

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, 8 February 2024.

Present: Councillors Galley (Chairman), Lambert (Vice-Chair), Asaduzzaman, Azad, Dowling, Evans, Geary, Goddard, Hollidge, Maples, Meadows, Muten, Redstone, Scott, Tutt, West and Wright

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 2024/25 AND BEYOND – REVENUE BUDGET 2024/25 AND CAPITAL ASSET STRATEGY 2024/25 TO 2028/29

- 1.1 The Fire Authority considered the draft Revenue Budget 2024/25, Capital Strategy 2024/25 – 2028/29 and Medium Term Finance Plan for 2024/25 – 2028/29 for approval. Changes made since the initial proposals presented to the Policy & Resources (P&R) Panel in January 2024 and since the publication of the agenda for this meeting were outlined. Funding in the published budget papers had increased by £0.620m compared with the P & R papers due primarily to a forecast increase in the Minimum Funding Guarantee Grant of £0.516m and income from Council Tax of £0.104m. The Final Local Government Finance Settlement had been confirmed, the additional funding guarantee grant was £75,000 lower than anticipated, the new pensions grant was £65,000 less than had been budgeted for, the Protection grant was £63,000 lower than expected, but there had been a one off pensions admin grant of £96,000. This meant a reduction in funding to that in the published papers of close to £0.102m.
- 1.2 The Authority were once again working within a one year settlement. Standalone Fire Authorities had received the smallest core spending power increases, due to the cash flat roll in of the Fire Pensions Grant and lower council tax flexibilities, East Sussex's increase was 4.9% and was one of 31 CFAs that needed to receive the Minimum Funding Guarantee grant. Despite extensive lobbying, no additional precept flexibility had been granted to Fire & Rescue Authorities therefore the highest increase permitted without a referendum was 2.99%.
- 1.3 The existing Pensions Grant had been rolled into the settlement which was welcome but a new Pensions grant totalling £83m across the Fire Sector had been awarded to offset the cost of increased employer contributions from 2024/25, less had been received than had been budgeted for. The allocation for the Protection grant had been reduced rather than increased to reflect risk which was disappointing and a follow up meeting was being sought with the Home Office.
- 1.4 Members were presented a balanced budget for 2024/25 which included pressures of £3.5m (£2.3m pay and £0.5m price inflation); growth bids of £0.4m; savings of £1.9m and £0.6m drawdown from reserves. Council tax was proposed to increase by 2.99% taking Band D to £107.49.
- 1.5 Following the funding changes it was no longer necessary to take Tranche 4 of the savings proposals as approved in February 2023 and it was recommended that these should no longer be pursued. It was also recommended that the decision taken in the last Integrated Risk Management Plan regarding changes in Hastings be rescinded as they were not financially sustainable in the current environment.

- 1.6 The Capital Programme set out continued investment in the Service's estate, fleet and IT of £8.9m in 2024/25 and £24.2m in total over the next five years. Given ongoing cost pressures on capital schemes the Capital Programme was unlikely to be affordable in the medium term in its current form and would be subject to further review during 2024/25 alongside planned reviews of the associated strategies.
- 1.7 Reserves would be reducing from £8.7m to £5.8m and General Balances would be below the Fire Authority's agreed policy minimum of 5% until 2026/27. It was anticipated that borrowing would increase from £9.4m to £21.5m over the next five years with associated revenue costs rising from £0.9m to £1.8m. The Authority were warned that there remained significant financial uncertainty and current modelling for the budget in 2025/26 showed required savings of between £1.9m and £2.5m to balance the budget for that financial year, work to identify additional savings for the next year must begin as soon as possible. One proposal was to consider options regarding Mayfield on-Call Fire Station, the Authority did not take a decision at this meeting, but were, in line with the recommendation of the P&R Panel, asked to approve the creation of an Options Appraisal including a variety of possibilities to be presented to the Authority on 13 June 2024.
- 1.8 Members thanked the Finance team for all their work to produce the report before them and for being able to present a balanced budget particularly at such a challenging time financially for local authorities, especially following a prolonged period of real terms reductions in funding. Members expressed their own disappointment at the financial settlement, the fact that it continued to be for one-year and the disappointing decision to limit the Authority's precepting flexibility in spite of robust lobbying.
- 1.9 Members discussed the need to recommence borrowing and concerns over interest rates, the Authority's Treasury Management Advisors were clear that this was the least propitious time to commence borrowing, officers were well aware of this and in discussions to achieve the best value through short-term borrowing from other local authorities before locking in to longer-term PWLB borrowing when interest rates were improved.
- 1.10 Members were content there was no longer a need to pursue the savings relating to Tranche 4 and the last IRMP but were concerned by the outlook for the budget in future years, particularly the predicted gap in 2025/26 and welcomed Officers commencing work on identifying savings early. There was a lengthy discussion on potential savings and the impact of any decisions regarding Mayfield On-Call Fire Station. A variety of options would be looked at using all information and data available, considering societal and environmental changes and challenges, and station risk profiles. If a decision were taken that impacted the public then a full consultation process would be undertaken.
- 1.11 The Chief Fire Officer thanked Members for their comments, agreeing that this budget setting process had been particularly challenging amid some disappointing funding decisions. Officers and Members committed to continuing to lobby central government for fairer funding provision for Fire & Rescue Services. The Chairman read the recommendations contained within the report and the Authority unanimously approved them in full.

2 TREASURY MANAGEMENT STRATEGY 2024/25

- 2.1 The Fire Authority considered the Treasury Management Strategy, policy statement and the Minimum Revenue Provision (MRP) Statement 2024/25. The report contained recommendations about the borrowing limits, prudential indicators and limits, the investment strategy and policy as required by Section 3 (1) of the Local Government Act 2003 and the Prudential Code for Capital Finance 2017. The emphasis continued to be on security and liquidity and the strategy and limits were consistent with the proposed capital programme and revenue budget. It was impossible in practical terms to eliminate all credit risk and the Fire Authority continued to seek to be prudent in its investments.

- 2.2 The Authority was recommended to approve borrowing limits to give flexibility for any future consideration in undertaking new external long-term/replacement borrowing should the need arise or market conditions prove favourable. The Authority was recommended to approve the Investment Strategy, noting that there were no changes proposed for 2024/25, any introduction of longer term instruments would result in an increased, but appropriate, level of risk to the investment portfolio.
- 2.3 Members referred to the anticipated need to borrow in the short to medium-term, para. 4.1, in particular regarding borrowing in advance of need and asked how much borrowing had been undertaken so far. The ADR/T reminded the meeting that the Authority had not taken out any new external borrowing since January 2008, all spending had been financed internally. This included use of capital receipts from the disposal of Service housing and the sale of the old Headquarters, which had between them generated c. £10m. The ADR/T explained that an advantage of borrowing in advance of need was that if the opportunity presented itself the Treasurer could borrow early if the terms were favourable, at this stage, based on the current rates any borrowing was likely to be inter-authority rather than external.
- 2.4 The Fire Authority approved the recommendations contained within the Report in full.

3 ANNUAL PAY POLICY STATEMENT 2024/25

- 3.1 The Fire Authority considered a report seeking approval for the Fire Authority's Annual Pay Policy Statement for the period 1 April 2024 to 31 March 2025, in line with the requirements of the Localism Act 2011. There were no changes proposed to the Fire Authority's existing policies on pay or its pay scales. It reflected the previous Pay Policy updated to include the outcomes of national pay settlements, decisions of the Principal Officer Appointments Panel (in relation to Principal Officer's pay) and changes to the Firefighters and Local Government pension Schemes.
- 3.2 Members asked how the representative lowest salary shown in the statement was set, why this was a mean salary and not JF1 and whether there was any plan to reduce the ratio between highest and lowest earners. The Authority was required to publish its own definition of 'lowest paid' employees based on how it applied to the Authority's workforce, the definition used and the statement template had been in place for many years and was felt to be representative. Whilst the content of the Pay Policy Statement was very clearly specified, the Service also published a separate pay report which contained more detail and allowed more flexibility in what could be included. The policy was driven by the National Joint Council (NJC) and that the pay scales for the three terms and conditions books (Gold, Grey and Green) represented at the Service were negotiated and agreed at a national level. Whilst there was some small flexibility in regard to local bonuses and allowances the Authority were beholden to the NJC Pay levels.
- 3.3 The Fire Authority agreed to approve the Annual Pay Policy Statement as set out in Appendix 1 to the Report.

COUNCILLOR ROY GALLEY
CHAIRMAN OF EAST SUSSEX FIRE AUTHORITY

8 February 2024