

EAST SUSSEX FIRE AUTHORITY

Report of a meeting of the East Sussex Fire Authority held at County Hall, St. Anne's Crescent, Lewes at 10:30 hours on Thursday, 10 February 2022.

Present: Councillors Galley (Chairman), Lambert (Vice-Chair), Azad, Dowling, Evans, Geary, Hamilton, Maples, Osborne, Peltzer Dunn, Powell, Redstone, Scott, Taylor, Theobald, Tutt and West

N.B. Apologies were received from Councillor Marlow-Eastwood

The agenda and non-confidential reports can be read on the East Sussex Fire & Rescue Service's website at <http://www.esfrs.org/about-us/east-sussex-fire-authority/fire-authority-meetings/> A brief synopsis and the decisions relating to key items is set out below.

1 FIRE AUTHORITY SERVICE PLANNING PROCESSES FOR 2022/23 AND BEYOND - REVENUE BUDGET 2022/23 AND CAPITAL ASSET STRATEGY 2022/23 TO 2026/27

- 1.1 The Fire Authority considered a report detailing the Fire Authority's Revenue Budget 2022/23, Capital Strategy 2022/23-2026/27 and Medium Term Finance Plan 2022/23-2026/27. This set out the final budget proposals and although Business Rates figures were estimates the final figures would not change either the precept or proposed budget provision. The final Local Government Finance Settlement had been announced and although confirmation of specific grants from the Home Office were still awaited it was understood that the largest of these, the Pension Grant, would be unchanged from the current year and was reflected in the budget proposals. The Council Tax referendum threshold for the Fire Authority remained at 2%.
- 1.2 Whilst the Government had conducted a three year spending review the settlement was only for one year. The settlement for 2022/23 was better than anticipated primarily due to a one off Service Grant of £0.535m. however there remained significant uncertainty for funding beyond that. The Authority's increase in core spending power for 2022/23 of 4.1% was the second lowest in English Fire Authorities and well below the average of 4.7%. The proposed budget was a balanced one with a proposed Council Tax increase of 1.99% - equivalent to £1.91 per week for a Band D property.

- 1.3 In order to balance the budget a total of £0.432m of reserves would be used. Including £0.200m to support investment in protection services beyond the one-off grant funding provided by Government. Whilst the use of reserves was legitimate it was not financially sustainable and therefore could not form an ongoing part of budget setting. It was noted that despite difficult financial circumstances the Authority planned to continue investment in IT, Fleet and Estates. The Capital Programme over 5 years was set to increase by £4.8m to £28.2m including additional investment of £3.8m in operational training facilities to maintain firefighter competence and safety. The Authority's reserves were forecast to reduce from £16.7m to £5.2m over the next 5 years as a result of planned investment, and borrowing would increase from £10.3m to £21.8m, with revenue costs of borrowing increasing by £0.9m.
- 1.4 The Medium Term Financial Plan (MTFP) modelled 3 scenarios (mid, best and worse case), these were wide ranging, including additional measures to manage risk and provide greater financial sustainability. The advice to the Authority was to plan for the mid case scenario whilst remembering that forecasts were only indicative due to risks including further reductions in public spending and proposed changes to how local government was supported centrally. The mid-case scenario forecast the need for further savings of £1.0m in 2023/24 rising to £1.5m by 2026/27.
- 1.5 There remained significant uncertainty for funding for 2022/23 and beyond and the Authority needed to be flexible in its approach to financial planning. It was the view of the Treasurer that the estimates used for the purposes of calculating the budget, revenue and capital, had been produced in a robust and transparent way and the proposed financial reserves were consistent with Fire Authority policy and were prudent and necessary. It was essential the Authority focused on identifying additional savings enabling it to balance its revenue budget from 2023/24 onwards rather than relying on reserves. If these could not be found from the efficiency areas set out in the report the Authority would need to consider other options including the revisiting of options proposed but not adopted as part of its IRMP 2020-25.
- 1.6 Members thanked officers for a comprehensive report there was some concern regarding the uncertainty of funding available over the medium term. An annual government grant was not reliable and Members sought assurances that representations to government were being made. It was confirmed that they were, through both the Local Government Association (LGA) and National Fire Chiefs Council (NFCC) and also through briefings for local MPs.
- 1.7 Members asked why the cost for a Band D property was the 4th highest of all Combined Fire Authorities. This had been the case for many years and reflected decisions made by the Authority regarding its prevention, protection and response resources. The majority of the Authority's costs related to staffing, particularly Operational, and was also influenced by the county's geography, poor road network, high levels of elderly and vulnerable residents, high levels of deprivation coastline and number of tourists.

- 1.8 Members were pleased abnormal weather had been included as a risk but requested that the climate crisis more broadly be represented. The Authority were reminded that they had commissioned a review of its current carbon footprint, largely from estate and heavy fleet, and seeking suggestions for how to reduce it, a report on the findings of this review would be presented to a future meeting.
- 1.9 Members were satisfied with the budget proposals and reflected that ESFRS had undergone significant change over a long period of time and that there were lessons to be learned in response to Covid-19. Members were mindful that whilst the rise in Council Tax precept was not significant it was part of a cumulative increase that residents of East Sussex and Brighton & Hove would feel. Increases were not desirable but there was an appreciation that people were paying for a good service.
- 1.10 The Fire Authority unanimously agreed to all the recommendations in their entirety as set out in the report.

2 TREASURY MANAGEMENT STRATEGY FOR 2022/23

- 2.1 The Fire Authority considered a report seeking approval of the Treasury Management strategy, policy statement and the Minimum Revenue Provision (MRP) Statement 2022/23. The emphasis remained on security and liquidity, and as was clear from global events it was impossible in practical terms to eliminate all credit risk however the Fire Authority sought to be prudent. It was recommended to approve borrowing limits giving flexibility for any future consideration in undertaking new external long-term / replacement borrowing.
- 2.2 The Fire Authority always adopted a prudent approach on its investment strategy. No further changes to the Investment Strategy were proposed for 2022/23. Since March 2020 global economic events triggered by Covid 19 had caused the Authority to pause consideration of entering longer duration funds.
- 2.3 The Fire Authority was exploring Investment options that meet Environment, Social and Governance (ESG) aims. This parameter would act as a 4th consideration to investment decisions behind Security, Liquidity and Yield. The preservation of capital remained the principal overriding priority. Members were pleased to see support for ESG investment products and the investment of £1m that had been made in 2021. The current availability of ESG products was relatively narrow, but it was encouraging that this investment offered a better return than other comparable non-ESG products. Members welcomed this investment and hoped that there would be increased ESG investments in the future.
- 2.4 The Fire Authority unanimously approved the recommendations contained within the Report in full.

3 ANNUAL PAY POLICY STATEMENT 2022-23

- 3.1 Members received a report presenting the Fire Authority's Pay Policy Statement for the period 1 April 2022 to 31 March 2023. The Localism Act 2011 imposes a duty on relevant local authorities to prepare pay policy statements for each financial year and must be approved by the statutory deadline of 31 March 2022. The Fire Authority approved the Pay Policy Statement as set out in the Appendix to the report.

**COUNCILLOR ROY GALLEY
CHAIRMAN OF EAST SUSSEX FIRE AUTHORITY**

10 February 2022