

**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 19 January 2017.**

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

**Also present: Councillor Taylor**

**In attendance:**

Mr. G. Walsh (Chief Fire Officer), Ms. E. Woodley (Deputy Monitoring Officer), Mr. D. Savage (Assistant Director Resources/Treasurer), Mr. J. Salmon – Estates Manager and Mrs. A. Bryen (Clerk).

**036. DISCLOSABLE PECUNIARY INTERESTS**

036.1 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.

**037. APOLOGIES FOR ABSENCE**

037.1 Apologies for absence were received from Councillors Lambert and Scott, and Ms. D Whittaker (Deputy Chief Fire Officer) and Mr. M. Andrews (Assistant Chief Fire Officer).

**038. NOTIFICATION OF ITEMS WHICH THE CHAIRMAN CONSIDERS URGENT / CHAIRMAN'S BUSINESS**

**038.1 Councillor John Barnes MBE**

The Chairman congratulated Councillor Barnes on receiving an MBE from Her Majesty the Queen in her New Year's Honours in recognition of his voluntary services to the community of Etchingham.

**038.2 Item No. 042 - Revenue Budget and Capital Monitoring 2016/17**

The Chairman agreed that an additional recommendation regarding a variation to the Capital Programme for work to the Breathing Apparatus Chambers could be considered as an urgent matter by the Panel. It had not been possible to include this information in the published Revenue Budget and Capital Programme Monitoring 2016/17 report (item no. 042), as the work to review the tendered cost had only been completed after the papers had been dispatched. Consideration of this matter was urgent and could not be delayed until the next Authority meeting as this would lead to further delay in commissioning this priority scheme.

**039. NON-CONFIDENTIAL MINUTES OF THE POLICY & RESOURCES PANEL MEETING HELD ON 3 NOVEMBER 2016**

039.1 **RESOLVED** – That the minutes of the meeting held on 3 November 2016 be approved as a correct record and signed by the Chairman. (Copy in Minute Book).

040. **CALLOVER**

040.1 Members reserved the following items for debate:

- 041 Fire Authority service planning processes for 2017/18 and beyond - Revenue Budget 2017/18 and capital strategy 2017/18 to 2021/22
- 042 Revenue Budget and Capital Monitoring 2016/17

041. **FIRE AUTHORITY SERVICE PLANNING PROCESSES FOR 2017/18 AND BEYOND - REVENUE BUDGET 2017/18 AND CAPITAL STRATEGY 2017/18 TO 2021/22**

041.1 The Panel considered a joint report of the Chief Fire Officer and Assistant Director Resources / Treasurer that presented the Fire Authority's draft Revenue Budget 2017/18, the capital strategy 2017/18 to 2021/22 and the Medium Term Financial Plan 2017/18 – 2021/22 for initial consideration prior to its formal presentation for approval by the Fire Authority on 14 February 2017. (Copy in minute book).

041.2 The Authority's budget proposals for 2017/18 and its 5-year Medium Term Finance Plan (MTFP) had been updated to reflect:

- The Local Government Finance Settlement which had been announced on a provisional basis with a consultation period to 12 January 2017;
- The Minister of State for Policing and the Fire Service's acceptance of the Authority's 4-year Efficiency Plan and the resulting access to a multi-year settlement up to and including 2019/20; and
- The pressures, growth bids and savings identified through the business planning and budget setting process.

041.3 The latest version of the Medium Term Financial Plan (MTFP) showed that the Authority had already identified £1.350m of savings in 2017/18 and a total of £1.937m savings in total over the life of the MTFP.

041.4 The report outlined proposals for setting a balanced revenue budget for 2017/18, including commitments and growth bids, which would be subject to the Authority agreeing a 1.94% increase in its council tax in line with its existing budget strategy. The MTFP set out how the Authority planned to achieve a balanced budget over the medium term but noted the uncertainties for funding especially after 2019/20.

041.5 The Capital Strategy reflected the Authority's identified capital investment requirements for the next five years which could be financed from existing resources without the need to incur additional borrowing. A further review of both the Capital Strategy and the Authority's arrangements for the future funding of its delivery would be undertaken during 2017/18 to reflect the investment proposals in the revised IMD and Estates Strategies.

041.6 The Treasurer highlighted the key updates, particularly the information set out in tables 5 & 6 in the report. The Treasurer confirmed that the Authority was in a sound financial position.

- 041.7 The Treasurer informed the Panel that the East Sussex Business Rates Pool had been dissolved for 2017/18. This had previously been established to allow local authority members of the Pool to retain a greater proportion of growth in business rates. The arrangement had worked successfully for the last and the current financial years with ESFRS spending the financial gain on its safer business initiative. However, the collective view of the Pool was that potential benefits were likely to decline significantly over the forthcoming year mainly due to the likely level of business rate appeals following the business rates revaluation. The option to re-establish the Pool would be considered for 2018/19 when the appeals were concluded and the financial benefits could be more accurately predicted.
- 041.8 The Treasurer also advised that the Government had now published the draft Local Government Finance Bill setting out some aspects of the proposed regime for 100% Business Rates Retention. The Home Office had yet to set out its position on whether Fire & Rescue Authorities should remain within the business rates retention system.
- 041.9 The Chief Fire Officer confirmed that no additional savings would be required over the next five years, and the additional revenue contributions to support capital expenditure and reserves would create capacity within the budget, and there would also be no requirement to borrow for the life of the MTFP.
- 041.10 Councillor Barnes said that whilst he was not in favour of borrowing, if the IT and Estates Strategies, (including work at Preston Circus fire station), needed major capital investment which required borrowing, it would be financially prudent to borrow whilst interest rates were low.
- 041.11 The Treasurer said that the Capital Asset Strategy confirmed the Authority's intention to redevelop Preston Circus Fire Station on its existing site and identified £2.5m of Authority funding for the scheme. An initial feasibility study had been commissioned looking at a range of options including a Fire Station with office or residential provision above. A further feasibility study was being undertaken as part of the Government funded Greater Brighton One Public Estate to explore the potential for collaborating with other public sector partners on the site. Formal proposals would be brought to Members during 2017/18. Members welcomed the addition of the scheme to the Capital Asset Strategy and directed officers to progress the scheme at the earliest opportunity.
- 041.12 The Treasurer said that the budget proposals would be adjusted when presented to the Fire Authority to take account of the final council tax and business rates bases, Collection Fund positions, final Local Government Finance Settlement and to reflect the dissolving of the Business Rate Pool.

041.13 **RESOLVED** –That:

- (i) it be noted that:
  - (a) the Government had approved the Authority's Efficiency Plan, however the multi-year settlement as set out in the Local Government Finance Settlement was only provisional at this stage and may be subject to change;
  - (b) the council tax and business rate bases and the Collection Fund positions were still awaited and final budget proposals may change once this information was received;
  - (c) the East Sussex County Council Business Rate Pool had been dissolved and consideration would be given to re-establishing it in 2018/19; and
- (ii) subject to any changes as a result of paragraph (i) above, the Fire Authority be recommended to approve:
  - (a) an increase in council tax of 1.94% and thus approve:
    - (i) the budget proposals set out in this report and the net budget requirement of £37.422m for 2017/18;
    - (ii) the council tax requirement of £25.084m; and
    - (iii) the council tax and precepts as set out in Appendix F to the report;
  - (b) the capital programme for the next five years and the capital budget of £4.530m for 2017/18 and the plans to use capital grant, capital receipts and revenue contributions to finance capital expenditure;
  - (c) the maintenance of the General Reserve at a minimum of 8% of the net revenue budget over the medium term;
  - (d) the fees and charges set out in Appendix C to the report;
  - (e) that the Chief Fire Officer, in 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; and
  - (f) that progress be made as quickly as possible with the Preston Circus Fire Station project.

042. **REVENUE BUDGET AND CAPITAL PROGRAMME MONITORING 2016/17**

- 042.1 The Panel considered a joint report of the Chief Fire Officer and the Assistant Director Resources / Treasurer on issues arising from the monitoring of the 2016/17 Revenue Budget and Capital Programme as at 25 November 2016. (Copy in minute book).
- 042.2 The Revenue Budget was forecast to be underspent by £528,000 (previously £262,000 underspent). This was less than 1.4% of the total revenue budget. The main variations were Safer Communities (£370,000 underspend), OSR (£143,000 overspend) and Planning & Improvement (£183,000 underspend).

- 042.3 This projected underspend provided the Authority with the opportunity to establish an earmarked reserve to fund the one off costs of Wholetime Firefighter recruitment during 2017/18 and 2018/19, and the amount would be confirmed in a future report to Members. The Chief Fire Officer said that due to the number of firefighters due to retire/leave the Service in the next 2-3 years, firefighter posts would fall under establishment by late 2017. It was important to begin a recruitment process to bring the number of firefighters to an over-establishment position for a short time to allow for a period of training new recruits. There was no provision in the existing budget to provide for an over-establishment and so the projected underspend could be used for this. The Authority would need to run a training course at the beginning of 2018.
- 042.4 Councillor Barnes supported using the underspend for firefighter recruitment and training and asked if the Authority could train firefighters under an apprenticeship scheme so that it could recoup the apprenticeship levy. The Chief Fire Officer confirmed that the Government had agreed to a firefighter apprenticeship trailblazer and the recruitment of wholetime firefighters would come under these arrangements. ESFRS was also looking at other career pathways for firefighters.
- 042.5 The overall Capital Programme was projected to be £1,000 overspent (previously reported as £13,000 underspent). The current year's Capital Programme was projected to be underspent by £2,029,000 (previously £27,000 underspent), The large variance was the result of the General Property, Fleet and Equipment schemes slipping into 2017/18.
- 042.6 The Authority maintained Earmarked and General Reserves in order to assist it in managing its spending plans across financial year (Earmarked Reserves) and making provisions for the financial risks it faced (General Reserves). Overall, the year-end balance was forecast to be £16.444m which was £0.548m higher than planned, primarily due to slippage in the capital programme.
- 042.7 Members received a summary of the savings of £1,864,000, already taken from the 2016/17 budget, all of which were forecast to be achieved.
- 042.8 Members received additional information after the agenda had been published relating to the required works to the Service's four Breathing Apparatus (BA) Chambers in 2016/17. The Panel, (min no. 017-2016 on 26 May 2016), had previously approved a variation to the Capital Programme of £300,000 to support the required works to the Service's four BA Chambers in 2016/17.
- 042.9 The need for the scheme was identified following the investigation into the accident at the Service Training Centre (STC) in June 2015 where a firefighter was seriously injured during a BA training exercise and a subsequent review by BLR Associates (consulting & building services engineers).
- 042.10 The BLR review had made a number of recommendations relating to the Authority's Health and Safety responsibilities, including the installation of temperature probes, work to ensure the boiler worked efficiently and effectively, and the installation of equipment to support an emergency evacuation situation. A conditions report was undertaken across the remaining three BA chambers and similar remedial works were identified as being required.

- 042.11 The original report to Members had been prepared to short timescales in order to ensure that the new scheme could be progressed swiftly given its importance (including the suspension of BA training whilst the BA Chambers were not fit for purpose) and it was noted in that report that the £300,000 budget was based on this initial assessment and that “full costings will be gathered as part of the tender process”.
- 042.12 Following the approval of the scheme, the Authority had appointed specialist consultants Hamson Barron Smith to develop the scheme and to enable the Authority to invite tenders for the works.
- 042.13 It soon became apparent that there were fundamental issues with the present heating system and the manner in which the air within the chamber was heated. The solution was to replace the boilers with a different type and to install large heat exchangers within the air circulation ducting. This method would heat the air within the chamber effectively and efficiently and more importantly, it would be controllable.
- 042.14 Provision was also being introduced to monitor the temperatures within the chambers. This had already been introduced at STC at Maresfield but would now be installed at the remaining three.
- 042.15 The addition of these changes to the scheme led to higher than budgeted tenders being received (the total cost of boilers and ducting is £145,000) and despite working closely with the preferred contractor to reduce their bid cost by c£40,000, the total scheme cost was now forecast to be £360,000 including all fees and a small contingency.
- 042.16 In order to progress the scheme, which remained a high priority, and to comply with Financial Regulations, it was necessary to seek the approval of Members to accept the tender as it was over 10% in excess of the scheme budget and also to approve a variation to the Capital programme to increase the budget to £360,000 which could be funded from existing unallocated capital resources.
- 042.17 The Chief Fire Officer referred to the Coroner’s letter in relation to the death of a firefighter in Manchester which had included mention of BA training, and which provided further evidence of the need to progress the actions recommended to ESFRS BA Chambers.
- 042.18 It was not possible to include this information in the report on the Revenue Budget and Capital Programme Monitoring 2016/17 when the agenda was published, as the work to review the tendered cost was only completed after the papers had been dispatched. Consideration of this matter was urgent and could not be delayed until the next Authority meeting as this would lead to further delay in commissioning this priority scheme.
- 042.19 The Chairman agreed that the additional recommendation to approve a variation to the Capital Programme for the BA Chambers could be considered as an urgent matter by the Panel.

042.20 **RESOLVED** – That

- (i) the use of the uncommitted element of the Corporate Contingency to support the IMD Transformation Programme, reducing the need to drawdown from the IMD Transformation reserve be approved;
- (ii) the use of the projected revenue underspend to establish an earmarked reserve to fund the one-off costs of Wholetime Firefighter Recruitment be approved in principle;
- (iii) a variation to the Capital Programme to increase the budget for the BA Chambers scheme to £360,000 be approved;
- (iv) the projected Revenue Budget underspend be noted;
- (v) the projected underspend in the Capital Programme be noted;
- (vi) the variation to the Capital Programme be noted;
- (vii) the planned use of reserves be noted;
- (viii) the monitoring of savings taken in 2016/17 be noted; and
- (ix) the current year investments be noted.

043. **EXCLUSION OF PRESS AND PUBLIC**

043.1 **RESOLVED** – That item 044 be exempt under paragraph 3 of Schedule 12A to the Local Government (Access to Information) (Variation) Order 2006 and, accordingly, is not open for public inspection on the grounds that it includes information relating to the financial or business affairs of any particular person (including the Authority holding that information).

The meeting concluded at 11:15 hours.

Signed

Chairman

Dated this

day of

2017