

EAST SUSSEX FIRE AUTHORITY

Minutes of the 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.

Also present:

D Whittaker (Chief Fire Officer), M Andrews (Assistant Chief Fire Officer), A Ghebre-Ghiorghis (Monitoring Officer), D Savage (Treasurer/Assistant Director Resources), M Matthews (Assistant Director Safer Communities), H Scott-Youldon (Assistant Director Training & Assurance), E Curtis (Communications & Marketing Manager), S Milner (Planning & Intelligence Manager), J Ochser (Democratic Services Officer) and A Blanshard (Senior Democratic Services Officer).

22 INTERESTS

22.1 It was noted that, in relation to matters on the agenda, no participating Member had any disclosable interest under the Fire Authority's Code of Conduct for Members.

23 APOLOGIES FOR ABSENCE

23.1 Apologies were received from Councillors Morris and Osborne.

24 URGENT ITEMS AND CHAIRMAN'S BUSINESS

24.1 There were none.

25 TO CONSIDER PUBLIC QUESTIONS. IF ANY

25.1 There were none.

26 TO CONSIDER PUBLIC PETITIONS. IF ANY

26.1 There were none.

27 MINUTES OF THE MEETING HELD ON 7 DECEMBER 2017

27.1 **RESOLVED** – That the non-confidential minutes of the meeting held on 7 December 2017 be approved and signed by the Chairman. (*Copy in Minute Book*)

28 CALLOVER

28.1 Members reserved the following items for debate:

29 Treasury Management Strategy for 2018/19

30 Future Collaboration Arrangements between the Fire & Rescue Services of East Sussex, Surrey and West Sussex

31 Fire Authority Service Planning processes for 2018/19 and beyond

28.2 **RESOLVED** – That all other reports be approved according to the recommendations set out in the reports.

29 TREASURY MANAGEMENT STRATEGY FOR 2018/19

29.1 The Fire Authority received the report of the Assistant Director Resources/Treasurer (ADR/T) requesting Fire Authority approval of the treasury management strategy, policy statement and the Minimum Revenue Provision (MRP) Statement 2018/19. (*Copy in Minute Book*)

29.2 The report contained recommendations about 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 2004.

29.3 The ADR/T informed Members that 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. The ADR/T explained that, 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.

29.4 The Authority was recommended 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.

29.5 The Authority had always been prudent in its investment strategy and there had been regular changes to the list of approved organisations used for investment of short term surpluses. The list was regularly reviewed to ensure that the Authority was able to invest at the best available rates consistent with low risk. The organisations were regularly monitored to ensure that their financial strength and low risk had been maintained. The 2018/19 strategy continued this prudent approach and ensured that all investments were only to the highest quality rated banks and financial institutions.

29.6 The ADR/T informed Members that 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 with regard to the planned reduction in reserves and balances of the Fire Authority in the next five years before investments were made. This update would provide opportunities to diversify the investment portfolio and improve returns by taking a marginal increase in risk.

29.7 A discussion followed during which Members welcomed the proposed changes and agreed that the time had come to be less risk averse. It was felt that 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.

29.8 **RESOLVED** – That the Fire Authority:

- i) approved the treasury management strategy and policy statement for 2018/19 (and adopt for the remainder of 2017/18);
- ii) determined that for 2018/19 the Authorised Limit for borrowing shall be £13.630m;
- iii) adopted the prudential indicators as set out in the attached Appendix 2; and
- iv) approved the Minimum Revenue Provision (MRP) Statement for 2018/19 as set out in the attached Appendix 3.

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

30.1 The Fire Authority received the Report of the Chief Fire Officer (CFO) which provided information on the proposed new collaboration arrangements between this Authority and those of Surrey and West Sussex. It also sought agreement to delegate authority to the Chief Fire Officer, after consultation with the Chairman, to sign the formal agreement on behalf of the Authority. (*Copy in Minute Book*)

30.2 The CFO explained to Members that collaboration amongst emergency services in Surrey and Sussex was a key strategic priority, supported at a political and officer level. 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.

30.3 Members were informed that following a review of resourcing options of the existing 'Emergency Service Collaboration Programme' (ESCP) for beyond March 2018, a mixed level of support had been identified across the partners which led to an impact and options assessment of the ESCP moving forward. This analysis resulted in a recommendation to pursue closer and more focused collaboration across the three fire services in Sussex and Surrey with the development of a suitable 'collaborative vehicle' to support this strategic intent.

30.4 The resulting collaboration agreement outlined the organisational commitment to working more closely together to improve the efficiency and effectiveness of our respective Fire and Rescue Services. The framework for this collaboration, including structure and co-ordination of activity, would be called the "3F" (3 Fire Services) approach and would be supported by specific project level agreements defining where we would collaborate, why, how and the benefits expected.

30.4 Members welcomed increased collaboration and fully supported it and the benefits and opportunities that such an arrangement would bring to the Authority. They

asked whether there were any details of the targeted savings that would be made by increased collaboration.

30.5 The CFO explained that the collaboration was at the scoping stage and therefore was not yet able to give any proposed savings figures, but that meetings were underway to discuss efficiency targets. Some areas for immediate collaboration had already been agreed and were well underway including shared training facilities, provision of Occupational Health, alignment of Health and Safety, a shared model for delivering fire investigations and putting in place a single strategic fleet and engineering lead for all three fire services. Members were assured that figures and projected savings would be brought before Members through the Scrutiny and Audit Panel in due course, these reports would also include further updates on the 3F Collaboration Programme.

30.6 **RESOLVED** – That the Fire Authority:

- i) considered the Report in relation to the ongoing and future collaboration with West Sussex Fire & Rescue Service and Surrey Fire & Rescue Service under a new collaboration model; and
- ii) delegated authority to the Chief Fire Officer, after consultation with the Chairman, to sign the formal agreement on behalf of the Authority.

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

31.1 The Fire Authority considered the Report of the Chief Fire Officer and the Assistant Director Resources/Treasurer which sought Member 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. (*Copy in Minute Book*)

31.2 The ADR/T informed Members that the Authority's 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.

31.3 The ADR/T explained that the Authority had continued to make good progress in identifying and agreeing savings proposals over the last 12 months. The latest version of the medium term financial plan (MTFP) showed that the Authority had already identified £0.686m of savings in 2018/19 and a total of £0.721m savings in total over the life of the MTFP. Members were told that there remained significant uncertainty for fire funding beyond the current multiyear funding offer ending in 2019/20. For 2020/21 and beyond there are potentially significant risks as a result of proposals to change 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.

- 31.4 The Report presented the Authority with 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 the Authority with some welcome flexibility. The options were:
- The Authority's 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.
- 31.5 Members were informed that if the Authority chose to approve the 2.94% option it would provide flexibility in the short term to invest in existing priorities and to commit additional funding of £200,000 in 2018/19 and if a similar increase was agreed in the following year £300,000 in 2019/20 to support further investment in the Authority's policy of match-funding the retrofitting of sprinklers in high rise/high risk premises. In the medium term the additional funding would assist the Authority in managing the uncertainty and risk it faced in its funding after 2019/20 and reduce the level of savings currently forecast to be required to balance the budget by 2022/23.
- 31.6 The ADR/T told Members that the Authority had 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 would be reduced significantly over the life of the MTFP as the Authority continued to invest in its transformation programme and its capital assets. This 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.
- 31.7 The Authority were reminded that following discussion at the Policy & Resources panel, on balance, the view of the Panel was that the Fire Authority should agree a Council Tax increase of 2.94% in 2018/19 and plan on the basis of a similar rise in 2019/20. However, the Panel was anxious that this decision did not send out the wrong signals and it stressed that 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. Panel Members saw particular opportunities in closer collaboration and partnership working.
- 31.8 In order to further inform Members prior to their decision, the ADR/T explained 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%.
- 31.9 A lengthy discussion followed. Members reflected that they had an unpleasant choice to make and were very conscious that imposing an increase, even though it was relatively small, was not a decision that any of them took lightly and had taken much thought and consideration. The belief amongst Members was that, having spoken with their residents, people would be willing to pay more to ensure that they had access to a fully funded Fire Service that was making sure people were safe. They were very aware that the Government's own assessment of

spending power for 2018/19 assumed that Authorities would opt to make the increase of 3%.

31.10 Members were keen to reinforce the request of the Policy & Resources Panel that Officers should continue to deliver against the Authority's Efficiency Plan and identify and investigate ways to improve productivity, efficiency and effectiveness.

31.11 Following a discussion relating to the mention of Preston Circus within the Medium Term Capital Strategy, at Appendix D to the Report, Members appreciated the CFOs clarification on the current position and the reiteration that the project was proceeding but that it was unlikely that actual refurbishment would commence until 2019/20.

31.12 Members were clear that any increase in Council Tax in 2019/20 would be taken under scrutiny in a years' time but recognised that the MTFP modelled a further 2.94% increase.

31.13 **RESOLVED** – That the Fire Authority:

1.

(b) approved an increase in council tax of 2.94% and thus approved:

i) the budget proposals set out in this Report and the net budget requirements of £38.140m for 2018/19;

ii) the council tax requirement of £26.173m; and

iii) the council tax and precepts as set out in Appendix F (ii)

2.

(c) approved the capital programme for the next five years and the capital budget of £3.903m for 2018/19 and the plans to use capital grant, capital receipts and revenue contributions to finance capital expenditure;

(d) approved that the policy aim of maintaining the General Reserve at 8% of the net revenue budget be continued;

(e) approved that 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;

(f) approved the fees and charges set out in Appendix C; and

(g) approved 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.

(h) noted that the Authority had approved an updated Efficiency Plan at its meeting on 7 September 2017 and requested that Officers continue the commitment to develop a more strategic approach to delivering

