

EAST SUSSEX FIRE AUTHORITY

Minutes of the meeting of the POLICY & RESOURCES PANEL held at East Sussex Fire & Rescue Service Headquarters, 20 Upperton Road, Eastbourne at 10.00 hours on Thursday 21 January 2016.

Members Present: Councillors Barnes, Howson (Chair), Lambert, O'Quinn, Pragnell, Scott and Theobald.

Also present:

Mr. G. Walsh (Chief Fire Officer & Chief Executive), Mr. S. Apter (Deputy Chief Fire Officer), Mrs. C. Rolph (Assistant Chief Officer), Mr. D. Savage (Treasurer), Mr. W. Tricker (Head of Finance & Procurement), Miss L. Woodley (Deputy Monitoring Officer) and Mrs. K. Ward (Clerk).

999. **DISCLOSABLE PECUNIARY INTERESTS**

999.1 It was noted that, in relation to matters on the agenda, no participating Member had any disclosable pecuniary interest under Section 30 of the Localism Act 2011.

001. **APOLOGIES FOR ABSENCE**

001.1 There were none.

002. **ANY OTHER NON-EXEMPT ITEMS CONSIDERED URGENT BY THE CHAIRMAN/CHAIRMAN'S BUSINESS**

002.1 There were no urgent items for consideration.

003. **NON-CONFIDENTIAL MINUTES OF THE POLICY & RESOURCES PANEL MEETING HELD ON 5 NOVEMBER 2015**

003.1 **RESOLVED** – That the minutes of the meeting held on 5 November 2015 be approved as a correct record and signed by the Chairman. (Copy in Minute Book).

004. **CALLOVER**

004.1 Members reserved the following items for debate:

- 005. Fire Authority Service Planning processes for 2016/17 and beyond – Revenue Budget 2016/17 and Capital Strategy 2016/17 to 2020/21
- 006. Revenue Budget and Capital Programme Monitoring 2015/16
- 007. Emergency Services Mobile Communications Programme (ESMCP) Update

005. **FIRE AUTHORITY SERVICE PLANNING PROCESSES FOR 2016/17 AND BEYOND – REVENUE BUDGET 2016/17 AND CAPITAL STRATEGY 2016/17 TO 2020/21**

- 005.1 Members received a joint report of the Chief Fire Officer and Treasurer that presented the Fire Authority's draft Revenue Budget 2016/17, Capital Strategy 2016/17 – 2020/21 and Medium Term Finance Plan (MTFP) for 2016/17 – 2020/21 for initial consideration prior to formal consideration by the Fire Authority on 11 February 2016. (Copy in Minute Book).
- 005.2 The Authority had continued to make good progress in identifying and agreeing savings proposals over the last 12 months, through its Changing the Service, Shaping our Future programme. The latest version of the MTFP showed that the Authority had already identified £6.4m of savings for delivery which would meet its funding gap up to 2019/20. However, further savings of £0.249m were still required by 2020/21.
- 005.3 The report outlined proposals for setting a balanced revenue budget in 2016/17, including commitments and growth bids. Officers recommended that the Authority approve a 1.94% increase in council tax which reflected the assumption set out in the existing MTFP. This would involve setting a net budget requirement of £37.985m, a council tax requirement of £24.240m and increasing Band D council tax to £86.72.
- 005.4 The Government announced indicative funding figures for the period 2017/18 – 2019/20 as part of the provisional Local Government Finance Settlement which would support the strategic service and future financial planning. Further clarification on what was expected by the Government to access the settlement was required. The Government also announced that it intended to fully localise business rates by 2019/20 resulting in final withdrawal of revenue support grant. It was anticipated that the Government would devolve additional responsibilities as part of the process.
- 005.5 The Government defined Core Spending Power as Revenue Support Grant; retained business rates; income from New Homes Bonus; the local government element of the Better Care Fund and the Rural Services Delivery Grant, as well as income from council tax. The Government has calculated that Core Spending power will fall by an average of 0.5% over the period to 2019/20. For standalone fire & rescue authorities the forecast is a net reduction in Core Spending Power of 2% over the period, whilst for East Sussex Fire Authority the reduction is 1.3%.
- 005.6 Draft statutory guidance on the flexible use of capital receipts was published. The proposals would enable the authority to use new capital receipts from April 2016 – March 2019 to pay for the revenue set up costs of projects that would deliver revenue savings.
- 005.7 The Capital Strategy reflected the Authority's identified capital investment requirements for the next five years and could be financed from existing resources without the need to incur additional borrowing.

- 005.8 There was sufficient capacity within existing reserves to create an earmarked reserve of £2.0m for the expected one off investment required as part of the IMD Transformation project.
- 005.9 The Chief Fire Officer reminded Members that the report was based on the latest available information. Full details would be made available at the February Fire Authority meeting once the final Local Government Finance Settlement (LGFS) and council tax and business rates bases and collection fund surpluses/deficits had been received.
- 005.10 Councillor Theobald asked Officers what their views were about the potential for an increase in business rates income given the amount of new retail spaces being built.
- 005.11 The Treasurer confirmed that opinion however reminded Members that East Sussex Fire Authority only pick up a small proportion of business rates and that they were a top up Authority.
- 005.12 Councillor Scott raised concerns over the volatility of global markets and the impact that could have on the Authority's investments. He also wondered about the value of carrying out further public consultation as in his experience, the public would always rather pay more Council Tax for a modern day, fit for purpose, fire service.
- 005.13 Officers acknowledged that customer satisfaction surveys were always positive, however it may be different this time round taking into account the impact of the PCC proposals. The Treasurer reassured Councillor Scott that Officers tried to ensure security and liquidity with its investments and that the partners that the Authority deal with were restricted to a high standard.
- 005.14 Councillor Barnes commended Officers for the budgets presented both past and present which afforded the Authority some degree of flexibility and asked Officers about the current situation with regards Preston Circus and its possible uses. The Chief Fire Officer confirmed that options were currently being looked at as to who would be ideally placed to work from that location. Preston Circus was still in the right location for a modern day fire station, however there were no proposals to demolish the site so refurbishment would be the best way forward.
- 005.15 **RESOLVED** – that
- (i) it be noted that the final information regarding the Local Government Finance Settlement, council tax and business rate bases and Collection Fund positions was still awaited and that final budget proposals may change once this was received;
 - (ii) subject to any changes as a result of recommendation 1, the Fire Authority be recommended to approve:
 - (a) an increase in council tax of 1.94% and as a result approves:
 - (i) the budget proposals set out in this Report and the net budget requirement of £37.985m for 2016/17;
 - (ii) the council tax requirement of £24.240m;
 - (iii) the council tax and precepts as set out in Appendix G;

- (b) the capital programme for the next five years and the capital budget of £3.867m for 2016/17 and the plans to use capital grant, capital receipts and revenue contributions to finance that expenditure;
- (c) the maintenance of the General Reserve at a minimum of 8% of the net revenue budget over the medium term;
- (d) the establishment of an IMD Transformation Reserve using resources totalling £2.0m transferred from other reserves as set out in Appendix F;
- (e) the transfer of the projected revenue underspend of £0.350m for 2016/17 to the Improvement & Efficiency Reserve;
- (f) the fees and charges set out in Appendix D; and
- (g) that the CFO, in consultation with the Chairman and Treasurer, be authorised to make adjustments to the presentation of the budget to reflect the final Local Government Finance Settlement.

006. **REVENUE BUDGET AND CAPITAL PROGRAMME MONITORING 2015/6**

- 006.1 Members received a joint report of the Chief Fire Officer and the Treasurer that reported on issues arising from the monitoring of 2015/16 Revenue Budget and Capital Programme as at 30 November 2015. (Copy in Minute Book).
- 006.2 A combination of factors meant high levels of uncertainty remained in forecasting the year end position. The Revenue Budget outturn for 2015/16 was projected to be £350,000 underspent, previously reported to the Panel as a £216,000 underspend. Of the projected net underspend of £350,000 there were a number of one-off underspends totalling £265,000 the result of fortuitous circumstances.
- 006.3 The overall Capital Programme was projected to be £149,000 underspent, previously reported to the Panel as a forecast £56,000 underspend. The current year's spending profile was projected to be underspent by £920,000, previously reported as a forecast £256,000 underspend.
- 006.4 The Authority maintained Earmarked and General Reserves in order to assist it in managing its spending plans across financial years (Earmarked Reserves) and making provisions for the financial risks it faces (General Reserves). Overall the forecast year end position was £3.2m higher than originally planned and this was primarily due to lower than expected draw down of earmarked reserves (£0.4m), higher than anticipated receipts from the sale of service housing (£0.5m) and slippage in the capital programme (£2.3m).
- 006.5 A total of £1,023,000 new savings had already been taken from the 2015/16 budget taking the total savings to £3,046,000. The Fire Authority had approved on the 10 December 2015 alternative proposals and the projected shortfall for the year 2015/16 was £468,000.

006.6 Councillor Scott asked Officers to expand on the details of the underspend and was advised that it was due to a number of one off fortuitous circumstances which included: a pensions provision built into the base Revenue Budget relating to the impact of the Norman v Cheshire which had resulted in £120,000 underspend; following a judgment on the Part Time Workers Regulations, settlements had been agreed which subsequently led to an underspend of £63,000; and following changes to Corporation Tax in the Finance Act 2014, the Service's lease agreement required lease rentals to be amended so that benefits were passed to the Service by the lessor, which have totaled £68,000.

006.7 **RESOLVED** – That the following be noted:
(i) the projected 2015/16 Revenue Budget outturn;
(ii) the projected Capital Programme outturn;
(iii) the monitoring of savings taken in 2015/16;
(iv) the current year investments; and
(v) the current use of reserves.

007. **EMERGENCY SERVICES MOBILE COMMUNICATIONS PROGRAMME (ESMCP)**

007.1 Members considered a report of the Chief Fire Officer that advised the Panel that DCLG has issued the Authority with the Emergency Services Mobile Communications Programme (ESMCP) Fire & Rescue Authorities Financial Information and Sign Off Pack and now required the Authority to confirm by 25 March 2016 its intention to either participate in ESMCP or to make alternative communications arrangements. (Copy in minute book).

007.2 The DCLG report indicated the scale of savings that the Department believed would be achieved by ESFA should it chose to participate in the ESMP program.

007.3 Whilst participation was not mandatory, there would be significant risks for the Authority should it chose not to commit to the ESMCP project. The Service should seek to offset some of the potential project management capacity and cost issues associated with implementation through collaborative working in the sub region.

007.4 Councillor Lambert asked if Officers were aware of any limit on expenditure costs regarding ESMCP implementation. At the current time, it was expected that the Authority would not suffer any additional financial burden although Members were advised that no figures had been confirmed by DCLG.

007.5 **RESOLVED** – That:
(i) the significant risks the Authority would be exposed to by not participating in the ESMCP be noted;
(ii) the Chief Fire Officer be authorised to send a return to the DCLG to commit the Authority to participation in the ESMCP; and
(iii) the indicative costs and project management requirements associated with participation in ESMCP be noted and the Chief Fire Officer be authorised to seek collaboration with partner authorities within the region to ensure efficient and cost effective delivery of the program.

008. **EXCLUSION OF PRESS AND PUBLIC**

008.1 There were no items that, in view of the business to be transacted or the nature of the proceedings, would result in disclosure of exempt information, and which required the exclusion of the press and public.

The meeting concluded at 11.20 hours.

Signed

Chairman

Dated this 26th day of May 2016