
<b>Total Bids</b>		<b>329</b>
<b>Overall Total</b>		<b>1,481</b>

6.6.2 The main variations reflect:

- Mobilising – the removal of the old SCC budget and the inclusion of full year effect for the cost of the new tri-partite service.

- Fleet Strategy adjustments – reflecting the additional equipment costs related to the high number of new appliances due to be delivered in 2022/23.
- 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
- National Insurance – increase of 1.25% to fund NHS and social care.
- Ill Health Retirements – to fund the pressure due to the increased number of retirements expected.
- 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. This commenced during 2021/22 and costs totalling £1.005m over the MTFP.
- Technical / Additional Pensions Resource – extension of technical pension resource to support Service in relation to Immediate Detriment cases and the implementation of the FPS Remedy, and provision of extra processing resource in 2022/23 only.

## 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 £11.384m of which £9.973m will have been delivered by the end of 2021/22. The MTFP includes savings of £0.778m for 2022/23 and savings of £1.411m over the duration of the MTFP. These are shown in table 5 below:

**Table 5: Savings**

Div	Team	Description	2022/23	2023/24	2024/25	2025/26	2026/27	Net savings
			£'000	£'000	£'000	£'000	£'000	£'000
RT	Estates	Estates Strategy revenue maintenance savings.	(45)	(45)	(45)	(45)	(45)	(225)
All	All	Travel & subsistence	16	0	0	0	0	16
OSR	Engineering	Fuel	15	0	0	0	0	15
PS	HR	Firewatch Project	(25)	0	0	0	0	(25)
PS	Training	STC Catering contract savings	(6)	0	0	0	0	(6)
RT	ITG	IT Strategy - delay some projects from 21/22 to 22/23	100	0	0	0	0	100
RT	Procurement	Category Strategy Savings	(25)	(25)	(25)	(25)	0	(100)
SC	All ops	IRMP Savings	(130)	(79)	(77)	(108)	(71)	(465)
PS	Training	Catering contract	(6)	0	0	0	0	(6)
PS	Training	Deep cleaning contract	(2)	0	0	0	0	(2)
PS	Training	First Aid training	(9)	0	0	0	0	(9)

PS	Training	IOSH training	(3)	0	0	0	0	(3)
PS	Training	CMI leadership	(2)	0	0	0	0	(2)
PS	HR/Payroll	Firewatch Benefits Realisation	0	(12)	(13)	0	0	(25)
OSR	Engineering	C-trak extension	(5)	0	0	0	0	(5)
OSR	AD	Equipment	(8)	0	0	0	0	(8)
OSR	Ops P&P	External Training	(1)	0	0	0	0	(1)
OSR	Ops P&P	Equipment	(1)	0	0	0	0	(1)
OSR	Ops P&P	Hydrants Repairs	(2)	0	0	0	0	(2)
OSR	Ops P&P	Subscription (Services)	(4)	0	0	0	0	(4)
SC	Groups	RDSO Post	(50)	0	0	0	0	(50)
SC	Community Safety	Education Team	(40)	0	0	0	0	(40)
SC	All	Advert & Publicity	(43)	0	0	0	0	(43)
P&I	PMO	Consolidation of Project Management capacity	(25)	0	0	0	0	(25)
P&I	Comms	External Printing	(10)	0	0	0	0	(10)
P&I	Comms	Stationery	(1)	0	0	0	0	(1)
P&I	Comms	Postage	(4)	0	0	0	0	(4)
P&I	P&I	Advert & Publicity	(1)	0	0	0	0	(1)
P&I	P&I	Car Allowances	(1)	0	0	0	0	(1)
P&I	P&I	Consultants Fees	(10)	0	0	0	0	(10)
P&I	P&I	Officer Subsistence	(1)	0	0	0	0	(1)
P&I	Dem Services	Subscriptions	(1)	0	0	0	0	(1)
P&I	Dem Services	Member conferences	(1)	0	0	0	0	(1)
RT	Finance	Insurance	0	(15)	(15)	0	0	(30)
RT	Finance	Non pay budgets	(10)	0	0	0	0	(10)
RT	Procurement	Accommodation & conference fees	(2)	0	0	0	0	(2)
RT	ITG	Password Management	(15)	0	0	0	0	(15)
RT	ITG	CAM Management	(3)	0	0	0	0	(3)
RT	ITG	Telnet Contract	(63)	3	(8)	(12)	48	(32)
Central	Contingency	Reduce contingency (one year only)	(48)	48	0	0	0	0
RT	ITG	Control - IT	(218)	0	0	0	0	(218)
RT	ITG	IT Strategy - delay some projects from 22/23 to 23/24	(33)	33	0	0	0	0
SC		CRM	(55)	(100)	0	0		(155)
		<b>Total Proposed Savings</b>	<b>(778)</b>	<b>(192)</b>	<b>(183)</b>	<b>(190)</b>	<b>(68)</b>	<b>(1,411)</b>

6.7.2 As part of the budget setting process SLT has reviewed the opportunities set out in the Efficiency Strategy and identified the following areas to progress in 2022/23 for delivery from 2023/24 onwards. These are in addition to efficiencies that have already been built into the MTFP e.g. IRMP, Estates Strategy, CRM and Firewatch. 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:

- Community Safety – alternative delivery models
- Primary Authority – further development of income opportunities
- Process Digitisation
- Administration Review
- Fleet & Equipment Strategy
- Review of Senior / Middle Management
- Shared Engineering Service
- Tripartite Mobilising Service– operational / joint working efficiencies
- Post Covid ways of working

Work has commenced on a number of these areas in 2021/22 but progress as a whole has been limited both as a result of Covid-19 and other Service priorities. It is essential that there is real focus on these areas in order that potential cashable efficiency options are identified and can be taken to balance the budget from 2023/24 onwards.

## 7. CAPITAL PROGRAMME

- 7.1 The Capital Asset Strategy (CAS) reflects the Authority's identified capital investment requirements for the next five years. During 2022/23 further work will be undertaken to review the sustainability of the Capital Asset Strategy and its required funding.
- 7.2 The main change in the CAS is the additional investment in training facilities for both Live Fire Training (at Service Training Centre, STC) and Multi-purpose Training Hubs (at STC and three other stations). These investments are essential to ensure that operational competency can be maintained and enhanced. The total cost of these schemes in the CAS has increased by £3.761m to £5.101m. This has been offset in part by reductions in cost of the replacement of some fleet assets, particularly Aerial Ladder Platforms, and the reprofiling of the Estates Strategy.
- 7.3 As capital reserves are drawn down the Authority must now plan to enter into new borrowing over the life of the Strategy and the Treasury Management Strategy will carefully consider the options available. The Revenue impact of new borrowing is reflected in the MTFP from 2022/23 onwards. The MTFP includes the cost of financing capital expenditure with reductions of £29,000 in 2022/23, £176,000 in 2023/24 and £10,000 in 2024/25 as borrowing is delayed due to slippage and reprofiling of the capital programme, with increases of £122,000 in 2025/26 and £320,000 in 2026/27 as new borrowing is required. As at 31 March 2022 the Authority's debt will be £10.298m and is forecast to stand at £21.812m by the end of the MTFP. The total revenue costs of borrowing (MRP and interest) will increase by £0.646m to £1.557m over the MTFP.
- 7.4 In order to move towards a more sustainable approach to funding the capital programme it is proposed that for planning purposes revenue funding for the CAS

is increased gradually over the life of the MTFP from £0.5m (2022/23) to £2.0m (2026/27). The principal being that normal replacement and maintenance of existing capital assets can wherever possible be funded from revenue and that additional borrowing is required only to fund new projects, where a business case has been made that takes into account the cost of borrowing against any savings. Further work to assess the cost of the CAS over the longer term and validate the underlying cost of replacement / maintenance will be undertaken in 2022/23.

**Table 6: Change in Capital Investment 2021/22 to 2026/27**

	<b>Total resource £'000</b>	<b>2021/22 £'000</b>	<b>2022/23 £'000</b>	<b>2023/24 £'000</b>	<b>2024/25 £'000</b>	<b>2025/26 £'000</b>	<b>2026/27 £'000</b>
<b>2022/23 Strategy</b>							
Fleet	12,475	2,271	3,521	2,105	1,763	1,559	1,215
Property	15,696	429	3,729	3,719	2,878	2,779	1,873
IMD	0						
<b>Total Cost</b>	<b>28,171</b>	<b>2,700</b>	<b>7,250</b>	<b>5,824</b>	<b>4,641</b>	<b>4,378</b>	<b>3,088</b>
<b>2021/22 Strategy</b>							
Fleet	11,157	3,100	2,305	2,304	1,789	1,659	
Property	12,208	3,005	5,413	1,404	1,103	1,283	
IMD							
<b>Total Cost</b>	<b>23,365</b>	<b>6,105</b>	<b>7,718</b>	<b>3,708</b>	<b>2,892</b>	<b>2,942</b>	
<b>Increase / (Decrease) in planned spend</b>							
Fleet	1,318	(829)	1,216	(199)	(26)	(100)	1,215
Property	3,488	(2,576)	(1,684)	2,315	1,775	1,496	1,873
IMD	0	0	0	0	0	0	0
<b>Total Increase / (Decrease)</b>	<b>4,806</b>	<b>(3,405)</b>	<b>(468)</b>	<b>2,116</b>	<b>1,749</b>	<b>1,396</b>	<b>3,088</b>

## 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 In order to produce a balanced budget for 2022/23 a total of £0.432m will be funded from reserves (£0.2m Sprinkler reserve, £0.2m BR Pool reserve and £0.032m Financial Stability reserve). This is a legitimate approach where it assists with smoothing the impact/delivery of planned savings, however this approach cannot form an ongoing part of budget setting as it is not financially sustainable.
- 8.4 The Authority holds a number of earmarked reserves to support the delivery of a range of strategies and projects. These are all planned to be consumed in the next few years 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 £467,000. Further contributions of £200,000 a year from 2024/25 will be made to the Improvement and Efficiency reserve to support further work. The I.T. reserve is topped up annually from the revenue budget (by £592,000 a year from 2022/23) to deliver the IT strategy and a one-off additional payment of £0.25m is planned for 2025/26.
- 8.5 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. The NFCC has published a more recent survey covering 2020/21 but the results are significantly skewed by the impact of Covid-19 both in delays in projects funded by reserves and by Authorities holding significant levels of unspent specific grants. 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 2022/23. A summary of the forecast year end reserves and balances position is set out in table 7 below.
- 8.6 The general reserve is currently 4.30% of the revenue budget during 2022/23. The MTFP includes provision for increasing the reserve by £0.442m over 2023/24 and 2024/25 to return the reserve to the 5% minimum as per the policy.

**TABLE 7: Summary of Forecast Reserves**

	31/03/2022	31/03/2023	31/03/2024	31/03/2025	31/03/2026	31/03/2027
	£'000	£'000	£'000	£'000	£'000	£'000
Capital Programme Reserve	2,709	0	48	429	1,143	2,191
Other Earmarked Reserves	8,205	3,034	2,565	935	830	722
<b>Total Earmarked Reserves</b>	<b>10,914</b>	<b>3,034</b>	<b>2,690</b>	<b>1,364</b>	<b>1,973</b>	<b>2,913</b>
General Fund	1,796	1,796	2,017	2,238	2,238	2,238
Capital Receipts	4,017	0	0	0	0	0
<b>Total Useable Reserves</b>	<b>16,727</b>	<b>4,830</b>	<b>4,630</b>	<b>3,602</b>	<b>4,211</b>	<b>5,151</b>

## 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. This report sets out how the Authority plans to use reserves to balance its budget in 2022/23 and whilst this is an appropriate approach in the short term, it is not sustainable over the longer term. It is essential that the Authority focuses on identifying additional savings that will enable it to balance its revenue budget from 2023/24 onwards. If these cannot be found from the efficiency areas of focus set out in paragraph 6.7.2 of this report then the Authority will need to consider other options including the revisiting of options proposed but not adopted as part of its IRMP 2020-25.

9.2 Given the continuing uncertainty around funding after 2023/24, the planned reduction in the Authority's reserves, 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 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. Other budget proposals are not assessed to impact on any protected characteristics at this stage, other than a small additional cost for the accessibility module of the Authority's e-recruitment system.

## APPENDIX A

MEDIUM TERM FINANCIAL PLAN 2022/23 - 2026/27					
INCREASE COUNCIL TAX BY 1.99% EACH YEAR					
	2022/23	2023/24	2024/25	2025/26	2026/27
	£'000	£'000	£'000	£'000	£'000
<b>Gross Revenue Service Budget</b>	42,543	42,756	43,420	44,021	44,582
<b>Less</b>					
Specific grants	(1,790)	(1,790)	(1,791)	(1,791)	(1,792)
Other income	(483)	(487)	(492)	(497)	(502)
<b>Total income</b>	<b>(2,273)</b>	<b>(2,277)</b>	<b>(2,282)</b>	<b>(2,288)</b>	<b>(2,293)</b>
<b>Net Service Budget</b>	<b>40,270</b>	<b>40,479</b>	<b>41,138</b>	<b>41,733</b>	<b>42,289</b>
Capital financing costs less interest receivable	866	886	1,152	1,349	1,547
Capital expenditure from the Revenue Account	0	0	0	0	0
Transferred from reserves	(462)	(100)	0	0	0
Transferred to reserves	1,092	1,866	2,435	2,565	2,792
<b>Total Net Expenditure</b>	<b>41,766</b>	<b>43,130</b>	<b>44,724</b>	<b>45,647</b>	<b>46,628</b>
<b>Net Budget brought forward</b>	<b>40,704</b>	<b>41,766</b>	<b>43,129</b>	<b>44,722</b>	<b>45,645</b>
Unavoidable cost pressures					
Pay inflation	590	603	607	612	621
Price inflation	227	242	242	250	252
<b>Total inflation</b>	<b>817</b>	<b>845</b>	<b>849</b>	<b>862</b>	<b>873</b>
Changes in Capital Financing	(25)	10	266	197	199
Budget commitments	1,480	568	661	54	(23)
Savings approved	(778)	(192)	(183)	(190)	(68)
Reserve Funding	(432)	132	0	0	0
<b>Total Net Expenditure</b>	<b>41,766</b>	<b>43,129</b>	<b>44,722</b>	<b>45,645</b>	<b>46,626</b>
<b>Sources of Funding</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>
	£'000	£'000	£'000	£'000	£'000
Locally Retained Business Rates	2,594				
Business Rate Top Up	5,170				
<b>Business Rates Baseline</b>	<b>7,764</b>				
Revenue Support Grant	3,325				
Service Grant Allocation	535				
<b>Settlement Funding Assessment</b>	<b>11,624</b>	<b>12,214</b>	<b>12,214</b>	<b>12,214</b>	<b>12,214</b>
Section 31 Grant Business Rates adjustment	1,125				
Collection Fund (Deficit) / Surplus	(1,136)	(200)			
Release of S31 Reserve	836				
Covid-19 Collection Fund Deficit 75% compensation CT & BR	29	29			
<b>Collection Fund (Deficit) / Surplus (Adjusted)</b>	<b>(271)</b>	<b>(171)</b>	<b>0</b>	<b>0</b>	<b>0</b>
local council tax support grant					
<b>Council Tax Requirement</b>	<b>29,288</b>	<b>30,096</b>	<b>30,999</b>	<b>31,933</b>	<b>32,895</b>
<b>Total Resources Available</b>	<b>41,766</b>	<b>42,139</b>	<b>43,213</b>	<b>44,147</b>	<b>45,109</b>
<b>Additional Savings Required / (surplus)</b>	<b>(0)</b>	<b>990</b>	<b>1,509</b>	<b>1,498</b>	<b>1,516</b>
Refreshed MTFP - best case scenario - Service grant baselined in 23/24 and SFA increase 2% from 24/25		455	719	448	201
Refreshed MTFP - worse case scenario - SFA reduce 5%		1,601	2,700	3,240	3,782

## REVENUE BUDGET OBJECTIVE SUMMARY

	<b>2021/22 Original Estimate</b>	<b>2022/23 Original Estimate</b>
	<b>£'000</b>	<b>£'000</b>
Peoples Services	3,813	4,338
Resources/Treasurer	7,855	8,180
Planning and Improvement	1,222	1,248
<b>Total Deputy Chief Fire Officer</b>	<b>12,890</b>	<b>13,766</b>
Safer Communities	21,462	21,939
Operational Support	4,739	4,566
<b>Total Assistant Chief Fire Officer</b>	<b>26,201</b>	<b>26,505</b>
CFO Staff	781	805
Treasury Management	875	870
Non delegated costs	(1,348)	(1,108)
Corporate Contingency	341	298
Transfers from Reserves	(597)	(462)
Transfers to Reserves	1,561	1,092
<b>Total Corporate</b>	<b>1,613</b>	<b>1,495</b>
<b>Total Net Expenditure</b>	<b>40,704</b>	<b>41,766</b>

## REVENUE BUDGET SUBJECTIVE SUMMARY

	2021/22 Original Estimate	2022/23 Original Estimate
	£'000	£'000
Salaries, Allowances and On-costs	29,604	30,187
Training Expenses	754	971
Other Employees Costs	46	47
<b>Employee Costs</b>	<b>30,404</b>	<b>31,205</b>
Repair, Maintenance and Other Costs	1,294	1,406
Utility Costs	1,230	1,322
<b>Premises Costs</b>	<b>2,524</b>	<b>2,728</b>
Vehicle Repairs and Running costs	1,023	1,058
Travel Allowances and Expenses	79	95
<b>Transport Costs</b>	<b>1,102</b>	<b>1,153</b>
Equipment and Supplies	1,338	1,433
Fees and Services	3,962	4,148
Communications and Computing	1,847	1,973
Other Supplies and Services	301	223
<b>Supplies and Services</b>	<b>7,448</b>	<b>7,777</b>
Sums set aside from revenue	428	412
Interest Payments	483	474
<b>Capital Financing</b>	<b>911</b>	<b>886</b>
Grants and Contributions	(2,304)	(2,270)
Interest Received	(40)	(20)
Other Income	(305)	(323)
<b>Income</b>	<b>(2,649)</b>	<b>(2,613)</b>
Transfers from reserves	(597)	(462)
Transfers to reserves	1,561	1,092
<b>Total Net Expenditure</b>	<b>40,704</b>	<b>41,766</b>
Financed By:		
Council Tax	(28,302)	(29,288)
Business Rates	(7,801)	(7,764)
Revenue Support Grant	(3,226)	(3,325)
Service Grant Allocation	0	(535)
Covid-19 Local tax support grant	(474)	0
S31 Grants	(833)	(1,125)
Collection Fund Surplus/Deficit Council Tax	(68)	271
<b>Total Funding</b>	<b>(40,704)</b>	<b>(41,766)</b>

**FEES AND CHARGES**  
WITH EFFECT FROM 1 APRIL 2022

**APPENDIX C**

<b>Fee</b>	<b>Existing Fees 2021/22 £</b>	<b>New Fees 2022/23 £</b>
The hiring of a major pumping appliance with crew per hour	304	315
The hiring of other pumping vehicles with crew per hour	245	254
The hire of hydraulic platforms or turntable ladders with crew per hour	329	341
Large animal rescue per hour	304	315
Dry Riser (subsequent test at the owner's request):		
First Dry Riser	228	236
Additional Dry Risers	149	154
Interviews: *		
- Insurance co. etc.	149	154
- After two hours	97	100
Copy of Petroleum Licences *	37	38
Copy plans *	42	43
Standby at Venue	304	315
Fire Investigation Report	327	338
Chemical Protection Suit	171	177
Commercial Training Customers Site (per session up to 20 delegates):		
- Fire Marshal / Warden training (4 hours)	599	620
- Fire Extinguisher training (3 hours)	599	620
- Fire Awareness (3 hours)	599	620
Commercial Training One day course (per delegate)	187	193
Commercial Training Fire Safety at work (1 day, per delegate)	179	185
Commercial Training Fire Talk (without practical, 1 to 3 hours)	350	362
Inspection of Plans for Marriage Act 1994 *	126	130
Environmental search fees *	118	122

*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.

The main areas covered within the strategy are summarised below.

### **Estates Strategy- Capital Programme**

Since the publication of the Estates Strategy in 2018 there have been a number of key developments and changes such as the withdrawal of key partners from Shared Investment Schemes, the impact of Brexit and the pandemic on costs and necessary additional scope requests. This has required a review of scope versus available budget and led to the Capital Projects realignment, approved by the Estates Strategy Delivery Board in December 2021

### **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.

As reported in the last version of the Capital Asset Strategy planned Estates works have been re-packaged with generic upgrades e.g. heating, roofing etc and rolled into Design Guide schemes for each station to achieve better value for money. In addition planned refurbishment of live fire training facilities at Service Training Centre and betterment of the BA Chambers are shown as a separate schemes. This has resulted in an overall reduction in the total cost of General Schemes and an increase in the total cost of Strategic Schemes.

Spend against budget is significantly reduced in 2021/22 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.

A Business Case to install electronic access control to support the Estates Security Strategy has also been approved and will be delivered in the first half of 2022 as a General Schemes Project.

## **Estates Strategy – Strategic Schemes**

These Schemes reflect the improvements necessary to deliver the standards set out in the 2018 Design Guide across our estate. They scope reflect the condition surveys carried out in 2018 and the overall cost includes a contingency inflation.

We are now three years into the Strategy and it has become apparent that due to key issues beyond the control of the team such as outcome of the 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.

The Capital Realignment review carried out in the latter half of 2021 has recommended committing to the refurbishment of the five Whole Time Crewed Stations with a Task and Finish Group being established to review scope and programme for the remaining stations across the next 10 years to enable the works to be delivered within budget and available internal resource.

This review and re-sequencing work is being undertaken in consultation with operational colleagues and Health & Safety colleagues and will report to SLT in July 2022.

Two major Strategic Scheme projects have been developed to Full Business Case to support the Training Competency Framework; the Multipurpose Training Hubs which upgrades the existing BA chambers to provide a localised multipurpose training facility and an options appraisal to retain Live Fire Training Facility at Maresfield and address the risk that the burn licence will not be renewed due to levels of emissions and perceived nuisance.

Both Business Cases were approved by SLT and requests for the additional funding have been included with the Budget Setting for 2022/23.

The initial Sustainability Report was received in Dec 2021 and its recommendations will be incorporated into the scope of works for consideration during 2022 either through incorporation into the scope of the Strategic Schemes or a standalone project, where project funding allows.

## **Estates Strategy – Shared Investment Schemes**

The 2018 Estates Strategy had a programme of property schemes which involved shared investment with partners either through the One Public Estates Programme (East Sussex and Greater Brighton) and the Integrated Transport Function (ITF). Whilst dialogue and a search for opportunities remains ongoing, commitment from partners has not been forthcoming.

**Integrated Transport Function (ITF) – South Eastern Hub Workshop** – the ITF, part of the wider Emergency Services Collaboration Project (ESCP), 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 confirmed that the proposal was unaffordable and Sussex Police withdrew from the project.

The Authority then worked with SECAMB to assess the feasibility of a joint facility in Polegate. After feasibility studies were costed SECAMB confirmed in 2021 that they did not have the capital allocation to commit to such a scheme and withdrew their support. Dialogue then commenced with West Sussex Fire and Rescue, as part of the Shared Service Initiative to assess the viability of collocated workshop on the East /West borders. Given that this is work in progress an interim budget has of £0.2m been allocated to ensure the Authority's existing workshop facilities remain compliant and fit for purpose. This Interim Project will form part of General Schemes.

Should the ITF 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 balance of 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 is currently unknown and has slipped by a further year.

### **Integrated Transport Function (ITF) – Replacement Fuel Tanks**

This project upgrades the fuel tanks across the estate as part of the Integrated Transport Project and is part funded by Fire Transformation Grant held by Surrey CC on behalf of the ITF. In 2021 Sussex Police confirmed they could no longer commit additional funding to the scheme and the budget was reduced accordingly. The management software is now being installed and the project is near completion with spend profile as per forecast, less partner funding.

**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 was subject to detailed scrutiny during 2021 to ensure the full scope could be achieved within budget and to the satisfaction of all stakeholders including Fleet and Representative bodies. It has now been signed off at RIBA Stage 2 including a change of strategy with regard retaining operations in situ during the works in lieu of an offsite decant.

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

A full and committed start to RIBA Stage 3 is planned for January 2022 with a target project completion date within FY 2023/24.

The original OPE funding has been fully expended and as such from 2022 this project will be reported on under Strategic Schemes.

**Lewes Fire Station** – the current Lewes Fire Station originally formed part of the planned North Street Quarter redevelopment. However, in January 2021 LDC sold their interests in the scheme to a new developer, Human Nature but excluded the site of the existing Fire Station and that of the rear of the current North Street Police Station and the adjacent Springman House where it was originally proposed to locate the new fire station. As such there is no longer a funding contribution from others to provide a

new station nor is there a sufficient allowance within the Estates Strategy to refurbish the existing station in line with Design Guide requirements.

The Service has met Human Nature regularly throughout 2021 to ascertain the viability of an alternative site versus new development surrounding the existing site and those discussions remain ongoing.

It has therefore been agreed by the ESDB that the refurbishment of Lewes Fire Station should now fall under Strategic Schemes rather than as a standalone project.

**Uckfield and Heathfield** – Since formal confirmation was received from Sussex Police in 2021 that they would not be able to commit to these OPE projects for several years the Authority has also been in discussions with SECAMB to assess the viability of proceeding with them as sole partner. Whilst they have expressed an interest in taking space within the stations SECAMB are unable to make a formal commitment of financial contribution at this stage and as such it has been agreed that these stations will form part of the wider Strategic Schemes project rather than as Shared Investment Schemes.

### **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.

To meet ever growing demands for additional non-response light fleet across the service, a light fleet review will take place in Q1 2022 to assess service need and utilisation with findings to be ready for Q2. Recommendations will be made to SLT from this report which will address current fleet size is sufficient or savings can be made from reduction.

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.

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 2022 it is estimated that there will be unapplied capital receipts of £4.017m (Capital Receipts Reserve), this includes the balance on the sale of Fort Road (£0.472m). There is a risk the amount receivable may reduce due to issues with planning permission for the site. 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 2022 it is estimated that there will be a balance of £2.709m 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 £0.5m 2023/24 onwards, increasing over the life of the MTFP to £1.5m.

## **- 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 £60,000 - £70,000 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 £14.148m and this has been fed into the MTFP and our future borrowing costs.

## MEDIUM TERM CAPITAL STRATEGY 2022/23 to 2026/27 – SCHEMES

Capital Programme Expenditure 2021-22 to 2026-27									
	Total Budget	Total Previous Year's Spend	Estimated Spend						Remaining Spend
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Property</b>									
<b>Shared Investment Schemes</b>									
Integrated Transport Project	1,000	-	5	195				800	995
Heathfield	280	8	10			19	243		262
Lewes	577	5	2				240	330	570
Preston Circus	3,287	87	40	1,335	1,825				3,160
Uckfield	494	7					100	387	487
<b>Total Shared Investment Schemes</b>	<b>5,639</b>	<b>107</b>	<b>57</b>	<b>1,530</b>	<b>1,825</b>	<b>19</b>	<b>584</b>	<b>1,517</b>	<b>5,475</b>
<b>Strategic Schemes</b>									
Replacement Fuel Tanks	492	332	38	122					122
Partner Contribution	(292)	(292)							-
Replacement Fuel Tanks net cost	200	40	38	122	-	-	-	-	122
Design Guide	355	355							
Hove	490		63	427					427
Roedean	493		22	471					471
Eastbourne	550		25	325	200				525
Bohemia Road	485		21	100	364				464
Security	386	60	3	223	100				323
Sustainability	171	21	30	10	80	30			120
MPTH	399	399							-
Eastbourne FBR	259		8	251					251
Training Centre FBR	308		8		300				300
Hove FBR	278		8	270					270
Bohemia Road FBR	258		8		250				250
FTU	4,000	-	20		500	2,500	980		3,980
<b>Total Strategic Schemes</b>	<b>8,630</b>	<b>875</b>	<b>252</b>	<b>2,199</b>	<b>1,794</b>	<b>2,530</b>	<b>980</b>	<b>-</b>	<b>7,503</b>
<b>General Schemes</b>									
General Schemes	826	826							
Seaford (CIL)	296		10		5	281			286
Seaford (CIL) - Partner Contribution	(133)					(133)			-
Barcombe (CIL)	392		5		95	292			387
Barcombe (CIL) - Partner Contribution	(156)					(156)			-
The Ridge	508					20	488		508
Hailsham	184		10			10	164		174
Rye	532		5			15	512		527
Battle	163		5				52	106	158
Herstmonceux	50							50	50
Bexhill	200							200	200
Seaford HVP Alterations	85	-	85						-
<b>Total General Schemes</b>	<b>2,946</b>	<b>826</b>	<b>120</b>	<b>-</b>	<b>100</b>	<b>329</b>	<b>1,215</b>	<b>356</b>	<b>2,000</b>
<b>Total Property</b>	<b>17,215</b>	<b>1,808</b>	<b>429</b>	<b>3,729</b>	<b>3,719</b>	<b>2,878</b>	<b>2,779</b>	<b>1,873</b>	<b>14,978</b>
- Vehicle cameras	118	-	118	-	-	-	-	-	-
- Grants funds	(118)	-	(118)	-	-	-	-	-	-
Telemetry	70	-	-	70	-	-	-	-	70
Aerials	2,036	695	5	743	593	-	-	-	1,336
Aerial Rescue Pump	22	22	-	-	-	-	-	-	-
Fire Appliances	7,374	1,377	1,740	891	850	835	819	862	4,257
Ancillary Vehicles	2,892	480	145	1,396	391	368	112	-	2,267
Cars	1,964	281	265	377	57	272	506	206	1,418
Vans	1,800	915	63	45	179	288	162	148	822
Equipment	70	-	35	-	35	-	-	-	35
<b>Total Fleet and Equipment</b>	<b>16,227</b>	<b>3,770</b>	<b>2,253</b>	<b>3,521</b>	<b>2,105</b>	<b>1,763</b>	<b>1,599</b>	<b>1,215</b>	<b>10,203</b>
<b>Total Expenditure</b>	<b>33,442</b>	<b>5,578</b>	<b>2,682</b>	<b>7,250</b>	<b>5,824</b>	<b>4,641</b>	<b>4,378</b>	<b>3,088</b>	<b>25,181</b>

## MEDIUM TERM CAPITAL STRATEGY 2022/23 to 2026/27 - FUNDING

	2022/23	2023/24	2024/25	2025/26	2026/27	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Estates	3,729	3,719	2,878	2,779	1,873	14,978
Engineering	3,521	2,105	1,763	1,599	1,215	10,203
<b>Capital Programme</b>	<b>7,250</b>	<b>5,824</b>	<b>4,641</b>	<b>4,378</b>	<b>3,088</b>	<b>25,181</b>
Funded By:						
Capital Receipts Reserve	4,017	0	0	0	0	4,017
Capital Programme Reserve	3,209	952	952	952	952	7,017
Revenue Contributions to Capital	0	0	0	0	0	0
BR Pilot Economic Reserve	0	0	0	0	0	0
MRP/Internal Borrowing	0	0	0	0	0	0
New Borrowing/Need to Borrow	24	4,872	3,689	3,426	2,136	14,147
<b>Capital Programme Funding</b>	<b>7,250</b>	<b>5,824</b>	<b>4,641</b>	<b>4,378</b>	<b>3,088</b>	<b>25,181</b>

Funding – Use of Reserves					
	2022/23	2023/24	2024/25	2025/26	2026/27
	£'000	£'000	£'000	£'000	£'000
<b>Capital Receipts Reserve</b>					
Opening Balance	4,017	0	0	0	0
Transfers In	0	0	0	0	0
Transfers Out	(4,017)	0	0	0	0
<b>Closing Balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Capital Programme Reserve</b>					
Opening Balance	2,709	-	48	429	1,143
Transfers In	500	1,000	1,333	1,666	2,000
Transfers Out	(3,209)	(952)	(952)	(952)	(952)
<b>Closing Balance</b>	<b>-</b>	<b>48</b>	<b>429</b>	<b>1,143</b>	<b>2,191</b>

### 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 significantly since last year, save for the removal of the provision of services risk and an increase in the capital programme risk resulting in a small increase in the net financial impact calculation of £0.187m. 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 (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. The NFCC has published a more recent survey covering 2020/21 but the results are significantly skewed by the impact of Covid-19 both in delays in projects funded by reserves and by Authorities holding significant levels of unspent specific grants. 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.

At the start of 2022/23, the General Reserve is forecast to represent 4.31% 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, 2022/23, has been prepared as part of the budget setting process and is shown in Annexe A. The impact and scale of potential losses has been estimated to calculate a potential net financial impact of £2.488m. The current policy minimum of 5% equates to £2.087m. At the start of 2022/23 the General Reserve is expected to be £1.796m and it is planned to increase by £0.442m over 2023/24 and 2024/25 to return the balance to £2.238m by 31 March 2025 and meet the policy minimum by this date.

### **Annual Review of Earmarked Reserves**

The Authority has a number of earmarked reserves which have been established for specific purposes where there have been timing differences at budget setting or year end, or emerging risks or cost pressures. The relevance of, and balance in, each of

these is reviewed annually and the Authority is informed of the latest plans for the balances held in such reserves over the medium term via the Reserves Strategy. When the Authority endorses the Reserves Strategy for publication it will be made available on its website.

A commentary on the purpose and planned use of each of the existing earmarked reserves is detailed below and a full listing together with phasing of drawdown is set out in Annexe B:

- **Business Rate Pool:** This reserve holds the balance of income from the East Sussex Business Rate Pool which is to be used to fund Business Safety initiatives, in support of the Pool's aim to promote economic growth. The Pool has been utilised to support investment in the Authority's protection (business safety) services and it is proposed to continue this by investing a further £0.3m over 2022/23 and 2023/24 to fund the cost of the recruitment and training of six trainees which cannot be contained within the one-off Protection Surge grant provided by Government.
- **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, with a proportion (£0.027m) being utilised to balance the 2022/23 budget. The economic development element was fully utilised in 2021/22 to finance estates capital spend.
- **ESMCP Readiness:** this is grant funding from central government is ring-fenced to fund the IT upgrades to mobilising systems that are required as part of the Emergency Services Mobile Communications Project (ESMCP). The timing of drawdown is dependent on national programme timescales (which have been significantly delayed). Further discussion with the Home Office will be required to determine use of the grant as it was originally intended in part to fund improvements jointly for East and West Sussex through our joint control service which ended 4 December 2019.
- **ESMCP Regional Programme:** the Authority acts as regional lead for ESCMP implementation and holds grant funding for regional and local resourcing on behalf partner FRAs. The actual drawdown is dependent on regional business cases made to the Home Office.
- **Improvement & Efficiency:** This reserve is to enable the Authority to develop its collaborative approach to service delivery, support changes to services that will deliver efficiencies and respond to priority areas for service improvement. This includes support for the Authority's transformation programme and any costs that may arise from it including redundancy payments. The Authority has identified a number of areas of future focus for the potential delivery of efficiencies. These areas are built into business plans and it is anticipated that they will require additional resources to progress. The forecast balance of £0.467m at 1 April 2022 is currently uncommitted but is forecast to be drawn

down over the next two financial years as new bids are made. Provision has been made in the MTFP for contributions of £0.2m to be made into this Reserve in both 2024/25 and 2025/26.

- **Insurance:** The Authority has joined the Fire and Rescue Indemnity Company (FRIC) from 1 April 2019 to both improve its risk management practice and provide insurance cover. This reserve is intended to cover the financial costs of: in-year supplementary payments to the FRIC pool should these be necessary; additional costs from the increase in some deductibles; and, investment in pro-active risk management initiatives resulting from best practice benchmarking through FRIC.
- **IT Strategy:** The Authority has set aside funds to support the delivery of its IT Strategy including the contractual transformation milestones delivered by Telent. A Revenue contribution is made into this reserve each year and as agreed at Fire Authority in September 2020 this will continue and will fund the IT Strategy 2020-25. The MTFP includes a one-off additional payment into this reserve of £0.250m in 2025/26 to fund additional investment in new IT beyond the current Strategy.
- **Mobilising Strategy Reserve:** to facilitate to delivery of the Authority's mobilising strategy – 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 (subject to decommissioning works at Haywards Heath Fire Station) excepting any remaining provision for TUPE related costs e.g. pensions that may not be incurred until 2022/23.
- **People Strategy:** this Reserve is utilised to hold funds for the implementation of the People Strategy 2020-25. Where projects within the Strategy that are funded from the revenue budget slip or underspend, any unutilised balances will be held in this reserve.
- **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. The Authority (P&R Panel Nov 2021) agreed in principle that the remaining balance of £0.640m should be re-purposed as a Community Safety Intervention Fund, subject to the budget setting process. The MTFP proposes using £0.200m of the balance to assist in balancing the 2022/23 revenue budget with the remainder being available for the Community Safety Intervention Fund.
- **BRR – Protection Uplift:** this Reserve holds the balance of grant received from Government for investment in protection services as a result of the Moore Bick and Hackett inquiries. The balance is expected to be spent in 2022/23.

- **Tax Income Guarantee Scheme (TIG):** these reserves hold the balance of the grant provided by Government to offset that impact of Covid-19 on business rates and council tax collected in 2020/21. The remaining balance will be utilised over 2022/23 and 2023/24.
- **Pension Administration:** this is funding set aside from the revenue budget to fund some of the one-off costs of implementing the Remedy to the discrimination case brought against the Firefighter Pension Scheme, including software costs and tax charges and other costs not funded by the Pension Fund Account or Government. It is expected to be fully spent in 2023/24.
- **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.
- **S31 Business Rate Retention Reliefs** – holds S31 grants received from Government in 2021/22 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 2022/23 when related losses will be charged via the Collection Fund
- **Carry Forwards:** comprises the balance of the revenue budget underspends from previous financial years which it has been agreed to carry forward to fund specific expenditure.
- **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. The MTFP proposes to increase the payment into the Capital Programme Reserve in stages to £2.0m by 2026/27. This is part of a strategy to achieve greater financial sustainability by revenue funding the replacement and maintenance of existing assets and seeking only to borrow where a new capital asset is proposed.
- **Capital Receipts:** Capital receipts not yet applied to capital expenditure. Under statute capital receipts may only be used to finance capital expenditure. 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. This process has been delayed and it is possible that the sale will not complete in 2021/22. 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 2022 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.

## Annexe A – Risk Assessment of the Adequacy of General Reserves

<b>Risk type</b>	<b>RISK</b>	<b>Likelihood</b>	<b>Impact</b>	<b>Net Impact</b>
			<b>£m</b>	<b>£m</b>
<b>Abnormal weather conditions</b>	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
<b>Pension Costs</b>	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
<b>External contracts</b>	The Authority has a wide range of contractual arrangements which could see a financial loss in the event of the bankruptcy of a supplier or a customer. Based on aged debtor analysis the Authority does not currently hold a bad debt provision to fund a loss from a major contract. Additionally, Public Sector procurement processes and contracts are coming under increasing scrutiny and could be open to legal challenge.	Low	0.500	0.125
<b>Capital Programme / Projects</b>	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, supply chain disruption.	Low	1.000	0.250

<b>Risk type</b>	<b>RISK</b>	<b>Likelihood</b>	<b>Impact</b>	<b>Net Impact</b>
			<b>£m</b>	<b>£m</b>
<b>Loss of income</b>	Income targets are set within the budget for a number of functions, for example commercial and service training, and the Authority also receives income from the investment of its cash balances where rates achieved remain low. Amounts invested will reduce significantly over the next few years. Although the amounts involved are small relative to the overall budget they continue to present a risk in year	Low	0.250	0.063
<b>Delivery of savings</b>	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 2022/23 the savings target is relatively small	Low	0.500	0.125
<b>Legal Issues</b>	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
<b>Service delivery failure</b>	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
<b>System/ Infrastructure Issues</b>	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

<b>Risk type</b>	<b>RISK</b>	<b>Likelihood</b>	<b>Impact</b>	<b>Net Impact</b>
			<b>£m</b>	<b>£m</b>
<b>Funding Issues</b>	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
<b>Inflation</b>	Whilst allowances for inflation have been made within specific budget lines, the uncertainty surrounding the UK economy might lead to increased inflation. This may include the impact of new tariffs on the cost of goods purchased from the EU for example vehicle chassis.	Medium	0.200	0.100
<b>Employment Issues</b>	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
<b>Estimated Reserve Requirement</b>				<b>2.238</b>

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

Description	2022/23	2022/23	2022/23	Projected Closing Balance				
	Opening Balance 01/04/22	Planned Transfers In	Planned Transfers Out	31/03/23	31/03/24	31/03/25	31/03/26	31/03/27
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Earmarked Reserves</b>								
Improvement & Efficiency	467	0	(279)	188	88	188	288	388
Sprinklers	640	0	(200)	440	330	220	110	0
Insurance	249	0	0	249	249	249	249	249
ESMCP ESFRS readiness	1,425	0	(30)	1,395	1,315	0	0	0
ESMCP Regional Programme	83	0	(83)	0	0	0	0	0
BRR -Protection Uplift	46	0	(46)	0	0	0	0	0
IT Strategy	2,724	592	(3,188)	128	210	0	0	0
People Strategy	50	0	(15)	35	0	0	0	0
Mobilising Strategy	425	0	(425)	0	0	0	0	0
Business Rates Retention Pilot - financial stability	112	0	(27)	85	85	85	85	85
Business Rate Pool	683	0	(200)	483	288	193	98	0
S31 Business Rate Retention Reliefs	836	0	(836)	0	0	0	0	0
Tax Income Guarantee Scheme (75%) CT & BR	60	0	(29)	31	0	0	0	0

Covid-19	64	0	(64)	0	0	0	0	0
Carry Forwards	77	0	(77)	0	0	0	0	0
Pensions Administration	147	0	(147)	0	0	0	0	0
Green Book pay award 21/22	117	0	(117)	0	0	0	0	0
Capital Programme Reserve	2,709	500	(3,209)	0	48	429	1,143	2,191
<b>Total Earmarked Reserves</b>	<b>10,914</b>	<b>1,092</b>	<b>(8,972)</b>	<b>3,034</b>	<b>2,613</b>	<b>1,364</b>	<b>1,973</b>	<b>2,913</b>
<b>General Fund</b>	<b>1,796</b>	<b>0</b>	<b>0</b>	<b>1,796</b>	<b>2,017</b>	<b>2,238</b>	<b>2,238</b>	<b>2,238</b>
<b>Total Revenue Reserves</b>	<b>12,710</b>	<b>1,092</b>	<b>(8,972)</b>	<b>4,830</b>	<b>4,630</b>	<b>3,602</b>	<b>4,211</b>	<b>5,151</b>
Capital Receipts Reserve	4,017	0	(4,017)	0	0	0	0	0
<b>Total Capital Reserves</b>	<b>6,726</b>	<b>500</b>	<b>(7,226)</b>	<b>0</b>	<b>48</b>	<b>429</b>	<b>1,143</b>	<b>2,191</b>
<b>Total Usable Reserves</b>	<b>16,727</b>	<b>1,092</b>	<b>(12,988)</b>	<b>4,830</b>	<b>4,630</b>	<b>3,602</b>	<b>4,211</b>	<b>5,151</b>

**EAST SUSSEX FIRE AUTHORITY: PRECEPT FOR 2022/23**  
**REF: S43 LOCAL GOVERNMENT FINANCE ACT 1992**

	£	£
<b>NET BUDGET REQUIREMENT</b>		<b>41,766,000</b>
Forecast Business Rates retained	2,594,000	
Top Up grant	5,170,000	
Total Base Line funding	7,764,000	
Add Revenue Support Grant	3,325,000	
Add Service Grant Allocation	535,000	
Total Grant funding (excluding transitional/freeze grant)	11,624,000	
Section 31 Grant Business Rates adjustment	1,125,000	
Previous Year's Surpluses/(Deficits)	(271,000)	
<b>Total Council Tax required</b>		<b>29,288,000</b>
<b>Tax base</b>	<b>294,736</b>	
<b>Basic Council Tax (Band D equivalent)</b>		<b>99.37</b>
<b>Basic Council Tax from above calculation</b>		<b>Council Tax</b>
<b>Band A</b>	<b>6/9</b>	<b>66.25</b>
<b>Band B</b>	<b>7/9</b>	<b>77.29</b>
<b>Band C</b>	<b>8/9</b>	<b>88.33</b>
<b>Band D</b>	<b>9/9</b>	<b>99.37</b>
<b>Band E</b>	<b>11/9</b>	<b>121.45</b>
<b>Band F</b>	<b>13/9</b>	<b>143.53</b>
<b>Band G</b>	<b>15/9</b>	<b>165.62</b>
<b>Band H</b>	<b>18/9</b>	<b>198.74</b>
	<b>Tax Base</b>	<b>Precept</b>
<b>Brighton and Hove</b>	<b>91,204.00</b>	<b>9,062,941</b>
<b>Eastbourne</b>	<b>34,754.00</b>	<b>3,453,505</b>
<b>Hastings</b>	<b>26,237.00</b>	<b>2,607,171</b>
<b>Lewes</b>	<b>36,726.60</b>	<b>3,649,522</b>
<b>Rother</b>	<b>38,626.84</b>	<b>3,838,349</b>
<b>Wealden</b>	<b>67,187.90</b>	<b>6,676,462</b>
	<b>294,736.34</b>	<b>29,287,950</b>

FUNDED STAFFING ESTABLISHMENT

	FTE @ 1/4/2022	FTE @ 1/4/2023
Principal Officers	3	3
Wholetime Firefighter	333	328
RDS firefighter Units	219	219
Control Room Staff	3	3
Support staff	154.10	151.10

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

Standalone FRA	CSP (21- 22)	SFA	Under Indexing	CT	RSDG	2022/23 Services Grant	CSP (22- 23)	Change in CSP
Avon	45.0	16.2	0.9	29.3		0.8	47.1	4.7%
Bedfordshire	30.8	8.3	0.5	23.0		0.4	32.2	4.6%
Berkshire	35.1	10.5	0.6	25.0		0.5	36.6	4.4%
Buckinghamshire	28.5	7.6	0.4	21.4		0.4	29.7	4.2%
Cambridgeshire	30.6	9.0	0.5	22.1		0.4	32.1	4.7%
Cheshire	44.8	13.6	0.8	31.8		0.7	46.9	4.7%
Cleveland	27.7	14.9	0.8	12.9		0.6	29.2	5.4%
Derbyshire	39.2	13.4	0.7	26.3		0.6	41.1	4.7%
Devon & Somerset	78.5	22.6	1.3	56.4	0.4	1.1	81.8	4.2%
Dorset & Wiltshire	57.9	14.5	0.9	44.2	0.1	0.7	60.3	4.2%
Durham	29.8	10.7	0.6	19.4		0.5	31.2	4.7%
East Sussex	39.7	11.1	0.6	29.1		0.5	41.3	4.1%
Essex Fire	73.5	25.3	1.4	49.1		1.1	76.8	4.5%
Hampshire & Isle of Wight	74.7	24.9	1.3	50.6		1.1	78.1	4.5%
Hereford & Worcester	32.8	7.8	0.5	25.3	0.1	0.4	34.1	4.0%
Humberside	45.0	20.4	1.1	24.9		0.9	47.2	5.0%
Kent	73.5	21.6	1.2	53.0		1.0	76.8	4.5%
Lancashire	57.1	24.5	1.3	33.0		1.1	59.9	4.9%
Leicestershire	36.6	13.5	0.7	23.6		0.6	38.5	5.0%
Merseyside	63.0	31.7	1.7	31.5		1.4	66.2	5.1%
North Yorkshire Fire	32.0	8.8	0.5	23.1	0.5	0.4	33.4	4.1%
Northamptonshire Fire	23.7	7.7	0.4	16.3		0.4	24.9	4.9%
Nottinghamshire	43.5	16.5	0.9	27.5		0.7	45.6	4.7%
Shropshire	23.1	5.3	0.3	18.0	0.3	0.3	24.2	4.7%
South Yorkshire	52.1	24.4	1.3	28.0		1.1	54.7	5.0%
Staffordshire Fire	42.4	14.5	0.8	28.3		0.7	44.3	4.5%
Tyne & Wear	50.1	24.8	1.3	25.4		1.1	52.6	5.0%
West Midlands	99.8	53.6	2.8	46.4		2.3	105.0	5.3%
West Yorkshire	83.6	38.8	2.0	45.3		1.7	87.8	5.0%
Greater London Authority	2363.5	1214.7	88.7	1146.4		36.4	2486.3	5.2%
Greater Manchester CA	121.1	51.3	2.6	70.9		2.2	127.0	4.9%

# Equality Impact Analysis (EIA) Form

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

<b>Name of Policy, Procedure, Activity or Decision (PPAD):</b>	Fire Authority Service Planning processes for 2022/23 and beyond – Revenue Budget 2022/23 and Capital Strategy 2022/23 to 2026/27	<b>Date of Analysis:</b>	10-01-2022
<b>PPAD Owner:</b>	Assistant Director Resources / Treasurer	<b>EIA Author:</b>	Assistant Director Resources / Treasurer
<b>Directorate Lead and Department:</b>	<b>Finance Manager – Resources Directorate</b>		
<b>Status of PPAD:</b> (‘X’ as appropriate)	<b>New</b>	X	<b>Existing</b>
Please list any other policies that are related to or referred to as part of this analysis	All budget decisions including revenue and capital projects requiring business cases or other approvals		
Please list the groups of people potentially affected by this proposal. (e.g. applicants, employees, customers, service users, members of the public)	All stakeholders, employees, service users, communities of East Sussex and Brighton & Hove		
<b>What are the aims and intended effects of this proposal (PPAD)?</b>			
To set a balanced revenue budget for 2022/23, agree the Capital Asset Strategy and Capital Programme for 2022/23 to 2026/27, agree the Reserves and Balances Strategy, agree the Authority’s Medium Term Finance Plan for 2022/23 to 2026/27, achieve financial sustainability over the medium term.			

## Stage 1: Equality Impact Quick Checker

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

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

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

If you identified **'Will impact'** or **'Could impact'** for any Protected Characteristic, go to Stage 2 to conduct a full Equality Impact Analysis.

If you identified **'Won't impact'** for all Protected Characteristics, provide your summary rationale for this below and submit this form for record on the 'Equality Impact Analysis' Intranet page:

All budget proposals have been assessed by SLT.

All proposals linked to strategies, policies and projects will be subject to specific EIAs.

Funding is provided to implement the accessibility module of the Service's e-recruitment system and this is likely to have a positive impact on this group. A specific EIA will be conducted as part of the project.

No other proposals are assessed as impacting any of the protected characteristics at this stage.