

**EAST SUSSEX FIRE AUTHORITY**

**Minutes of the meeting of the POLICY & RESOURCES PANEL held at County Hall, St Anne's Crescent, Lewes at 11:30 hours on Thursday 2 November 2017.**

**Members Present: Councillors Barnes, Dowling, Elford, O'Quinn, Scott, Theobald and Tutt.**

**In attendance:**

Mr M Andrews (Interim Deputy Chief Fire Officer), Mr M O'Brien (Interim Assistant Chief Fire Officer), Miss L Woodley (Deputy Monitoring Officer), Mr. D. Savage (Assistant Director Resources/Treasurer), Mrs L Ridley (Assistant Director Planning & Improvement), and Mr J Ochser (Clerk).

068. **DECLARATIONS OF INTEREST**

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

069. **APOLOGIES FOR ABSENCE**

069.1 There were none.

070. **NOTIFICATION OF ITEMS WHICH THE CHAIRMAN CONSIDERS URGENT AND PROPOSES TO TAKE AT THE END OF THE AGENDA/CHAIRMAN'S BUSINESS**

070.1 The Panel formally recorded their thanks to Kirsty Ward for her contribution over many years as Fire Authority Clerk.

071. **NON-CONFIDENTIAL MINUTES OF THE POLICY & RESOURCES PANEL MEETING HELD ON 6 JULY 2017**

071.1 **RESOLVED** – That the non-confidential minutes of the meeting of the Policy and Resources Panel held on 6 July 2017 be approved as a correct record and signed by the Chairman. (Copy in Minute Book)

072 **CALLOVER**

072.1 Members reserved the following item for debate:

073. Treasury Management - Half Year Review 2017/18

074. Revenue Budget and Capital Programme Monitoring 2017/18

075. Provision of Monitoring Officer, Deputy Monitoring Officer and Legal Services

**RESOLVED** - That all other reports be resolved in accordance with the recommendations as detailed below

073. **TREASURY MANAGEMENT - HALF YEAR REVIEW 2017/18**

- 073.1 The Panel considered a report of the Assistant Director Resources / Treasurer that gave an update on the first half year of Prudential Indicators which relate to treasury activity. (Copy in minute book).
- 073.2 The discussion centred around the Fire Authority's reserves and how they should be handled. The Assistant Director Resources / Treasurer explained that the FA's strategy was to prioritise security and liquidity over yield. They did not make any investments over 364 days and only dealt with a limited range of counterparties primarily UK-based banks. The returns they have achieved on these investments have delivered over the Bank of England base rate. He went on to explain that in terms of current policy the FA were fairly prudent and had served us well in recent years, avoiding for example exposure to the problems with Icelandic Banks
- 073.3 Councillor Scott said that the Authority should be looking outside the box in regard to income generation. He mentioned that in Hastings the Council were purchasing commercial premises – they had recently acquired a retail site. He suggested that ESFRS should consider going down the same road. The Assistant Director Resources / Treasurer said he was happy to take a broader look at what ESFRS might do with its short term investments as part of the annual review of Treasury Management Strategy and report back to the Fire Authority in February 2018. Property investment may not be a suitable option for the Authority because it generally required longer term commitment and often reflected a link to local authorities' broader economic development locus which this Authority did not have or a desire to develop longer term income streams to address reductions in grant funding. Councillor Scott also mentioned the possibility of commercial trading and the Treasurer noted that that would be covered as part of the Efficiency Strategy reported to Fire Authority in September.
- 073.4 Councillor Tutt mentioned that a number of local authorities had done well by branching into property management. He suggested that ESFRS look at lending some of its reserves to other local authorities. The Assistant Director Resources / Treasurer said there were a number of opportunities around LA lending And these would be examined as part of the review of the Treasury Management Strategy. The Treasurer reminded members that whilst the Authority had historically high cash balances currently these would be run down over time as the majority of our reserves were for earmarked purposes. In addition the new IT Strategy and the planned Estates Strategy would mean the Authority reviewing its approach to capital funding and may lead to those reserves being drawn down earlier, and cash balances available for investment reducing.
- 073.5 Councillor O'Quinn asked about interest rates and wage inflation, which were mentioned in the Report (page 13, item 2.2.3) and what the effect on wage inflation would be when Britain left the EU. The Assistant Director Resources / Treasurer emphasised that the piece in question was a contextual piece around a particular view of what the exit from the EU may entail as provided by the Authority's external advisers. Brexit was not the only factor impacting on interest rates.
- 073.6 Councillor Barnes said that it would be cheaper in the long term for ESFRS to invest in its own stock rather than borrowing from the Public Works Loans Board. He expressed the view that rather than take risks directly ESFRS should consider the

possibility of investing in the Churches and Charity Investment Fund, as Rother District Council are doing. He felt the Authority should have a slightly less risk-averse strategy now that interest rates had gone up.

073.7 **RESOLVED** – That the panel:-

- i) note the treasury management performance for the first half year of 2017/18.
- ii) identify any further reassurance the Panel requires in relation to the delivery of the Treasury Management Strategy.

#### 074. **REVENUE BUDGET AND CAPITAL PROGRAMME MONITORING 2017/18**

074.1 The Panel considered a report of the Assistant Director Resources / Treasurer that reported on issues arising from the monitoring of the 2017/18 Revenue Budget and Capital Programme as at 30 September 2017. (Copy in minute book).

074.2 With regard to the 2017/18 budget, Councillor Barnes highlighted three significant issues:

- i) The pay issue: The issue of pay was still up in the air at the moment and in the hands of national negotiators. The collaboration of ESFRS with the Ambulance Service was one of the victims of this impasse.
- ii) Preston Circus: Development on this has currently been paused and Councillor Barnes felt that it was somewhat anomalous for ESFRS to have a large property that it did not make much use of.
- iii) Reviewing fleet and equipment: Councillor Barnes said that the Fire Service needed the right vehicles but it also needed to collaborate with other fire services.

074.3 There was some discussion on pay-related issues. Councillor Tutt said that this year ESFRS could be looking at a pay increase of 2% for Grey Book staff and – if this did happen – it would present a challenge for the Fire Authority in the year ahead. Regarding the underspend, the Interim Deputy Chief Fire Officer said there had recently been a change of profile for ESFRS in how they use part-time and retained colleagues and the budget fluctuations arising from that have resulted in this particular underspend.

#### **Preston Circus**

074.4 The Assistant Director Resources / Treasurer spoke regarding the situation at Preston Circus. He emphasized that the work at Preston Circus had not been stopped, only paused. He said that ESFRS were clear as to the importance of making improvements to the site and this was reflected in the significant sum against the site in the capital asset strategy. The reason the work on Preston Circus has been paused was to allow the Authority to complete its review of the Estates Strategy. This includes the development of a standard design guide which would set out our requirements for our fire stations in the future. This would provide the initial blueprint for the redevelopment of Preston Circus and allow us to identify what space could be made available to partners through the One Public Estate initiative or for commercial purposes.

074.5 Councillor Theobald asked how long the work at Preston Circus would take and made clear her disappointment that work had not yet commenced.

## Sussex Control Centre

- 074.6 The Assistant Director Resources / Treasurer identified three main impacts on the revenue budget from the delay in the Sussex Control Centre project
- i) additional funding for the project team, for which agreement had recently been reached with West Sussex Fire & Rescue Service;
  - ii) the cost of maintaining the legacy mobilising system which had been included within the agreed budget for 2017/18; and
  - iii) the impact on staff at Haywards Heath and the resulting need to fund additional staffing resources.
- 074.7 Councillor Barnes said that the revised target date of 29 November 2018 for a review of the SCC project was realistic and would ease the current budget pressures in the next year. The Scrutiny and Audit Panel meeting earlier in the day had reserved that date.
- 074.8 The Interim Assistant Chief Fire Officer said that the final phase of the testing system for the SCC Project is under way and the user acceptance process is continuing. The final stage transition will be to go online. The Project was not going live yet but he was confident in working towards the 29 November 2017 date. The date for the final decision as to whether to go live or not would be made on the Friday before 29 November.
- 074.9 Councillor Tutt asked about the negotiations with West Sussex Fire and Rescue over the costs of the SCC Project. The Interim Assistant Chief Fire Officer said that both parties have moved to a mutually acceptable position regarding apportionment of costs. On the East Sussex side they will be met by the Corporate Contingency and this has been agreed by the Corporate Management team.
- 074.10 Councillor Barnes said that the problem with the back-up system was that it was costing ESFRS. Scrutiny and Audit would be doing a full investigation of the project to see what lessons could be learned.
- 074.11 **RESOLVED** – That the panel note -
- i) the risks to the Revenue Budget and the projected underspend;
  - ii) the funding of additional SCC Project costs of £153,000 from the corporate contingency;
  - iii) the risks to and the projected slippage and underspend in the Capital Programme;
  - iv) the use of reserves;
  - v) the monitoring of savings taken in 2017/18; and
  - vi) the current year investments.

## 075. PROVISION OF MONITORING OFFICER, DEPUTY MONITORING OFFICER AND LEGAL SERVICES

The Deputy Monitoring Officer disclosed an interest in this agenda item and withdrew from the room for the duration of the item.

075.1 The Panel considered a report of the Assistant Director Resources / Treasurer to seek approval to extend the existing contract for the provision of Monitoring Officer, Deputy Monitoring officer and Legal Services by one year. (Copy in minute book).

075.2 It was agreed without discussion to take the current arrangement regarding this and extend for one year in line with the contract provisions whilst options for the long term were explored. Councillor Barnes thought it right that the position would be reviewed.

075.3 **RESOLVED** – That the panel -

- i) approve the extension of the contract for the provision of Monitoring Officer, Deputy Monitoring Officer and Legal Services with Brighton and Hove City Council by a further year to 31 March 2019
- ii) note that a further report on options for the provision of Monitoring Officer, Deputy Monitoring Officer and Legal Services will be brought to members in early 2018/19

076. **EXCLUSION OF PRESS AND PUBLIC**

To consider whether, in view of the business to be transacted or the nature of the proceedings, the press and public should be excluded from the remainder of the meeting on the grounds that, if the public and press were present, there would be disclosure to them of exempt information.

077. **CONFIDENTIAL MINUTES OF THE POLICY & RESOURCES PANEL MEETING HELD ON 6 JULY 2017**

077.1 **RESOLVED** – That the confidential minutes of the meeting of the Policy and Resources Panel held on 6 July 2017 be approved as a correct record and signed by the Chairman. (Copy in Minute Book)

The meeting concluded at 12.27 hours.

Signed  
Chairman

Dated this                      day of    2017