

EAST SUSSEX FIRE AUTHORITY

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, 6 September 2018.

Present: Councillors Barnes (Chairman), Dowling, Elford, Galley, Lambert, MacCafferty, Morris, Osborne, Peltzer Dunn, Penn, Sheppard, Smith and Taylor.

N.B. Apologies were received from Councillors Deane, Earl, O'Quinn, Scott and Tutt.

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 URGENT ITEMS AND CHAIRMAN'S BUSINESS

1.1 The Chairman informed Members that East Sussex Fire & Rescue Service (ESFRS) had received an update from HM Inspector of Fire and Rescue Service on the HM Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) inspection regime. The key points of note were that:

- Tranche 1 of Fire and Rescue Service (FRS) Inspections were currently undergoing inspection fieldwork;
- Tranche 2 of the FRS were in the midst of data collection and discovery activity with inspections being undertaken in November and January.

1.2 ESFRS would be inspected in Tranche 3, commencing in Spring 2019. There was no date set, however officers were already working hard on preparing the service for inspection and working closely with HMICFRS on data submissions and other requirements.

2 STRATEGIC SERVICE PLANNING AND MEDIUM TERM FINANCIAL PLAN 2019/20

2.1 The Authority received a report seeking to roll forward the Fire Authority's medium term service planning strategy and the medium term financial plan for 2019/20 to 2023/24.

2.2 The report set the financial context for the service planning process, through an update to the Medium Term Finance Plan (MTFP) and determined how best to deliver the Authority's purpose and commitments, the Integrated Risk Management Plan (IRMP) and the targets and priorities that underpinned them. Closer alignment of business and resource planning was necessary to ensure the Authority could continue to deliver its corporate strategy and IRMP more effectively, this would continue for the 2019/20 budget setting process.

- 2.3 The Authority were reminded that there remained uncertainty about the future of local government funding. There were ongoing consultations on future funding arrangements but at this stage there was no certainty past the final year of the multi-year funding settlement, 2019/2020. Therefore, the last four years of the MTFP should be regarded as indicative at this stage. Much of the detail that was required to set the budget for 2019/20 and prepare the Authority's MTFP was unlikely to be available until January 2019.
- 2.4 The revised MTFP models, following a balanced budget in 2019/20, forecast two scenarios: a probable and a worst case. The savings required under each were:
- Probable – savings required in 2020/21 of £0.360m increasing to £1.537m by 2023/24
 - Worst case – savings required in 2020/21 of 0.629m increasing to 2.424m by 2023/24
- 2.5 The Authority was informed that this level of saving should be regarded as a minimum and that in order to fund additional investment in the service they would need to continue to drive through the service and budget planning process, identifying pressures and savings and cashable efficiencies sufficient to provide options to meet the probable scenario. This would enable the Authority to make informed choices about both balancing its budget over the medium term and delivering effective services once the position for 2020/21 was clearer
- 2.6 The Authority was reminded that the report outlined the very early stage of the budget setting process. Members requested clarification on what a full fire cover review would entail. This was a significant piece of work that should be undertaken cyclically, every 5-8 years. It sat under the IRMP and assessed the level of resource required to meet changing risk in the communities we serve.
- 2.7 As previously agreed by Members, the planned use of reserves would lead to a significant reduction in the overall level of reserves held over the next 5 years. There was some degree of confidence in the next year, however, from 2020/21 the Authority would be entering a "perfect storm" with funding affected by the Comprehensive Spending Review, changes to business rates retention, from 50% to 75% and changes to formula by which funding was allocated across the fire sector (the Fairer Funding Review). The risk that FRS funding through the Business Rate Retention regime would be moved to a Home Officer Grant had lessened as this would require primary legislation which was unlikely in the short term.
- 2.8 The Authority asked if ESFRS was lobbying for information on a national level. The CFO responded that the Fire Authority were welcome to lobby, but that this would be a decision for Members to take. At Officer level, ESFRS was actively involved in national funding discussions and consultations and through the NFCC were actively submitting thoughts and opinion on future funding to government. Members agreed that the Chairman be requested to write to local MP's detailing the situation faced by Fire & Rescue Services, and ESFRS in particular, asking for their support and agreement to lobby government for more detail on future funding.

- 2.9 In response to a Member question the CFO explained she was confident in the robustness of the Authority's general governance. ESFRS had been the first fire service in the country to commission an independent governance review, the results of which would soon be ready. The Internal Audit function of ESFRS was commissioned through ESCC and therefore independent and the audits conducted were thorough. Members also took assurance from the external audit, conducted by EY, the audit was extremely thorough and presented directly to Members.
- 2.10 The Authority had been pragmatic about Council Tax, and the planning assumption was for an increase of 2.94% in 2019/20. It was clear on specific savings and efficiencies, planned savings and the use of reserves. It was agreed that the Authority would face challenges, but that it was currently in a relatively sound financial position. Members stated that they were impressed by the financial planning. They were clear that there was a marked difference between the financial constraints on Combined Fire Authorities, such as ESFRS, and the County Council Fire Authorities. The current issues faced by ESFRS were not a result of our processes and but more to do with external influences and issues.
- 2.11 The Fire Authority approved the updated Medium Term Financial Plan for 2019/20 – 2023/24, delegated authority to agree a submission of interest to join an East Sussex Business Rate Pilot to the Assistant Director Resources/Treasurer and noted that an update on the Efficiency Strategy would be reported to the Policy & Resources Panel in November.

3 PROVISION OF INSURANCE

- 3.1 The Fire Authority received a report presenting Members with a proposal for the Authority to join a Fire and Rescue Indemnity Company (FRIC), an entity formed by other Fire and Rescue Authorities to act as a pool for insurance purposes from 1 April 2019.
- 3.2 The Authority currently purchased insurance cover to meet its statutory requirements and mitigate risk by tendering for services with the support of a broker. The current agreement would expire on 31 March 2019. Following an option appraisal, officers selected a collaborative approach to insurance through joining a FRIC. Under pooling arrangements, all member FRS shared the cost of establishing a pool fund from which any loss incurred by an individual member of the insurance pool would be met. The current arrangement was first established by nine FRS's in 2015 and a number of others had either joined or were considering doing so.
- 3.3 Members were not adverse to the proposal and asked for clarity on any risk associated with the FRIC. The Authority was naturally prudent on Insurance and had taken time to consider the change to FRIC. It had waited to ensure lessons had been learned from previous enterprises and to track progress from outside during the early stages. It was not without risk, but equally there was no guarantee of the process being risk free with traditional Insurance companies. Currently the Insurance market did not have an offering that reflected the specific requirements of a FRS.

- 3.4 The FRIC, with its fire specific focus had developed a risk management assessment process, establishing and supporting the Fire & Rescue Risk Group (FARRG). As a result, the process was specifically suited to the sector. The collaborative learning from FARRG should help reduce the frequency and severity of claims, not only saving FRIC money but also operational and management time associated with incidents and related reputational impact.
- 3.5 The Authority were concerned as to what would happen if ESFRS left the FRIC, it was confirmed that in this circumstance, the Service would simply return to the traditional method of purchasing insurance. There were some areas of activity that were not yet covered by FRIC, but these would be in place by November 2018. Any that were not, ESFRS would arrange cover for in the traditional way. It was possible to replicate current cover arrangements through FRIC, with the additional benefit of improved reporting and collective risk management.
- 3.6 The Fire Authority agreed to the Authority's participation in the pooling arrangements and to becoming a full member of the Company; to the use of the pooling arrangements for its corporate property, liability, motor and other miscellaneous insurance requirements for a minimum of three years from 1 April 2019.

4 ANNUAL PERFORMANCE OUTCOME REPORT

- 4.1 The Fire Authority considered a report presenting the annual performance results for 2017/18. It gave details of ESFRS's performance for the period April 2017 to March 2018, providing comparison against last year's performance, whether targets were achieved and whether it had improved, stayed the same or declined from last year. Ten top level indicators had improved or met the target set (50%) and ten had declined.
- 4.2 Members found the report thorough and showed good progress. It showed the Fire Authority was considering the right priorities, though there were some concerns that there seemed to be a dramatic variation across local authority areas and Members asked for more detail on this. Members were informed that Rother was a particular area of focus with regard to the 18% increase in primary fires from the previous year, including an increase of 64% in deliberate primary fires. This increase equated to 9 incidents, of these it was noted that 3 related to fire setting of toilet roll holders in public toilets. Following these incidents work had been undertaken with young people and the replacements made by the toilet owners were changed to metal. Also included in this figure were car fires and grass fires. Members were reassured that after every deliberate fire each incident was forensically assessed.
- 4.3 The number of secondary fires directly related to the demographic of the area. Nationally, East Sussex has the highest population of elderly people, this of course had a bearing on the ESFRS figures, there was targeted and integrated work being undertaken across the service to address this. Accidental dwelling fires had been a priority area for a number of years. These had reduced by 38% from 2000/01, the figure of 499 recorded for 2017/18 was the lowest number of accidental dwelling fires recorded over the last 18 years.

- 4.4 Members were interested to know whether attendance times, agreed in June 2018, would be monitored in future annual performance reporting. It was confirmed that attendance times were regularly scrutinised and were likely to be considered nationally as part of the HMICFRS inspection regime, however the lack of national standards made comparative analysis complex as standards were all set locally.
- 4.5 The Fire Authority resolved to note the performance results and progress towards achieving the Services purpose and commitments and noted the performance results and remedial actions that had been taken to address areas of underperformance in priority areas.

5 PROCUREMENT STRATEGY

- 5.1 The Fire Authority considered a report presenting the Authority with the new procurement Strategy for the period 2018-2020. Members were reminded that the Authority faced many challenges both internal and external. Procurement must modernise in terms of its scope, use of technology, procedures and practices in order to meet them. The Procurement Strategy intended to widen the scope of Procurement within ESFRS and continue the transition from tactical/transactional function to strategic leadership.
- 5.2 The strategy had been designed to maximise the impact of procurement, there was a greater drive for reform and modernisation coming from such quarters as the Home Secretary and Ministers for Policing and Fire. Efficiency was a significant part of the Home Office Reform programme and the HMICFRS inspection regime was focussed on procurement as part of its wider assessment of efficiency and effectiveness. In response to the Reform programme, the NFCC had been working on harnessing national buying power, enabling significant data sharing, collaboration and transparency. The Procurement Strategy had been designed to align with this project.
- 5.3 Members were keen to ensure that in future the specifics were right on all tender documents and were pleased that pre-tender activities would be subject to greater effort and resource. They agreed that the centralisation of Procurement resources on these activities would be beneficial to the Authority.
- 5.4 The Fire Authority resolved to approve the introduction of the new Procurement Strategy for 2018-2020, the introduction of a Category Management approach within the ESFA and the centralisation of pre and post tender activity in the Procurement Team and the release of £87,000 from the Improvement and Efficiency Reserve to fund an additional Category Specialist post on a two year fixed term basis.

COUNCILLOR JOHN BARNES
CHAIRMAN OF EAST SUSSEX FIRE AUTHORITY

6 September 2018