

## EAST SUSSEX FIRE AUTHORITY

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**Report of a meeting of the East Sussex Fire Authority held at County Hall, St. Anne's Crescent, Lewes BN7 1UE at 10:30 hours on Thursday, 15 February 2018.**

Present: Councillors Barnes (Chairman), Deane, Dowling, Earl, Elford, Field, Galley, Lambert, O'Quinn, Peltzer Dunn, Penn, Scott, Sheppard, Smith, Theobald (Vice-Chairman) and Tutt.

N.B. Apologies were received from Councillors Morris and Osborne.

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 TREASURY MANAGEMENT STRATEGY FOR 2018/19**

- 1.1 Members considered a report requesting approval for the treasury management strategy, policy statement and the Minimum Revenue Provision (MRP) Statement 2018/19.
- 1.2 The emphasis continued to be on security (protection of the capital sum invested) and liquidity (keeping money readily available for expenditure when needed). The strategy and limits were consistent with the proposed capital programme and revenue budget. As was clear from global events, it was impossible in practical terms to eliminate all credit risk and that the Fire Authority sought to be prudent.
- 1.3 Members were requested to approve borrowing limits to give greater flexibility for any future consideration in undertaking new external long-term/replacement borrowing if the need arose or the market conditions were favourable.
- 1.4 Having always had a prudent investment strategy, there had been regular changes to the list of approved organisations used for investment of short term surpluses. The list was regularly reviewed to allow investments at the best available rates consistent with low risk. These organisations were regularly monitored to ensure their financial strength and low risk had been maintained. The 2018/19 strategy would continue this prudent approach and ensure investments were only to the highest quality rated banks and financial institutions.
- 1.5 The 2018/19 investment strategy included the addition of Mixed Asset Funds and Pooled Property Funds. These were to be invested in the medium to long term and consideration would be given regarding the planned reduction in reserves and balances of the Fire Authority in the next five years before investments were made. This update provided opportunities to diversify the investment portfolio and improve returns by taking a marginal increase in risk.

- 1.6 Members welcomed the proposed changes and agreed that the time had come to be less risk averse. It was important to seek a better return on investments than was currently being achieved. Members thought that whilst investment in property could be a risky strategy, the Pooled Property Funds approach was welcome.
- 1.7 Members resolved to approve the treasury management strategy and policy statement for 2018/19, and to adopt these for the remainder of 2017/18. Additionally they determined that for 2018/19 the Authorised Limit for borrowing should be £13.630m. They adopted the prudential indicators as set out at Appendix 2 to the report and the Minimum Revenue Provision (MRP) Statement for 2018/19 as set out at Appendix 3.

## **2 FUTURE COLLABORATION ARRANGEMENTS BETWEEN THE FIRE & RESCUE SERVICES OF EAST SUSSEX, SURREY AND WEST SUSSEX**

- 2.1 Members were provided with information on the proposed new collaboration arrangements between this Authority and those of Surrey and West Sussex. They were asked to agree to delegate authority to the Chief Fire Officer, after consultation with the Chairman, to sign the formal agreement on behalf of the Authority.
- 2.2 Collaboration amongst emergency services in Surrey and Sussex was a key strategic priority. Developing effective collaboration arrangements had long-term strategic significance supported by a number of drivers including a duty to collaborate under the Policing and Crime Act 2017, the HMICFRS inspection regime, financial challenges and public expectation.
- 2.3 Following a review of resourcing options of the existing 'Emergency Service Collaboration Programme' (ESCP) beyond March 2018, a mixed level of support was identified across the partners which led to an impact and options assessment of the ESCP moving forward. This recommended pursuing closer and more focused collaboration across the three fire services in Sussex and Surrey.
- 2.4 The resulting collaboration agreement outlined organisational commitment to working more closely together to improve efficiency and effectiveness of our respective Fire & Rescue Services. The framework will be called the "3F" (3 Fire Services) approach and will be supported by specific project level agreements defining where to collaborate, why, how and expected benefits.
- 2.5 Members welcomed and supported increased collaboration and the benefits and opportunities it would bring. The collaboration was at the scoping stage and meetings were underway to discuss targets. Some areas for collaboration had been agreed and were underway including shared training facilities, provision of Occupational Health, alignment of Health and Safety, delivery of fire investigations and a single strategic fleet and engineering lead. Progress updates, figures and projected savings would be given through the Scrutiny & Audit Panel.
- 2.6 Members agreed to delegate authority to the Chief Fire Officer, after consultation with the Chairman, to sign the formal agreement on behalf of the Authority.

**3 FIRE AUTHORITY SERVICE PLANNING PROCESSES FOR 2018/19 AND BEYOND**

- 3.1 Members considered a report seeking approval for the Fire Authority's Revenue Budget 2018/19, Capital Strategy 2018/19-2022/23 and Medium Term Finance Plan for 2018/19-2022/23.
- 3.2 The budget proposals had been considered by the Policy & Resources Panel on 18 January 2018. Following this and the Local Government Finance Settlement on 6 February 2018, the report presented to the Authority had been updated to reflect final council tax and business rates information, collection fund positions and revised information from central government on business rates funding.
- 3.3 The Authority had made good progress identifying and agreeing savings proposals over the last 12 months. The latest version of the medium term financial plan (MTFP) showed the Authority had identified £0.686m of savings in 2018/19 and a total of £0.721m savings in total over the life of the MTFP. There remained significant uncertainty for fire funding beyond the current multiyear funding offer ending in 2019/20. For 2020/21 and beyond there were potentially significant risks resulting from proposed changes to the Business Rates Retention regime, the Fairer Funding Review and a Comprehensive Spending Review. The potential impact of Brexit was also a risk, the effect of which was currently unknown but would likely affect supply chains through Europe of specialist equipment.
- 3.4 There were two options for setting a balanced revenue budget for 2018/19, including commitments, growth bids and new savings. The Government's decision to increase the level of increase in Council Tax without the need for a local referendum in 2018/19 and 2019/20 from 2% to 3% provided flexibility. The options were:
- The existing strategy of increases of 1.94% each year in Council Tax between 2018/19 and 2022/23; or
  - Increases of 2.94% in 2018/19 and 2019/20 and 1.94% thereafter.
- 3.5 If approved the 2.94% option would provide short term flexibility to invest in existing priorities and to commit additional funding of £200,000 in 2018/19 and if a similar increase was approved in the following year £300,000 in 2019/20 to support further investment in match-funding the retrofitting of sprinklers in high rise/high risk premises. In the medium term additional funding would assist the Authority in managing the uncertainty and risk it faced in funding after 2019/20 and reduce the level of savings currently forecast to be required to balance the budget by 2022/23.
- 3.6 The Authority had acted prudently in establishing reserves and balances to meet assessed risks and providing one off funding for specific priorities. Reserves held would be reduced significantly over the life of the MTFP as the Authority continued to invest in its transformation programme and capital assets. The use of reserves was essential in the absence of central government grant funding for either capital investment of fire transformation/reform at a local level.

- 3.7 Following discussion at the Policy & Resources panel, on balance, the view was that the Fire Authority should agree a Council Tax increase of 2.94% in 2018/19 and plan for a similar rise in 2019/20. The Panel was anxious this decision did not send out the wrong signals and stressed Officers should continue to focus on improving productivity, efficiency and effectiveness across the Service and that the savings targets within the MTFP should be regarded as a minimum threshold over the period. It saw particular opportunities in closer collaboration and partnership working.
- 3.8 Members heard that of those Fire Authority's that had set their Council Tax for 2018/19, the vast majority had set their council tax increase at just below 3%.
- 3.9 A lengthy discussion followed. Members reflected that they had an unpleasant choice to make and were very conscious that imposing an increase, even though relatively small, was not a decision taken lightly and had been given much thought and consideration. The belief amongst Members was that, having spoken with their residents, people would be willing to pay more to ensure access to a fully funded Fire Service making sure people were safe. They were very aware that the Government in its analysis of spending power had assumed that Authorities would opt to make the increase of 3%.
- 3.10 Members reinforced the request of the Policy & Resources Panel that Officers should continue to deliver against the Efficiency Plan and identify and investigate ways to improve productivity, efficiency and effectiveness.
- 3.11 Members were clear that any increase in 2019/20 would be taken under scrutiny in a years' time but recognised that the MTFP modelled a further increase of 2.94%.
- 3.12 Members resolved to approve an increase in council tax of 2.94% and thus approved the budget proposals set out in the report and the net budget requirements of £38.140m for 2018/19, the council tax requirement of £26.173m and the council tax precepts as set out in Appendix F(ii).
- 3.13 They also approved the capital programme for the next five years and the capital budget of £3.903m for 2018/19 and plans to use capital grant, capital receipts and revenue contributions to finance capital expenditure. They approved the policy aim of maintaining the General Reserve at 8% of the net revenue budget be continued.
- 3.14 They approved a further £2.077m is transferred from the Capital Programme Reserve to the IT Strategy Reserve to ensure that the IT Strategy is fully funded, the fees and charges set out in Appendix C and that the Chief Fire Officer, after consultation with the Chairman and Treasurer, be authorised to make any adjustments to the presentation of the budget to reflect the final Local Government Finance Settlement.
- 3.15 Members further noted that the Authority had approved an updated Efficiency Plan at its meeting on 7 September 2018 and requested that Officers continue the commitment to develop a more strategic approach to delivering efficiencies and savings beyond that which was required to balance the budget as set out in the MTFP.

**4      PAY POLICY STATEMENT FOR 2018/2019**

- 4.1      Members received a report seeking approval of the Pay Policy Statement for the period 1 April 2018 – 31 March 2019. The Localism Act 2011 imposed a duty on relevant local authorities to prepare a pay policy statement for each financial year and Members needed to approve the statement by 31 March 2018.
- 4.2      Members resolved to approve the Fire Authority's Pay Policy Statement as set out at Appendix 1 to the report.

**COUNCILLOR JOHN BARNES**  
**CHAIRMAN OF EAST SUSSEX FIRE AUTHORITY**

15 February 2018