



EAST SUSSEX FIRE AUTHORITY
POLICY & RESOURCES PANEL
THURSDAY 18 JANUARY 2018 at 10:00

MEMBERS

East Sussex County Council

Councillors Barnes, Dowling, Elford, Scott, Tutt

Brighton and Hove City Council

Councillors O'Quinn, Theobald

You are requested to attend this meeting to be held at County Hall, St Anne's Crescent, Lewes, East Sussex BN7 1UE at 10:00 hours.

AGENDA

Item No.	Page No.	
78	1	In relation to matters on the agenda, seek declarations of interest from Members, in accordance with the provisions of the Fire Authority's Code of Conduct for Members
79	1	Apologies for Absence.
80	1	Notification of items which the Chairman considers urgent and proposes to take at the end of the agenda/Chairman's business items (Any Members wishing to raise urgent items are asked, wherever possible, to notify the Chairman before the start of the meeting. In so doing, they must state the special circumstances which they consider justify the matter being considered urgently)
81	3	<u>Non-confidential Minutes of the last Policy & Resources Panel meeting held on 2 November 2017</u> (copy attached)

Item No.	Page No	
82	2	Callover.

The Chairman will call the item numbers of the remaining items on the open agenda. Each item which is called by any Member shall be reserved for debate. The Chairman will then ask the Panel to adopt without debate the recommendations and resolutions contained in the relevant reports for those items which have not been called.

83	9	<u>Revenue Budget and Capital Programme Monitoring 2017/18 - Report of the Assistant Director Resources/Treasurer</u> <i>(copy attached)</i>
84	31	<u>Collaborative PPE Framework Contract – Report of the Assistant Director Resources/Treasurer</u> <i>(copy attached)</i>
85	35	<u>Fire Reform Agenda – Government Consultations – Report of the Assistant Director Planning & Improvement</u> <i>(copy attached)</i>
86	97	<u>Fire Authority Service Planning processes for 2018/19 and beyond – Revenue Budget 2018/19 and Capital Strategy 2018/19 to 2022/23 – Report of the Chief Fire Officer and Assistant Director Resources/Treasurer</u> <i>(copy attached)</i>

ABRAHAM GHEBRE-GHIORGHIS
Monitoring Officer
East Sussex Fire Authority
c/o Brighton & Hove City Council

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

EAST SUSSEX FIRE AND RESCUE SERVICE

Meeting Policy & Resources Panel

Date 18 January 2018

Title of Report Revenue Budget and Capital Programme Monitoring 2017/18

By Duncan Savage, Assistant Director Resources / Treasurer

Lead Officer Warren Tricker, Finance Manager

Background Papers None

Appendices

Appendix 1: 2017/18 Revenue Budget – Functional Analysis

Appendix 2: 2017/18 Revenue Budget – Safer Communities Analysis

Appendix 3: 2017/18 Capital Budget Monitoring

Appendix 4: All Years Capital Budget Monitoring (to 2021/22)

Appendix 5: 2017/18 Reserves Projections

Appendix 6: Monitoring of Savings 2016/17 - 2018/19

Appendix 7: Investments as at 30 November 2017

CORPORATE RISK		LEGAL	
ENVIRONMENTAL		POLICY	
EQUALITY IMPACT		POLITICAL	
FINANCIAL	✓	OTHER (please specify)	
HEALTH & SAFETY		CORE BRIEF	
HUMAN RESOURCES			

PURPOSE OF REPORT To report on issues arising from the monitoring of the 2017/18 Revenue Budget and Capital Programme as at 30 November 2017.

EXECUTIVE SUMMARY This report is on an exception basis and addresses those areas where there are clear issues or risks.

The revenue budget is currently forecast to underspend by £454,000 (previously reported as £131,000 underspend). There are a number of risks but certainty will increase with

time as data available increases particularly in the key area of Safer Communities which makes up over 48% of the revenue budget. There are also a number of service areas where there are currently vacant posts being held while restructuring takes place.

The overall Capital Programme is projected to be £164,000 underspent (as previously reported) with HQ relocation costs being reclassified as revenue and underspending on general property schemes. The current year's Capital Programme is, at this stage, forecast to be £2,144,000 underspent (as previously reported) (Appendices 3 and 4). This is primarily due to forecast slippage on appliances, ancillary vehicles and property schemes including Preston Circus and, Replacement Fuel tanks, Sustainability and Security.

The Authority maintains 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 faces (General Reserves). A summary of the current planned use of Reserves, updated with the latest operational position including Capital Programme in year underspend, can be found at Appendix 5. The forecast outturn is expected to be £20.908m, 21% higher than planned as a result of capital programme slippage, ESMCP slippage and higher than expected capital receipts.

A summary of the savings, £1.009m, already taken from the 2017/18 budget, is set out in Appendix 6.

RECOMMENDATION

The Panel is asked to:

- (i) note the risks to the Revenue Budget and the projected underspend;
 - (ii) note the risks to the Capital Programme and the projected slippage and underspend in the current year;
 - (iii) note the use of reserves;
 - (iv) note the monitoring of savings taken in 2017/18; and
 - (v) note the current year investments.
-

1 INTRODUCTION

- 1.1 This report is based upon enquiries as at 30 November 2017 with updates for key areas. The report discloses the main risks, issues and material variances.

	This P & R Report	Last P & R Report	Movement
	£'000	£'000	£'000
Revenue (See paragraph 2)	(454)	(131)	(323)
Capital in year (See paragraph 5)	(2,144)	(2,144)	0

- 1.2 This is the fourth report to Panel for this financial year, there continue to be risks both internal and external that may influence the final position.
- 1.3 This report highlights risks to the 2017/18 Revenue Budget that may result in significant change to the projections. While certainty increases as the year progresses circumstances change and new risks arise and this report considers the risks currently known.

2 REVENUE BUDGET COMMENTARY

- 2.1 **Safer Communities:** The budget is forecast to underspend by £101,000 (previously reported as £121,000 underspent). The Borough Commander budgets are both large and complex, with many impacting issues that are resulting in underspends and overspends that counteract each other to some extent.
- 2.1.1 **Safer Communities, Borough Commanders Hastings and Rother:** The Borough Commanders budget in Hastings and Rother is forecast to be £91,000 underspent (previously reported as £71,000 underspent). The underspend relates to a forecast underspend on Wholetime pay and Wholetime pensions of £165,000, a projected overspend on overtime of £65,000 and a small projected overspend on the RDS budget of £9,000. RDS resources have been used to maintain resilience while pumps have been unavailable, something that has also been taking place in the City and Lewes.
- 2.1.2 **Safer Communities, Borough Commanders Eastbourne and Wealden:** The Borough Commanders budget in Eastbourne and Wealden is forecast to be £5,000 underspent (previously reported as £20,000 underspent). The underspend relates to a forecast underspend on RDS of £110,000 as RDS crewing levels have fallen, an underspend on support staff of £6,000 where posts have been vacant. There are also projected overspends on Wholetime overtime of £41,000 and Wholetime pay of £87,000, attributed to cover for sickness absence and some stations being overcrewed, with a small compensating underspend on Wholetime pensions of £7,000. (A blended rate for employer's contribution is used across the Service and in this case there are more people on the 2015 scheme than the other two schemes).
- 2.1.3 **Safer Communities, Borough Commanders The City and Lewes:** The budget is forecast to overspend by £40,000 (previously on target). A projected overspend on Wholetime overtime of £68,000 Wholetime pay £12,000, RDS of £73,000 where, as in Hastings and Rother, RDS resources have been used to maintain resilience while pumps have been unavailable. Partly offsetting this are forecast underspends of £21,000 on support staff due to vacancies and £92,000 on Wholetime pensions. A

blended rate for employer's contribution is used across the Service and in this case there are more people on the 2015 scheme than the other two schemes.

- 2.1.4 **Safer Communities, Business Safety:** The budget manager is forecasting an underspend of £45,000 (as previously reported as £30,000) as a result of vacant posts.
- 2.2 **Resources/Treasurer:** The budget is forecast to underspend by £99,000 (previously reported as a £121,000 overspend). The forecast is broken down as follows:
 - 2.2.1 **ITG:** The ITG budget is projected to underspend by £80,000 (previously on target). The forecast is predominately delayed commencement of regular contractual payments and savings from other renegotiated contracts.
 - 2.2.2 **Finance:** A projected underspend of £73,000 (previously reported as an underspend of £30,000) comprises a projected underspend on the ORBIS contract (SAP and financial services) of £50,000, the consultancy budget £18,000 and Insurance of £5,000.
 - 2.2.3 **Procurement:** The Uniforms budget is projected to overspend by £50,000 (as previously reported).
 - 2.2.4 **Estates:** Overall the Estates budget is forecast to overspend by £9,000 (previously reported as an overspend of £101,000). It comprises of overspends on Business Rates £96,000, and Consultants fees, £23,000, with compensating underspends on Support Staff costs due to vacant posts of £51,000, Repairs and Maintenance £37,000 and Utilities of £22,000. The costs of the relocation of Headquarters, £31,000 less than expected, have been funded by draw down from earmarked reserves.
- 2.3 **Human Resources and OD:** The budget is forecast to underspend by £37,000 (previously reported as a £27,000 underspend). The projected underspend relates to staff vacancies including the budget commitment for the appointment of apprentices. The current spend on Firefighter Recruitment is £64,000 and will be drawn down from the Firefighter recruitment reserve (£464,000).
- 2.4 **Planning and Improvement:** The budget is forecast to underspend by £50,000 (previously reported as an underspend of £25,000). The underspend comprises £40,000 on vacant posts in Communications and the PMO and £10,000 on the consultation budget.
- 2.5 **Operational Support:** The Operational Planning and Policy budget is projected to underspend by £40,000 (previously reported as on line), the underspend relates to staff vacancies.
- 2.6 **CFO Staff:** The budget is projected to underspend by £50,000 on the assumption that employee costs associated with secondments will be reimbursed in full.
- 2.7 **Non Delegated Costs:** The budget is projected to underspend by £27,000 (previously reported as £29,000).
- 2.8 **Corporate Contingency:** This budget is intended to provide some flexibility for CMT to manage in year budget pressures and was set at £390,000. For the purposes of

this report the budget is assumed to be spent in full. To date a net £358,000 has been transferred out to support various initiatives.

- 2.9 **Business Rates:** Following a change in the treatment of the Newhaven Enterprise Zone by the Department of Communities and Local Government there is an extra £20,000 due in Retained Business Rates (as previously reported).

3 REVENUE BUDGET AND CAPITAL PROGRAMME RISKS

- 3.1 **Capital Programme – in year:** The level of actual spend to date is indicating that the 2017/18 Capital Programme, at £5.5m or almost 3 times larger than the amount spent in 2016/17 is at risk of slipping. Panel will note that there is already significant slippage within the Fleet and Equipment and Building capital schemes.

- 3.2 **Operational Support, Sussex Control Room Project:** The project is moving ahead and agreement has been reached with West Sussex Fire & Rescue on shared funding. Further delay, beyond the end of November will generate additional cost pressures and these are being identified and quantified by the SCC Implementation Board and agreement with West will be sought as to the use of the remaining project contingency. Additional budget provision for 3tc support costs for the legacy mobilising system and for additional staffing in SCC end on 31 March 2018.

- 3.3 **Pay related issues:** The Authority is currently facing a number of potential pay related risks:

- The Authority has made provision in its 2017/18 budget for a pay award of up to 1.5% for Grey Book staff. Representative bodies have submitted a claim in excess of this amount and the Government's public sector pay cap of 1%. Every additional 0.5% above the budget provision equates to approximately £125,000. The Employer's side has made an offer of 2% from 1 July 2017 with a further 3% from 1 April 2018 subject to the agreement of a wider pay deal to cover 2018, 2019 and 2020. The second stage of the deal is also conditional on the Government providing the necessary additional funding. The FBU has consulted its members and rejected the offer and negotiations are on-going. Agreement has been reached to make payment of 1% backdated to 1 July 2017 pending the outcome of the negotiations.
- The FBU has registered a local dispute claiming that an Additional Responsibility Allowance (ARA) should be paid in relation to Swift Water Rescue. This could have potentially significant financial impacts both one off (for back pay) and ongoing. The dispute is currently with ACAS for arbitration.
- The Authority is currently consulting Green Book staff on the implementation of a pay and grading review. Once the review is finalised the financial impact can be confirmed but an initial estimate was an additional pressure of approximately £60,000 reducing after three years when pay protection ceases but it is likely that figure has increased as a result of grading appeals.

- 3.4 **Severance Payments:** To date payments amount to £53,000. They have not been included within the figures above as it is assumed they will either be covered by Improvement & Efficiency earmarked reserve or absorbed within any general underspend.

- 3.5 These risks will continue to be monitored and should they materialise the Authority will need to determine how the financial impact is to be managed. The Authority has a number of options open to it to manage in year budget pressures: identification of additional in year savings or managed underspends; use of the Corporate Contingency, and; use of General Balances. Ongoing pressures would need to be identified and dealt with through the budget setting process for 2018/19 and the updating of the Medium Term Financial Plan (MTFP).

4 MONITORING OF SAVINGS

- 4.1 Appendix 6 shows the savings made in 2016/17 and those required to be made in 2017/18 and 2018/19. This illustrates the levels of savings that need to be achieved in those years, rather than the cumulative savings including those already achieved.
- 4.2 It has been confirmed that the reduction of 14 posts for the Change to Ridership saving was achieved in 2016/17 and that the remaining 14 posts will be achieved in 2017/18.

5 CAPITAL PROGRAMME COMMENTARY

- 5.1 The 2017/18 Capital Programme is projected to underspend by £2,144,000 (as previously reported). The overall Capital Programme is projected to be £164,000 underspent (as previously reported) with HQ relocation costs being reclassified as revenue and underspending on general property schemes.
- 5.2 **Property Major Scheme, Preston Circus:** Work on this project has been paused to allow both the development of the new Estates Strategy, including design guidelines which will influence this project, and further feasibility work under the One Public Estate (OPE) initiative to assess the potential to work with other public sector partners on the project.
- 5.3 **Property General Schemes:** The underspend is a combination of capacity to deliver the number of schemes in the current year, as well as some schemes needing to be re-profiled for later completion in the programme. Some slippage is also as a result of the introduction of the Breathing Apparatus Chamber project, a higher priority scheme which has meant focusing resources to this project in place of lower priority schemes.
- 5.4 **Property General Schemes, Replacement Fuel Tanks:** The Authority has agreed the business case for the Joint Fuel Project (part of the wider Emergency Services Collaboration Project Integrated Transport Function work stream). This will involve the replacement of a substantial number of our existing fuel tanks and the installation of digital fuel dispensing equipment. This work should be funded from the Fire Transformation Grant held by the ESCP. It is likely therefore that the scheme funding within our Capital Programme will no longer be required, but we are retaining it as a contingency until project costs are fully confirmed.
- 5.5 **Property General Schemes, Sustainability and Security:** Work on this scheme has been paused pending the development of the new Estates Strategy which will reassess our approach to sustainability within our buildings.

6 RESERVES

- 6.1 The table in Appendix 5 shows the planned use of reserves for 2017/18. The planned transfer into the Improvement & Efficiency (I&E) earmarked reserve is the 2017/18 Transition Grant.
- 6.2 The planned transfers are as recorded in the Fire Authority meeting in February 2017, the forecast transfers reflect the current forecast taking account changes in operational arrangements and the outturn position.
- 6.3 The 2017/18 instalment of the ESMCP grant has now been received and the reserves table has been updated to reflect the expected spend as reported to the South East Regional Board. As the Grant Authority some of the funds are spent by the Service (£128,000), some is distributed to partners in the region (£165,000). In addition the £1.6m readiness grant is now not expected to be utilised until 2018/19.
- 6.4 The increase in the use of the IMD Transformation reserve reflects the contract milestone payments, expected to be made in 2016/17 but now paid in 2017/18.

7 BORROWING AND INVESTMENT

- 7.1 As at the 30 November 2017, the Authority held cash balances of £26.2m which were invested as set out in Appendix 7 in accordance with the Treasury Management Strategy. The interest received is projected to be £35,000 more than originally budgeted (previously reported as £35,000).

**East Sussex Fire Authority
2017/18 Revenue Budget – Objective Analysis**

	Original Budget	Revised Budget	Projected Outturn	Variance	Variance	Variance last P&R
	£'000	£'000	£'000	£'000	%	£'000
Training and Assurance	2,211	2,273	2,273			
Resources/Treasurer	7,537	7,538	7,444	(94)	(1.3)	121
Planning and Improvement	1,049	1,037	987	(50)	(4.8)	(25)
Total Deputy Chief Fire Officer	10,797	10,848	10,704	(144)	(1.4)	96
Human Resources and OD	922	951	914	(37)	(3.9)	(27)
Safer Communities	18,273	18,350	18,249	(101)	(0.6)	(121)
Operational Support	3,842	4,024	3,984	(40)	(1.0)	
Total Assistant Chief Fire Officer	23,037	23,325	23,147	(178)	(0.8)	(148)
CFO Staff	675	703	653	(50)	(7.1)	
Treasury Management	1,408	1,408	1,373	(35)	(2.5)	(30)
Non Delegated costs	474	537	510	(27)	(5.0)	(29)
Corporate Contingency	390	32	32			
Transfer to Reserves	622	622	622			
Transfer from Reserves		(72)	(72)			
Total Corporate	3,569	3,230	3,118	(112)	(3.5)	(59)
Total Net Expenditure	37,403	37,403	36,969	(434)	(1.2)	(111)
Financed By:						
Council Tax	(25,036)	(25,036)	(25,036)			
Business Rates	(7,213)	(7,213)	(7,233)	(20)	0.3	(20)
Revenue Support Grant	(4,524)	(4,524)	(4,524)			
Transition Grant	(122)	(122)	(122)			
S31 Grants	(258)	(258)	(258)			
Collection Fund	(250)	(250)	(250)			
Surplus/Deficit						
Total Financing	(37,403)	(37,403)	(37,423)	(20)	0.1	(20)
Total Over / (Under) Spend	0	0	(454)	(454)	(1.2)	(131)

**East Sussex Fire Authority
2017/18 Revenue Budget – Safer Communities Analysis**

	Original Budget	Revised Budget	Projected Outturn	Variance	Variance
	£'000	£'000	£'000	£'000	%
AD Safer Communities	107	113	113		
Bariatric Equipment	0	28	28		
Hastings and Rother	4,404	4,670	4,579	(91)	(1.9)
Eastbourne and Wealden	4,638	4,580	4,575	(5)	(0.1)
The City	5,048	4,825	4,815	(10)	(0.2)
Lewes	1,813	1,922	1,972	50	2.6
Business Safety	1,455	1,412	1,367	(45)	(3.2)
Community Safety	808	800	800		
Total Safer Communities	18,273	18,350	18,249	(101)	(0.6)

2017/18 Revenue Budget - Safer communities Overtime analysis

	Original Budget	Revised Budget	Projected Outturn	Variance	Variance
	£'000	£'000	£'000	£'000	%
AD Safer Communities	0	0	0	0	
Hastings and Rother	55	44	109	65	148.2
Eastbourne and Wealden	46	36	77	41	149.9
The City	36	56	108	52	125.0
Lewes	12	13	29	16	161.2
Business Safety	2	2	6	4	226.1
Community Safety	4	4	3	(1)	
Total Safer Communities	155	155	332	177	138.5

* Projection based on 7 months of activity

**East Sussex Fire Authority
2017/18 Capital Budget Monitoring**

Capital Scheme	Original Budget as agreed CFA Feb 2017 £'000	Revised Budget £'000	Projected Outturn £'000	Variance £'000	Variance %	Variance last report £'000
Property Major Schemes						
Newhaven Fire Station	2	2	2	0		
Service HQ Relocation	26	165	157	(8)	(4.8)	(8)
Preston Circus	200	200	0	(200)		(200)
Subtotal	228	367	159	(208)	(56.7)	(208)
Property General Schemes						
General Schemes	937	1,134	1,011	(123)	(10.8)	(123)
Breathing Apparatus Chambers	144	347	347	0		0
Replacement Fuel Tanks	190	190		(190)		(190)
Sustainability	200	248		(248)		(248)
Security	100	100		(100)		(100)
Subtotal	1,571	2,019	1,358	(661)	(32.7)	(661)
Information Management						
IMD Strategy SCC	274	292	292	0	0.0	0
Fleet & Equipment						
Fire Appliances	970	970	0	(970)	(100)	(970)
Ancillary Vehicles	703	703	228	(445)	(63.3)	(445)
Cars & Vans	210	399	539	140	35.1	140
BA & Ancillary Equipment	720	750	750	0		0
Subtotal	2,603	2,822	1,547	(1,275)	(45.2)	(1,275)
Total	4,676	5,500	3,356	(2,144)	(39.0)	(2,144)

East Sussex Fire Authority
2017/18 - 2021/22 Capital Budget Monitoring

Capital Scheme	Original Budget as agreed by CFA Feb 2017 £'000	Revised Budget £'000	Projected Outturn £'000	Variance £'000	Variance %	Variance last report £'000
Property Major Schemes						
Newhaven Fire Station	3,560	3,560	3,560	0		
Service HQ Relocation	650	650	545	(105)	(16.2)	(105)
Preston Circus	2,550	2,550	2,550	0		
ITF Southeast Workshop	1,000	1,000	1,000	0		
Subtotal	7,760	7,760	7,655	(105)	(1.4)	(105)
Property General Schemes						
General Schemes	3,432	3,432	3,309	(123)	(3.6)	(123)
Breathing Apparatus Chambers	360	360	360	0		
Replacement Fuel Tanks	220	220	220	0		
Sustainability	420	420	434	14	3.3	14
Security	150	150	150	0		
Subtotal	4,582	4,582	4,473	(109)	(2.4)	(109)
Information Management						
IMD Strategy SCC	1,791	1,688	1,688	0	0.0	0
Fleet & Equipment						
Aerial Appliances	675	675	675	0		
Fire Appliances	6,470	6,470	6,470	0		
Ancillary Vehicles	1,397	1,397	1,397	0		
Cars & Vans	1,576	1,576	1,626	50	3.2	50
BA & Ancillary Equipment	750	750	750	0		
Subtotal	10,868	10,868	10,868	50	0.5	50
Total	25,001	24,898	24,684	(164)	(0.9)	(164)

East Sussex Fire Authority
2017/18 Reserves Projections

Description	Opening Balance 01/04/17	2017/18 Planned Transfers In	2017/18 Planned Transfers Out	2017/18 Forecast Transfers In	2017/18 Forecast Transfers Out	Projected Closing Balance 31/03/18
	£,000	£,000	£,000	£,000	£,000	£,000
Earmarked Reserves						
Improvement and Efficiency	1,485	122	(600)	122	(580)	1,027
Sprinklers	187		(187)	303		490
Insurance	249					249
Community Fire Safety	145				(145)	0
RPE and communications	1,014		(996)		(1,014)	0
Mapping Solution	69		(69)		(69)	0
ESN Health Check	15				(15)	0
ESMCP ESFRS readiness	1,160				(100)	1,060
ESMCP Regional Programme reserve	0			571	(293)	278
Responding to new risks Revenue	19				(19)	0
Safer Business Training	213		(63)		(48)	165
IMD Transformation	2,000		(450)	214	(1,291)	923
Wholetime Firefighter recruitment	464				(170)	294
Capital Programme Reserve	5,381	500		500	(269)	5,612
Total Earmarked Reserves	12,401	622	(2,365)	1,710	(4,013)	10,098
General Fund	3,142					3,142
Total Revenue Reserves	15,543	622	(2,365)	1,710	(4,013)	13,240
Capital Receipts Reserve	5,512	515	(2,564)	4,410	(2,254)	7,668
Responding to new risks Capital	21				(21)	0
Total Capital Reserves	5,533	515	(2,564)	4,410	(2,275)	7,668
Total Usable Reserves	21,076	1,137	(4,929)	6,120	(6,288)	20,908

East Sussex Fire Authority

Monitoring of Savings 2016/17 - 2018/19

Summary showing Changing the Service Phases One and Two and other operational savings

	Budget			Current Forecast			Variance		
	2016/17 £'000	2017/18 £'000	2018/19 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000
Phase Two Savings									
Removal of a pump from Hove	(932)	0	0	(932)	0	0	0	0	0
Change to Ridership	(280)	(560)	(280)	(280)	(560)	(280)	0	0	0
Total Phase Two Savings	(1,212)	(560)	(280)	(1,212)	(560)	(280)	0	0	0
Total Facing the Challenge	(75)	(73)	0	(75)	(73)	0	0	0	0
Total non-operational savings	(439)	(376)	(173)	(439)	(376)	(173)	0	0	0
Total additional savings	(138)	0	0	(138)	0	0	0	0	0
Total all other savings	(652)	(449)	(173)	(652)	(449)	(173)	0	0	0
Total Savings	(1,864)	(1,009)	(453)	(1,864)	(1,009)	(453)	0	0	0

N.B. Above table shows in-year savings, not cumulative

**East Sussex Fire Authority
Investments as at 30 November 2017**

Counterparty	Type	Amount	Rate
		£'000	%
Lloyds/HBOS	175 Day notice	4,000	0.90
Santander	95 Day notice	4,000	0.40
Barclays	95 Day notice	4,000	0.69
Goldman Sachs IB	Fixed term to 9 April 2018	4,000	0.65
NatWest	Fixed term to 15 August 2018	4,000	0.40
Standard Life	Money Market Fund (MMF)	4,000	Variable
Deutsche Bank	Money Market Fund (MMF)	2,200	Variable
Total Current Investments		26.20	

EAST SUSSEX FIRE AND RESCUE SERVICE

Panel Policy & Resources Panel
Date 18 January 2018
Title of Report Collaborative PPE Framework Contract
By Duncan Savage, Assistant Director Resources/Treasurer
Lead Officer Steve Brown, Procurement Officer

Background Papers: None

Appendices None

Implications

CORPORATE RISK		LEGAL	
ENVIRONMENTAL		POLICY	
FINANCIAL	√	POLITICAL	√
HEALTH & SAFETY	√	OTHER (please specify)	
HUMAN RESOURCES		CORE BRIEF	

PURPOSE OF REPORT To provide information on the current PPE Framework contract for the supply of PPE and the new Collaborative PPE Framework. To seek approval to access the new collaborative framework.

EXECUTIVE SUMMARY The provision of Personal Protective Equipment (PPE) for operational staff is a fundamental responsibility of the Authority in protecting the health, safety and wellbeing of its staff, ensuring safe and effective ways of working and meeting its statutory responsibilities.

The Authority has procured its PPE through collaborative arrangements since 2003. Since 2011 it has purchased a fully managed service from Ballyclare Limited (this includes the maintenance, repair and laundering of PPE as well as its initial provision) through a framework contract let by Kent Fire & Rescue Service along with nine other fire services. Our access to this contract ends in November 2019.

A new National Framework Contract for PPE was awarded to Bristol Uniforms Ltd in May 2017. In order to access the

framework the Authority now needs to sign an access agreement. This will allow us to plan formal implementation of the new contract / service.

The Framework is EU compliant and meets the requirements of the Authority's Contract Standing Orders.

Subject to further work to confirm the Authority's exact requirements for PPE under the Framework it is anticipated that ongoing costs will be significantly reduced, mitigating the pressure set out in the 2018/19 budget, by 2020/21.

RECOMMENDATION

The Panel is requested to:

- (i) approve the procurement of a fully managed service for the provision and maintenance of Personal Protective Equipment through the national collaborative framework; and
- (ii) authorise the Assistant Director Resources / Treasurer to sign the Access Agreement with Bristol Uniforms Ltd allowing East Sussex Fire Service to purchase from the Collaborative PPE Framework Contract.

1 INTRODUCTION

- 1.1 The provision of Personal Protective Equipment (PPE) for operational staff is a fundamental responsibility of the Authority in protecting the health, safety and wellbeing of its staff, ensuring safe and effective ways of working and meeting its statutory responsibilities. PPE includes items such as helmets, jackets, tunics, overtrousers, gloves and boots.
- 1.2 The Authority has procured its PPE through collaborative arrangements since 2003. Since 2011 it has purchased a fully managed service from Ballyclare Limited (this includes the maintenance, repair and laundering of PPE as well as its initial provision) through a framework contract let by Kent Fire & Rescue Service along with nine other fire services. Our access to this contract ends in November 2019.

2 COLLABORATIVE PPE PROJECT AND NEW FRAMEWORK CONTRACT.

- 2.1 Work to procure a new contract through the Collaborative PPE Project commenced in January 2015 and was again led by Kent FRS. This project is a key part of the NFCC's National Procurement Strategy and demonstrates the sector's response to the Government's challenge to improve efficiency through collaborative procurement. Surveys by the Home Office of a basket of commonly purchased goods identified that individual fire services were paying different prices for the same / similar items e.g. fire helmets.
- 2.2 This Authority took an active role during the procurement process on both Technical and Commercial Teams, and provided firefighters for Wearer Trials at the Fire Service College which took place systematically between October 2016 and April 2017.
- 2.3 The final three tender submissions were supplied by Bristol Uniforms, Ballyclare and Agility. After careful evaluations of all three elements, Technical, Commercial and Wearer Trials the successful tenderer was Bristol Uniforms and a Framework Contract was awarded at the end of May 2017.
- 2.4 The contract has been let by Kent FRS through a fully EU compliant process with legal advice from London Fire Brigade and independent legal advisors Sharpe Pritchard (London).
- 2.5 Use of Framework Agreements is allowed under the Authority's Contract Standing Orders (CSO 12.2-12.4) provided that it has been constituted in a way that lawfully permits the Authority to use the arrangement in procuring contracts and that using it is expected to provide Best Value to the Authority. This framework contract meets those requirements.
- 2.6 In order for the Authority to participate in the Collaborative PPE Project Framework Contract we are required to sign an Access Agreement with Bristol Uniforms Ltd. The signing of the access agreement is important not just to give our formal commitment to source through the framework but also to allow us to plan implementation with the supplier. This report seeks approval both to sign the access agreement and subsequently contract with Bristol Uniforms Ltd for a fully managed service.

- 2.7 Once the Access Agreement has been signed a project will commence to assess exactly what range of PPE will be purchased and to develop an implementation plan. This will be carried out in consultation with the Assistant Director Safer Communities as Senior User and will involve engagement with staff and consultation with representative bodies.
- 2.8 The existing supplier, Ballyclare has offered to continue supplying PPE to Authority after our contract end at a significantly reduced cost. There is no provision to extend the current framework and therefore given the value we would need to go through an EU compliant procurement process to access it. Officers have therefore decided not to pursue this offer and to recommend contracting through the new framework agreement.

3 HEALTH AND SAFETY IMPLICATIONS

- 3.1 East Sussex Fire and Rescue Service has a duty of care to provide PPE to staff for Structural Fire Fighting and other activity. All Structural Fire Fighting PPE must be manufactured to standard EN469 (2005). All PPE is required to be tested to meet this standard and that set out in the Technical Specification. As part of the project, thermal strain testing of the tenderer's PPE was carried out at the University of Portsmouth.

4 FINANCIAL IMPLICATIONS

- 4.1 The current budget for PPE is £429,000 (2017/18). A saving of £44,000 was built into the budget for 2018/19 on the basis that there would be a reduction in the number of operational posts. However, whilst the Authority has reduced the number of operational posts the charging model for the current contract is based on a fixed baseline that is added to each time a new member of staff is issued with PPE. The budget for PPE has overspent in the last two financial years and further analysis has identified as total pressure of £122,000 (including the planned saving which is undeliverable). This will be now be addressed through the budget process (see the report elsewhere on this Agenda).
- 4.2 It is anticipated that the new contract will enable the cost of PPE to be reduced substantially and potentially to a level close to the current budget i.e. reducing the £122,000 pressure by 2020/21 (the first full year of the new contract). The actual savings resulting from the new framework will need to be further refined once the Senior User has confirmed the service's exact requirements. The value of the new contract is expected to be c£3.2m over eight years.

EAST SUSSEX FIRE AUTHORITY

Panel Policy & Resources
Date 18 January 2018
Title of Report Fire Reform Agenda – Government Consultations
By Liz Ridley, Assistant Director Planning & Improvement
Lead Officers Liz Ridley, Assistant Director Planning & Improvement

Background Papers Fire reform and inspection of Fire & Rescue Services, Combined Fire Authority Report 7 December 2017

 Proposed fire and rescue services inspection programme and framework 2018/19
<https://www.justiceinspectors.gov.uk/hmicfrs/publications/frs-inspection-programme-consultation-2018-19/>

 A revised Fire and Rescue National Framework for England
<https://www.gov.uk/government/consultations/a-revised-fire-and-rescue-national-framework-for-england>

Appendices Appendix A - Proposed fire and rescue services inspection programme and framework 2018/19
 Appendix B - HMICFRS Fire and rescue service inspection methodology Core Diagnostic Questions
 Appendix C - Revised Fire and Rescue National Framework for England

Implications

CORPORATE RISK		LEGAL	✓
ENVIRONMENTAL		POLICY	
FINANCIAL		POLITICAL	
HEALTH & SAFETY		OTHER (please specify)	
HUMAN RESOURCES		CORE BRIEF	

PURPOSE OF REPORT To consider the Government’s consultation documents that relate to the fire reform agenda.

EXECUTIVE SUMMARY This report provides Members with the consultation documents concerning the proposed fire and rescue services inspection programme and framework 2018/19 and the revised Fire and Rescue National Framework for England.

The proposed fire and rescue service's inspection programme and framework 2018/19 was released on 19 December 2017 with a closing date for consultation responses of n 19 February 2018. The revised national framework was released on 27 December 2017 and the consultation closes on 14 February 2018.

The documents are being considered by the Senior Leadership Team and the purpose of this report is to allow Members an opportunity to comment on the proposals.

RECOMMENDATION

The Panel is asked to:

- i) consider the consultation documents and provide any comments it wishes to be included in the Service's consultation responses; and
- ii) note that the consultation documents will be circulated to all Fire Authority Members to afford them an opportunity to comment on the proposals.

1 INTRODUCTION

- 1.1 In 2016, the Home Office outlined an ambitious programme of reform within the fire and rescue sector. This included but is not limited to, transforming local governance of fire and rescue, establishing Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) as an independent inspection regime for fire and rescue authorities, developing a comprehensive set of professional standards to drive sector improvement, and driving forward an ambitious programme for workforce reform.
- 1.2 In December 2017 the Home Office released two consultations, one on HMICFRS independent inspection regime and the second on the revised National Framework which is the document that sets priorities and objectives for fire and rescue authorities.

2 MAIN ISSUES

2.1. Proposed fire and rescue services inspection programme and framework 2018/19

- 2.1.1 Members will note that in July 2017, Her Majesty's Inspectorate of Constabulary's remit was extended to include inspections of fire and rescue services in England, and was renamed Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS). As a result of this, HMICFRS will assess and report on the efficiency and effectiveness of the 45 fire and rescue services in England.
- 2.1.2 On the 19 December HMICFRS launched the consultation on the fire and rescue services inspection regime and confirmed three inspection pilot areas. The pilot inspections will take place between January and April 2018 and the three services confirmed as participating are Suffolk (a county fire and rescue service), Staffordshire (a combined fire authority) and West Yorkshire (a metropolitan fire and rescue service). The structure and methodology of these inspections is set out in a draft inspection programme and framework and will be refined during the pilots along with any results from the consultation, which runs for nine weeks and ends on 19 February 2018. The documents are attached at Appendix A - Proposed fire and rescue services inspection programme and framework 2018/19 and Appendix B - HMICFRS fire and rescue service inspection methodology core diagnostic questions.
- 2.1.3 The draft programme and framework details how HMICFRS will assess and report on the efficiency and effectiveness of all 45 fire and rescue services in England. This includes how well fire and rescue services prevent, protect against and respond to fires and other emergencies and how well they look after the people who work for the service.
- 2.1.4 The proposed inspection programme has been developed with the fire and rescue service. This includes advice from senior service representatives who are members of the external reference group, experts recruited from the sector to carry out the inspections and subject matter experts. The proposed programme has been designed to promote improvement in all aspects of the work undertaken by fire and rescue services.

- 2.1.5 Delivery of inspections across all English FRS's will be in three tranches. West Sussex FRS is in tranche 1, followed by Surrey FRS in tranche 2 and East Sussex FRS is in tranche 3. The dates are as follows:
- Tranche 1 - 15 inspections during April to July 2018
 - Tranche 2 - 15 inspections during August to December 2018
 - Tranche 3 - 15 inspections during January to May 2019
- 2.1.6 At the end of each set of inspections, HMICFRS intends to publish a report of its assessment of each fire and rescue service inspected in that set, as well as a summary of themes emerging from the inspections. HM Chief Inspector of Fire & Rescue Services for England is required to report each year on the carrying out of inspections, including an assessment of the efficiency and effectiveness of the fire and rescue authorities in England.
- 2.1.7 Fire and rescue services will be assessed and given graded judgments for the three principal questions in the inspection methodology (efficiency, effectiveness and people). They may give a single overall judgment for each service but this will be tested during the pilot inspections and a final decision made when the pilots have concluded. The categories of graded judgment are:
- outstanding;
 - good;
 - requires improvement; and
 - inadequate.
- 2.1.8 Judgment will be made against how efficient and effective fire and rescue services are, and how well they look after their people. Good is based on policy, practice or performance that meets pre-defined grading criteria that are informed by any relevant national operational guidance or standards. If the policy, practice or performance exceeds what is expected for good, then consideration will be given to a graded judgment of outstanding. If there are shortcomings in the policy, practice or performance of the fire and rescue service, then consideration will be given to a graded judgment of requires improvement. If there are serious critical failings of policy, practice or performance of the fire and rescue service, then consideration will be given to a graded judgment of inadequate.
- 2.1.9 The consultation seeks responses to seven questions about how the inspection of fire & rescue services should be carried out. HMICFRS will use the consultation responses to develop a programme and framework, and methodology for the forthcoming inspections. The questions are as follows:
1. What do you think of the proposed approach to FRS inspection that HMICFRS proposes to conduct in 2018/19? How could this be improved?
 2. Do you agree that an integrated inspection of fire and rescue services' effectiveness and efficiency, and how they look after their people, is better than separate thematic inspections?
 3. Are there any other areas of fire and rescue services' activity that should be included in the integrated inspections?

4. Does the draft inspection methodology include the right questions to gather evidence for a rounded assessment of fire and rescue services? How could this be improved?
5. How else could HMICFRS adapt the way in which it acquires information to take full account of the circumstances of fire and rescue services and of risks to public safety?
6. What, if any, new or emerging problems for fire and rescue services should HMICFRS take into account in its inspections?
7. What else should HMICFRS consider doing to make its fire and rescue service assessments as fair as they can be?

2.1.10 The documents have been circulated to the Senior Leadership Team who will be considering them in order to provide the consultation response.

2.2 **Revised Fire and Rescue National Framework for England.**

2.2.1 Section 21 of the Fire and Rescue Services Act 2004 requires the Secretary of State to prepare a Fire and Rescue National Framework which sets priorities and objectives for fire and rescue authorities (FRAs) in England in connection with the discharge of their functions. FRAs have a statutory duty to have regard to the Framework. The 2004 Act requires the Secretary of State to keep the Framework under review and revise it if needed with significant revisions subject to statutory consultation with representatives of fire and rescue authorities and their employees.

2.2.2 The National Framework was last updated in 2012 and has been revised to embed the fire reform programme such as the creation of a new inspectorate for fire and rescue services and the creation of the National Fire Chiefs Council. The Framework also reflects the provisions in the Policing and Crime Act 2017 on emergency services collaboration and changes to fire and rescue governance. Appendix C - contains the revised fire and rescue national framework for England.

2.2.3 Views were sought from an external working group in drafting the framework including the Local Government Association and their elected members; the National Fire Chiefs Council; and HMICFRS. The proposed priorities and objectives for FRAs as set by the Framework are as follows:

- identify and assess the full range of foreseeable fire and rescue related risks their areas face;
- make appropriate provision for fire prevention and protection activities and response to fire and rescue related incidents;
- collaborate with emergency services and other local and national partners to increase the efficiency and effectiveness of service provision;
- be accountable to communities for the service they provide; and
- develop and maintain a workforce that is resilient, skilled, flexible and diverse.

2.2.4 Subject to the outcome of the public consultation and parliamentary time allowing, the Government intends for the new National Framework to come into effect in April 2018 to coincide with the commencement of fire inspection. The existing Framework – brought into effect in 2012 - remains valid until it is replaced.

2.2.5 Comments are welcomed by the Home Office on the following sections in the draft National Framework and there is an opportunity to provide general comments:

- Delivery of Core Functions
- Inspection, Accountability and Assurance
- Governance
- Achieving Value for Money
- Workforce
- National Resilience
- Intervention Protocol (Annex A)

2.2.6 The documents have been circulated to the Senior Leadership Team who will be considering them in order to provide the consultation response.

3 **LEGAL IMPLICATIONS**

3.1 As described in section 2 of the report, Section 21 of the Fire and Rescue Services Act 2004 requires the Secretary of State to prepare a Fire and Rescue National Framework and Fire and Rescue Authorities have a statutory duty to have regard to the Framework.

4 **CONCLUSION**

4.1 The introduction of an inspectorate is welcomed at ESFRS along with the revised national framework. Officers will prepare the consultation responses by the due deadlines. The documents will be further circulated to the full Fire Authority to give all Members an opportunity to comments on the proposals.

5 **RECOMENDATION**

5.1 The Panel is asked to:

- i) consider the consultation documents and provide any comments it wishes to be included in the Service's consultation responses; and
- ii) note that the consultation documents will be circulated to all Fire Authority Members to afford them an opportunity to comment on the proposals.

Proposed fire and rescue services inspection programme and framework 2018/19

For consultation

December 2017

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Contents

Foreword	3
Consultation introduction	4
Her Majesty’s Inspectorate of Constabulary and Fire & Rescue Services	5
Introduction	6
Types of inspection HMICFRS will conduct in 2018/19	6
An overview of HMICFRS’ proposed inspection programme for fire and rescue services 2018/19	8
Fire and rescue inspection programme	8
National thematic inspections	10
HMICFRS’ inspection framework	11
Inspection framework for fire and rescue services.....	11
Fire and rescue service authorities’ priorities.....	12
Professional standards body	12
Methodology, monitoring, assurance and analysis	13
Advisory and reference groups	13
HMICFRS’ monitoring process	13
Follow-up from previous inspections.....	13
Consultation questions	14
How to respond to this consultation	15

Foreword

In July 2017, Her Majesty's Inspectorate of Constabulary's (HMIC) remit was extended to include inspections of fire and rescue services in England. It is now called Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS).

This is the first inspection programme and framework for fire and rescue service inspections. We will assess and report on the efficiency and effectiveness of the 45 fire and rescue services in England. This includes how well fire and rescue services prevent, protect against and respond to fires and other emergencies and how well they look after the people who work for the service. This consultation document seeks responses to seven questions about how the inspection of fire and rescue services should be carried out. We will use the consultation responses to develop a programme and framework, and methodology for our inspections.

We have given prominence to the following principal themes: how effective each fire and rescue service is at preventing and responding to incidents; whether the service provides value for money; whether the service understands where future risks lie; and the ability of the service to train staff, embrace diversity, and develop a positive working culture. As part of our inspection reports, we will provide graded judgments, which will help the public to see how well their fire and rescue service is performing.

The inspection programme will be developed with the fire and rescue service by recruiting experts from the sector to carry out the inspections, and by taking advice from senior service representatives who are members of the external reference group. The inspection programme will be designed to promote improvement in all aspects of the work undertaken by fire and rescue services.

This public consultation will be open from 19 December 2017 to 19 February 2018. I hope that you will offer your considered views, to help us design an inspection programme that leads to continued improvements across fire and rescue services.

(Sgd.) Thomas P Winsor

**Sir Thomas Winsor WS
HM Chief Inspector of Fire & Rescue Services**

Consultation introduction

This document provides details of HMICFRS' proposed fire and rescue services inspection programme for 2018/19, and asks for your views on whether the right areas of fire and rescue services activity are covered. In particular, we are seeking your responses to the following questions:

1. What do you think of the proposed approach to FRS inspection that HMICFRS proposes to conduct in 2018/19? How could this be improved?
2. Do you agree that an integrated inspection of fire and rescue services' effectiveness and efficiency, and how they look after their people, is better than separate thematic inspections?
3. Are there any other areas of fire and rescue services' activity that should be included in the integrated inspections?
4. Does the draft inspection methodology (annex A) include the right questions to gather evidence for a rounded assessment of fire and rescue services? How could this be improved?
5. How else could HMICFRS adapt the way in which it acquires information to take full account of the circumstances of fire and rescue services and of risks to public safety?
6. What, if any, new or emerging problems for fire and rescue services should HMICFRS take into account in its inspections?
7. What else should HMICFRS consider doing to make its fire and rescue service assessments as fair as they can be?

These questions are repeated in the body of this document. At the end of the document there is an explanation of how you can let us have your views.

Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services

Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) independently assesses and reports on the effectiveness and efficiency of police forces and fire and rescue services – in the public interest.

We ask the questions which we believe the public wishes to have answered, and publish our findings, conclusions and recommendations in an accessible form, using our expertise to interpret the evidence. We provide authoritative information to allow the public to compare the performance of their police force or fire and rescue service against others, and to determine whether performance has improved or deteriorated over time. Our recommendations are designed to bring about improvements in the service provided to the public.

Introduction

This document provides details of HMICFRS' proposed inspection programme and framework for fire and rescue services for 2018/19.

Types of inspection HMICFRS will conduct in 2018/19

HMICFRS may conduct several different types of inspection each year. To provide context for the proposed fire and rescue services' inspection framework for 2018/19, each type of inspection is summarised here.

Fire and rescue services inspection programme

The fire and rescue services inspection programme enables HMICFRS to draw together evidence from inspections of all 45 fire and rescue services in England. This rounded assessment of all fire and rescue services will cover the effectiveness and efficiency of each service and how it looks after its people. This will include an assessment of:

- the operational service provided to the public (including prevention, protection, resilience, and response);
- the efficiency of the service (how well it provides value for money, allocates resources to match risk, and collaborates with the police and ambulance services); and
- the organisational effectiveness of the service (how well it promotes its values and culture, trains its staff and ensures they have the necessary skills, ensures fairness and diversity for the workforce and develops leadership and service capability).

The resulting assessments will include graded judgments of performance.

HMICFRS' assessments are designed to enable the public to see how each fire and rescue service's performance changes over time and in relation to the performance of other services.

The fire and rescue services inspections will not include an assessment of corporate governance or the accountability structures provided by the fire and rescue authority, police, fire and crime commissioner, locally elected mayors and, in London, the Mayor's Office.

Inspecting governance arrangements

The fire and rescue service inspections will focus on the service provided to the public rather than on the accountability structures that govern fire and rescue services. During inspections, HMICFRS inspectors will meet representatives from fire and rescue authorities, police, fire and crime commissioners, locally elected mayors and, in London, the Mayor's Office.

If during an inspection we identify evidence that the decisions and activities of those within the fire and rescue authority, police, fire and crime commissioner, locally elected mayors and, in London, the Mayor's Office inhibit the efficiency and effectiveness of the chief fire officer, we may carry out a separate corporate governance inspection.

Statutory requirements

This inspection programme and framework requires the approval of the Home Secretary before the inspectors act in accordance with it¹.

The Home Secretary may, at any time, require HMICFRS to carry out an inspection of a fire and rescue authority in England, all fire and rescue authorities in England, or all fire and rescue authorities in England of a particular type².

Such a requirement may limit the inspection to a particular matter³. HMICFRS may also carry out an inspection of a fire and rescue authority in England even though that inspection has not been set out in an inspection programme and has not been required by the Home Secretary⁴. Before doing so, the chief inspector must consult the Home Secretary⁵.

Consultation questions

1. What do you think of the proposed approach to FRS inspection that HMICFRS proposes to conduct in 2018/19? How could this be improved?
2. Do you agree that an integrated inspection of fire and rescue services' effectiveness and efficiency, and how they look after their people, is better than separate thematic inspections?

¹ Section 28A(2), Fire and Rescue Services Act 2004

² Section 28A(3), Fire and Rescue Services Act 2004. Available at: www.legislation.gov.uk/ukpga/2004/21/contents

³ Section 28A(4), Fire and Rescue Services Act 2004

⁴ Section 28A(5), Fire and Rescue Services Act 2004

⁵ Section 28A(6), Fire and Rescue Services Act 2004

An overview of HMICFRS' proposed inspection programme for fire and rescue services 2018/19

Fire and rescue inspection programme

In May 2016, the Home Secretary established a wide-ranging reform programme for the fire and rescue services in England. This included a proposal to establish a rigorous and independent inspection regime for fire and rescue authorities.

In July 2017, the Home Office confirmed that HMIC would take on the role of inspecting fire and rescue services in England, and of assessing and reporting on the effectiveness and efficiency of each service. To reflect these new responsibilities, HMIC's name changed to HMICFRS.

The Policing and Crime Act 2017, which amended the Fire and Rescue Services Act 2004, contains provisions to strengthen existing powers to inspect fire and rescue authorities⁶.

HMICFRS will inspect the fire and rescue services that carry out the principal functions of a fire and rescue authority: fire safety, firefighting, road traffic accidents and other emergencies⁷. We will inspect all 45 fire and rescue services in England, in three sets of 15 services, beginning in summer 2018. We will consult the fire and rescue sector on the criteria for judgment. Each inspection will result in a rounded assessment and graded judgments for each fire and rescue service. We will publish a report of our findings.

The principal questions which the fire and rescue services inspection programme is designed to answer are set out below, along with the corresponding inspection focus. The detailed draft FRS inspection methodology is provided at annex A. We ask for your views on the proposed methodology.

⁶ Section 11, Policing and Crime Act 2017

⁷ Sections 6-9, Fire and Rescue Services Act 2004

Principal question

Inspection focus

How effective is the fire and rescue service at keeping people safe and secure from fire and other risks?

How well the fire and rescue service understands its current and future risks, works to prevent fires and other risks, protects the public through the regulation of fire safety, responds to fires and other emergencies, and responds to national risks.

How efficient is the fire and rescue service at keeping people safe and secure from fire and other risks?

How well the fire and rescue service uses its resources to manage risk, and secures an affordable way of providing its service, now and in the future.

How well does the fire and rescue service look after its people?

How well the fire and rescue service promotes its values and culture, trains its staff and ensures that they have the necessary skills, ensures fairness and diversity for its workforce, and develops leaders.

Our assessment of effectiveness will consider how well the fire and rescue service is performing its principal functions in relation to fire safety, fire-fighting and road traffic collisions. The inspection will give prominence to the principal themes of how effective each service is at preventing, protecting against and responding to incidents; whether the service provides value for money; and whether the service understands its current demands and where future risks lie.

Our assessment of efficiency will consider whether the way in which each fire and rescue service operates represents value for money, and how well it is matching resources to the risks faced by the public.

Our assessment of how each fire and rescue service looks after its people will consider leadership at all levels in the organisation, including training, diversity, values and culture.

This will be the first full assessment of all 45 fire and rescue services for some years. At the end of each set of inspections, HMICFRS intends to publish a report of its assessment of each fire and rescue service inspected in that set, as well as a summary of themes emerging from the inspections. HM Chief Inspector of Fire & Rescue Services for England is required to report each year on the carrying out of inspections, including an assessment of the efficiency and effectiveness of the fire and rescue authorities in England⁸.

⁸ Section 28B, Fire and Rescue Services Act 2004

National thematic inspections

National thematic inspections are in-depth examinations of specific fire and rescue service matters, which will usually be identified through HMICFRS' monitoring processes or as a result of a commission from the Home Secretary. These inspections will identify areas of strong and weak practice in specific fire and rescue services, but will result also in recommendations that are relevant to the fire and rescue service as a whole. The Home Office can commission thematic inspections on individual issues if needed. HMICFRS is not funded to carry out thematic inspections.

Consultation questions

3. Are there any other areas of fire and rescue services' activity that should be included in the integrated inspections?
4. Does the draft inspection methodology (annex A) include the right questions to gather evidence for a rounded assessment of fire and rescue services? How could this be improved?

HMICFRS' inspection framework

Inspection framework for fire and rescue services

We will gather information to inform our assessments using a range of methods that include: analysis of documents and data; reviews of operational incidents; surveys of the public, and of fire and rescue services staff; interviews; focus groups; and observations of fire and rescue practice.

Following the first round of full inspections, HMICFRS intends to move to a risk-based inspection programme, which will be developed and consulted on separately. This allows inspection activity and resources to take account of known risks to public safety and to reflect the assessed performance of each fire and rescue service.

Graded judgments

Fire and rescue services will be assessed and given graded judgments for the three principal questions in the inspection methodology (efficiency, effectiveness and people). We may give a single overall judgment for each service. We will test this during the pilot inspections and make a final decision as to our approach when the pilots have concluded. The categories of graded judgment are:

- outstanding;
- good;
- requires improvement; and
- inadequate.

Judgment is made against how efficient and effective fire and rescue services are, and how well they look after their people.

Good is based on policy, practice or performance that meets pre-defined grading criteria that are informed by any relevant national operational guidance or standards.

If the policy, practice or performance exceeds what is expected for good, then consideration will be given to a graded judgment of outstanding.

If there are shortcomings in the policy, practice or performance of the fire and rescue service, then consideration will be given to a graded judgment of requires improvement. If there are serious critical failings of policy, practice or performance of the fire and rescue service, then consideration will be given to a graded judgment of inadequate.

Fire and rescue service authorities' priorities

Fire and rescue authorities must have regard to the Fire and Rescue National Framework for England in carrying out their functions⁹. The Fire and Rescue National Framework for England¹⁰ states that each fire and rescue authority must produce an integrated risk management plan that identifies and assesses all foreseeable fire and rescue related risks that could affect its community.

HMICFRS inspectors will consider the content of the fire and rescue authority's integrated risk management plan and how this translates into the operational practice of the fire and rescue service. The plan will be used as a source of information about the assessment of risk and vulnerability in respect of each service, the factors which affect considerations of public safety, and how each fire and rescue service will use prevention, protection and response activities to mitigate the risk to communities.

Professional standards body

Part of the Home Office reform programme for fire and rescue services is the formation of a professional standards body. It is currently in development. HMICFRS will take account of all existing and new professional standards for fire and rescue services, including national operational guidance.

Consultation questions

5. How else could HMICFRS adapt the way in which it acquires information to take full account of the circumstances of fire and rescue services and of risks to public safety?
6. What, if any, new or emerging problems for fire and rescue services should HMICFRS take into account in its inspections?
7. What else should HMICFRS consider doing to make its fire and rescue service assessments as fair as they can be?

⁹ Section 21(7), Fire and Rescue Services Act 2004

¹⁰ The Framework is prepared by the Home Secretary. It must set out priorities and objectives for fire and rescue authorities in connection with the discharge of their functions; it may contain guidance to fire and rescue authorities in connection with the discharge of any of their functions; and it may contain any other matter relating to fire and rescue authorities or their functions as the Home Secretary considers appropriate. (Section 21, Fire and Rescue Services Act 2004) Available at: www.gov.uk/government/collections/fire-and-rescue-national-framework-for-england

Methodology, monitoring, assurance and analysis

Advisory and reference groups

This inspection programme is being developed with fire and rescue services. It has been designed to promote improvements across fire and rescue services.

HMICFRS has established a fire and rescue service external reference group. Its members include those who have specific skills and experience in the areas that will be inspected such as representatives from fire and rescue services, the National Fire Chiefs Council, the Home Office, the Local Government Association and police, fire and crime commissioners. We are using their knowledge and advice to establish a sound methodology for inspections.

The HMICFRS Fire Technical Advisory Group considers how to develop appropriate methods of data collection and analysis to support the inspection methodology. The members of the Fire Technical Advisory Group include representatives of the National Fire Chiefs Council co-ordinating committees, the Home Office, representative bodies, fire and rescue services and others. It will also include representatives from the professional standards body, when it has been established.

HMICFRS' monitoring process

HM inspectors of fire and rescue services (HMIs) will regularly monitor all services in order to promote improvements. If an HMI identifies a cause of concern about practice in a particular fire and rescue service, it will be raised with the relevant chief fire officer/chief executive/commissioner and the fire authority/police fire and crime commissioner, so that they can take action.

Follow-up from previous inspections

HMICFRS conducts a number of follow-up activities throughout the year. They range from formal revisits to offering support to services in responding to our findings. Also, we track the progress that services have made against our recommendations.

Consultation questions

1. What do you think of the proposed approach to FRS inspection that HMICFRS proposes to conduct in 2018/19? How could this be improved?
2. Do you agree that an integrated inspection of fire and rescue services' effectiveness and efficiency, and how they look after their people, is better than separate thematic inspections?
3. Are there any other areas of fire and rescue services' activity that should be included in the integrated inspections?
4. Does the draft inspection methodology (annex A) include the right questions to gather evidence for a rounded assessment of fire and rescue services? How could this be improved?
5. How else could HMICFRS adapt the way in which it acquires information to take full account of the circumstances of fire and rescue services and of risks to public safety?
6. What, if any, new or emerging problems for fire and rescue services should HMICFRS take into account in its inspections?
7. What else should HMICFRS consider doing to make its fire and rescue service assessments as fair as they can be?

How to respond to this consultation

Please submit your answers to these questions, together with any other comments, by email to: HMICFRSfireinspectionprogramme@hmic.gsi.gov.uk, no later than 1700 on 19 February 2018.

If you prefer, you can post responses to the Chief Operating Officer, HMICFRS, 6th floor, Globe House, 89 Eccleston Square, London SW1V 1PN.

If you have a complaint or comment about HMICFRS' approach to consultation, you can email this to: HMICFRSfireinspectionprogramme@hmic.gsi.gov.uk

How consultation responses will be reviewed

HM Chief Inspector of Fire & Rescue Services will consider respondents' views and, if he determines it appropriate to do so, change the proposed inspection programme and framework before putting it to the Home Secretary for approval. In accordance with section 28A(2), Fire and Rescue Services Act 2004, HM Chief Inspector of Fire & Rescue Services must obtain the approval of the Secretary of State for an inspection programme or inspection framework before the inspectors act in accordance with it.

The final document, which will be appropriately revised to reflect the results of the consultation, will be made available on HMICFRS' website at: www.justiceinspectorates.gov.uk/hmicfrs/about-us/what-we-do/inspection-programmes/

You should note that HMICFRS may publish consultation responses, or summaries of them, except where they have been provided in confidence. Please indicate in your response if you do not wish it to be published.

Annex A - HMICFRS Fire and rescue service inspection methodology

How effective and efficient are the Fire and Rescue Service (FRS)?		
Core	Diagnostic	Sub-diagnostic
1. How effective is the FRS at keeping people safe and secure from fire and other risks?	1.1 How well does the FRS understand the risk of fire and other emergencies?	1.1.1 How well does the FRS engage with the local community to build up a comprehensive risk profile?
		1.1.2 To what extent does the FRS use information from other sources (e.g. health and social care data, population and demographic data) to build the risk profile?
		1.1.3 How well does the FRS define the level of community risk, including those communities most at risk, hard to reach, hidden (e.g. unscrupulous landlords, overcrowded dwellings) or affecting the most vulnerable people?
		1.1.4 To what extent does the FRS undertake regular liaison with relevant bodies to ensure a common understanding of risk, including fire standards and requirements?
		1.1.5 To what extent are the results of preventative or protective activity used to ensure a common understanding of risk?
		1.1.6 How well does the FRS identify and assess current, emerging or future changes in the risk of fire and other risks?
	1.2 How effective is the FRS at preventing fires and other risks?	1.2.1 To what extent is preventative activity, such as the Home Fire Safety Check programme, focused on those most at risk?
		1.2.2 How well does the FRS raise awareness and campaign to prevent fires and promote community safety?
		1.2.3 What progress has the FRS, with partners, achieved in preventing fires and keeping people safe?
		1.2.4 How well does the FRS work with partner organisations to promote road safety and reduce the numbers killed and seriously injured on the roads?
		1.2.5 How well does the FRS work with partners to tackle fire setting behaviour and support the prosecution of arsonists?
	1.3 How effective is the FRS at protecting the public through the regulation of fire safety?	1.3.1 To what extent is enforcement and inspection based on risk?
		1.3.2 To what extent is a systematic, consistent and robust Fire Safety Audit undertaken by FRS staff?
		1.3.3 How well is information on risk communicated throughout the FRS?
		1.3.4 How well does the FRS take enforcement action against those who fail to comply with fire safety regulations?
1.3.5 How well does the FRS work with other enforcement agencies to share information on risk and take joint enforcement action (e.g. local authority licensing, building control and trading standards officers)?		
1.3.6 To what extent is the FRS working in partnership to reduce the burden of unwanted fire signals?		
1.3.7 To what extent does the FRS engage with local business or large organisations to share information and expectations on compliance with fire safety regulations?		
1.4 How effective is the FRS at responding to fires and other emergencies?	1.4.1 To what extent does the FRS provide a proportionate response to incidents on the basis of risk and vulnerability?	
	1.4.2 How well does the FRS communicate information about risk and vulnerability?	
	1.4.3 How well does the FRS command fire service assets at incidents?	
	1.4.4 How well does the FRS identify vulnerability and safeguard vulnerable people at incidents?	
	1.4.5 How well does the FRS communicate information about incidents to the public?	
	1.4.6 To what extent are consistent, rigorous and open systems in place to evaluate operational performance and make operational improvements?	
	1.4.7 How well does the FRS exchange learning with other FRSs, including learning from national incidents?	
1.5 How effective is the FRS at responding to national risks?	1.5.1 To what extent has the FRS established arrangements to be able to supplement resources in the event of extraordinary need, such as a flood, or a major incident?	
	1.5.2 How well has the FRS established site specific response plans for high risk premises?	
	1.5.3 To what extent has the FRS demonstrated it is interoperable with other FRSs to ensure an effective and efficient cross-border response?	
	1.5.4 To what extent does joint training and joint exercising help the FRS to plan for and test arrangements for dealing with major multi-agency incidents?	
	1.5.5 How well prepared is the FRS to form part of a multi-agency response to a community risk identified by the local resilience forum, including a marauding terrorist attack?	
2. How efficient is the FRS at keeping people safe and secure from fire and other risks?	2.1 How well does the FRS use resources to manage risk?	2.1.1 To what extent do FRS plans address the risks identified in the IRMP (integrated risk management plan)?
		2.1.2 To what extent are the FRS plans built on sound planning assumptions, subject to informed challenge and meet financial requirements?
		2.1.3 How well does the FRS allocate resources to preventative, protective and response activity?
		2.1.4 To what extent has the FRS considered national requirements?
		2.1.5 How well does the FRS ensure that the workforce's time is productive, making use of a flexible workforce and flexible working patterns?
		2.1.6 To what extent is the FRS actively exploring all opportunities for collaboration within and beyond the fire sector?
		2.1.7 How well does the FRS ensure there are mechanisms in place for monitoring, evaluation and review of collaborations (including benefits realisation and outcomes)?
		2.1.8 To what extent are business continuity arrangements in place and how often are these tested?
	2.2 How well is the FRS securing an affordable way of managing the risk of fire and other risks now and in the future?	2.2.1 To what extent does the FRS understand and is taking action to mitigate the main/ significant financial risks?
		2.2.2 To what extent does the FRS have a track record for achieving savings and closing any residual future budget gaps?
		2.2.3 To what extent can the FRS demonstrate sound financial management of principal non-pay costs (inc fleet and equipment) through benchmarking, contract renegotiation, and joint procurement?
		2.2.4 How well do FRS plans make the best use of the opportunities, and respond to the risks, presented by changes in technology?
		2.2.5 To what extent does the FRS estate/fleet strategy, and changes to estate/fleet, support current and future service provision?
		2.2.6 To what extent is the FRS continuing to make savings to invest for future innovation?
3. How well does the FRS look after its people?	3.1 How well does the FRS promote its values and culture?	2.2.7 How well does the FRS use reserves to improve efficiency, enable innovation and new ways of working?
		2.2.8 To what extent is the FRS influencing how it can work with others in the future in order to improve efficiency?
		2.2.9 To what extent has the FRS considered and exploited external funding opportunities, or options for generating income?
		3.1.1 How well does the FRS understand the wellbeing needs of its workforce?
		3.1.2 How well does the FRS take early action to improve the wellbeing of the workforce?
	3.2 How well trained and skilled are FRS staff?	3.1.3 How well do leaders demonstrate they model and maintain the values the FRS expects of them?
		3.1.4 To what extent is a culture of promoting health, safety and wellbeing evident at all levels in the FRS?
		3.1.5 To what extent has the FRS established a culture of learning and improvement?
3.3 How well does the FRS ensure fairness and diversity?	3.2.1 How well does the FRS understand the skills and capabilities of its workforce (including the use of technology)?	
	3.2.2 How well does the FRS ensure it has the right workforce mix of skills and capabilities?	
	3.2.3 To what extent does the FRS have the capacity and capability it needs to both achieve change and operational performance?	
3.4 How does the FRS develop leadership and capability?	3.3.1 How well do leaders seek feedback and challenge from all parts of the workforce?	
	3.3.2 How well does the FRS identify and resolve workforce concerns?	
	3.3.3 How well does the FRS identify and address potential disproportionality in recruitment, retention and progression for fire-fighters and staff with protected characteristics?	
		3.4.1 How well does the FRS manage and develop the individual performance of its fire-fighters and staff?
		3.4.2 How fairly does the FRS identify high potential members of the workforce to become senior leaders?
		3.4.3 How fairly does the FRS select for leadership roles at all levels?



Home Office

Fire and Rescue National Framework for England

Government consultation

This consultation begins on 27 December 2017.

This consultation ends on 14 February 2018.

About this consultation

- To:** Fire and rescue authorities and fire and rescue representative bodies
- Duration:** From 27 December 2017 to 14 February 2018
- Enquiries (including requests for the paper in an alternative format) to:** Alan Turnbull
Home Office
6th Floor, Fry Building, 2 Marsham Street, London, SW1P 4DF
Tel: 0207 035 3558
Email: FRSComms@homeoffice.gsi.gov.uk
- How to respond:** You can submit your responses to the consultation by using the [online form](#) on gov.uk
- or in hard copy, by 14 February 2018 to:
Harinder Sahota
Home Office
6th Floor, Fry Building, 2 Marsham Street, London, SW1P 4DF
Tel: 0207 035 3478
Email: FRSComms@homeoffice.gsi.gov.uk
- Response paper:** A response to this consultation exercise is due to be published by spring 2018 on gov.uk.

Contents

Foreword	2
Executive summary	4
Introduction	6
Draft Fire and Rescue National Framework for England	7
Questionnaire	29
About you	30
Contact details and how to respond	31
Consultation principles	33

Foreword

Fire and rescue services play a crucial role in making our communities safer, whether it be preventing and protecting people from fire and other risks, or responding swiftly and effectively to the incidents and emergencies that occur. Over the past decade we have witnessed a significant decrease in the number of fires which suggests that we are, as a society, becoming safer than ever from the risk and consequences of fire. In part this must be a testament to the successful fire prevention and protection work that fire and rescue services deliver day in, day out, up and down the country.

Nevertheless, the awful tragedy at Grenfell Tower provided a stark and terrible reminder that we can never afford to become complacent. We must continue to work hard to keep people – especially those whose vulnerability to fire is increased by age, infirmity, mental health, domestic violence or any of the other complex issues some of us are living with – as safe from fire and associated risks as possible. In many cases, this means engaging effectively with other agencies to work together to better protect and improve the outcomes for these individuals.

The past decade has also seen fire and rescue services respond to an ever growing number of non-fire incidents. Collaboration should be at the heart of how services operate so that services can work with, or on behalf of, local providers, to deliver a range of public safety activity to protect their local communities where it is in the interests of efficiency and effectiveness for them to do so.

In 2016, the Home Office outlined an ambitious programme of reform which it is delivering with the fire and rescue sector. This revised National Framework seeks to embed these reforms, which include:

- transforming local governance of fire and rescue by enabling mayors and police and crime commissioners to take on responsibility for fire and rescue services where a local case is made;
- establishing Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) as an independent inspection regime for fire and rescue authorities;
- developing a comprehensive set of professional standards to drive sector improvement;
- supporting services to transform commercially with more efficient procurement and collaboration;
- increasing the transparency of services with the publication of greater performance data and the creation of a new national fire website; and -
- driving forward an ambitious programme for workforce reform including through enhancing: professionalism; management and leadership; training and

development; equality and diversity; improved culture; and options for flexible working.

As part of this reform programme, the fire landscape is changing with the formation of the National Fire Chiefs Council; an independent inspectorate (HMICFRS); and a professional standards body. The revised framework outlines the roles and responsibilities of these bodies and sets expectations for how services should work with them.

It is against this background that the Government launches this revised National Framework for consultation. The National Framework will continue to provide an overall strategic direction to fire and rescue authorities, but Whitehall will not run fire and fire and rescue services remain free to operate in a way that enables the most efficient and effective delivery of their services, drawing upon their considerable skills and experience to best reduce the risks from fire. Ultimately, it is to local communities, not Government, that fire and rescue authorities are accountable.

Finally, it is vital that we learn the lessons from Grenfell. I very much welcome the publication of Dame Judith's interim report setting out a comprehensive analysis of the current system of building regulations and fire safety and recommendations for how it can be improved. It is clear there is a need for reform across the system and that we need a new intelligent system of regulation and enforcement which encourages everyone to do the right thing and which holds those who cut corners to account. The scale of the change that her report calls for cannot be delivered by government alone so we will work closely with Dame Judith and other partners – including the National Fire Chiefs Council and fire and rescue services - during the next phase of the review, identifying the changes that need to be made to the system. We will update the National Framework as required to ensure that the learning and recommendations from this Review, as well as those from the wider Grenfell Tower Inquiry, are captured and reflected.

In the meantime, we acknowledge the vital work that local fire and rescue services, and the NFCC, as a member of the Expert Panel, are doing to ensure that building owners are taking all the necessary steps to ensure those living in high rise buildings are safe and feel safe to remain in their homes.

I look forward to receiving consultation responses on the revised National Framework.



Rt hon Nick Hurd MP

Minister for Policing and the Fire Service

Executive summary

1. Section 21 of the Fire and Rescue Services Act 2004 requires the Secretary of State to prepare a Fire and Rescue National Framework which sets priorities and objectives for fire and rescue authorities (FRAs) in England in connection with the discharge of their functions. FRAs have a statutory duty to have regard to the Framework. The 2004 Act requires the Secretary of State to keep the Framework under review and revise it if needed with significant revisions subject to statutory consultation with representatives of fire and rescue authorities and their employees.
2. The National Framework was last updated in 2012 and changes are needed which warrant a full revision of it at this time to embed the fire reform programme such as the creation of a new inspectorate for fire and rescue services and the creation of the National Fire Chiefs Council. The Framework also reflects the provisions in the Policing and Crime Act 2017 on emergency services collaboration and changes to fire and rescue governance.
3. We have sought the views of an external working group in drafting this framework including the LGA and their elected members; the National Fire Chiefs Council; and HMICFRS.
4. We propose the priorities and objectives for FRAs as set by the Framework to be:
 - identify and assess the full range of foreseeable fire and rescue related risks their areas face;
 - make appropriate provision for fire prevention and protection activities and response to fire and rescue related incidents;
 - collaborate with emergency services and other local and national partners to increase the efficiency and effectiveness of service provision;
 - be accountable to communities for the service they provide; and
 - develop and maintain a workforce that is resilient, skilled, flexible and diverse.
5. Within the Workforce chapter (chapter 6) of the draft National Framework, the section on 're-engagement of senior officers post-retirement' has been the subject of an earlier, separate consultation. The Government's response to that consultation is published separately. The draft National Framework includes the proposed wording following that consultation and no more changes to that section are planned following this consultation process.

6. Annex A of the draft National Framework contains a revised 'Protocol on Central Government Intervention Action for Fire and Rescue Authorities'. Section 23 of the Fire and Rescue Services Act 2004 requires that an intervention protocol be prepared, and for the Secretary of State to have regard to it in the exercise of their power of intervention. Revisions to the protocol are required to be consulted on and so comments are invited on this document.

7. Subject to the outcome of the public consultation and parliamentary time allowing, the Government intends for the new National Framework to come into effect in April 2018 to coincide with the commencement of fire inspection. The existing Framework – brought into effect in 2012 - remains valid until it is replaced. The outputs from the Grenfell Tower Inquiry and the Independent Review of Building Regulations and Fire Safety will be considered on an ongoing basis and further changes may be made to the Framework as required. Any such changes will be subject to a separate consultation.

Introduction

This paper sets out for consultation the revised Fire and Rescue National Framework for England and also for the revised 'Protocol on Central Government Intervention Action for Fire and Rescue Authorities'. The consultation is aimed at fire and rescue authorities in England and their staff, as well as fire and rescue representative bodies.

The proposals are unlikely to lead to additional costs or savings for businesses, charities or the voluntary sector, or on the public sector.

Copies of the consultation paper are being sent to:

Chiefs and Chairs of all Fire and Rescue Authorities in England

Local Government Association

National Fire Chiefs Council

Association of Principal Fire Officers

Fire Brigades Union

Fire Officers' Association

Retained Firefighters' Union

Association of Police and Crime Commissioners

However, this list is not meant to be exhaustive or exclusive and responses are welcomed from anyone with an interest in, or views on, the subject covered by this paper.

Draft Fire and Rescue National Framework for England

1. INTRODUCTION

Powers

1.1 Under section 21 of the Fire and Rescue Services Act 2004 (“the 2004 Act”), the Secretary of State must prepare a Fire and Rescue National Framework.

The Framework:

- a) must set out priorities and objectives for fire and rescue authorities in connection with the discharge of their functions;
- b) may contain guidance to fire and rescue authorities in connection with the discharge of any of their functions; and
- c) may contain any other matter relating to fire and rescue authorities or their functions that the Secretary of State considers appropriate.

1.2 In setting out priorities and objectives for fire and rescue authorities in England, the requirements are best calculated to promote public safety and the economy, efficiency and effectiveness of fire and rescue authorities. The Framework sets out high level expectations; it does not prescribe operational matters which are best determined locally by fire and rescue authorities and their staff.

1.3 In preparing the Framework, the Secretary of State is required to consult fire and rescue authorities or their representatives; persons representing employees of fire and rescue authorities; and any other persons they consider appropriate.

1.4 Every fire and rescue authority must have regard to the Framework in carrying out their functions. Every authority must publish an annual statement of assurance of compliance with the Framework (see Chapter 3).

1.5 Fire and rescue authorities function within a long-established statutory and policy framework. This document does not repeat all the duties placed on them in connection with the discharge of their functions, or more generally as a public service provider and employer.

1.6 The term ‘fire and rescue authority’ in this Framework applies to every fire and rescue authority in England unless otherwise stated.

Priorities

1.7 The priorities in this Framework are for fire and rescue authorities to:

- identify and assess the full range of foreseeable fire and rescue related risks their areas face;
- make appropriate provision for fire prevention and protection activities and response to fire and rescue related incidents;
- collaborate with emergency services and other local and national partners to increase the efficiency and effectiveness of service provision;

- be accountable to communities for the service they provide; and
- develop and maintain a workforce that is professional, resilient, skilled, flexible and diverse.

2. DELIVERY OF CORE FUNCTIONS

Identify and assess

- 2.1 Every fire and rescue authority must assess all foreseeable fire and rescue related risks that could affect their communities, whether they are local, cross-border, multi-authority and/or national in nature from fires to terrorist attacks. Regard must be had to Community Risk Registers produced by Local Resilience Forums and any other local risk analyses as appropriate.
- 2.2 Fire and rescue authorities must put in place arrangements to prevent and mitigate these risks, either through adjusting existing provision, effective collaboration and partnership working, or building new capability. Fire and rescue authorities should work through the Strategic Resilience Board where appropriate when determining what arrangements to put in place.

Prevent and protect

- 2.3 Prevention is always better than cure. Fire and rescue authorities must make provision for promoting fire safety, including fire prevention, and have a locally determined risk-based inspection programme in place for enforcing compliance with the provisions of the Regulatory Reform (Fire Safety) Order 2005 in premises to which it applies.
- 2.4 We expect fire and rescue authorities to target their fire safety, prevention and protection resources on: those individuals or households who are at greatest risk from fire in the home; those most likely to engage in arson or deliberate fire setting; and on those non-domestic premises where the life safety risk is the greatest.
- 2.5 To identify those at greatest risk from fire, we expect fire and rescue authorities to work closely with other organisations in the public and voluntary sector, as well as with the police and ambulance services. Wherever appropriate, we expect fire and rescue services to develop partnerships to support risk reduction services to those identified as vulnerable, including from exploitation or abuse, and wherever possible to share intelligence and relevant risk data.
- 2.6 In many cases, fire and rescue prevention and protection staff will be in a position to identify individuals' wider vulnerabilities and exposure to risks beyond fire. By working closely and collaboratively with other public and voluntary sector organisations – both nationally through the National Fire Chiefs Council and through local arrangements - we recognise fire and rescue authorities can make an important contribution to increasing the effectiveness and efficiency of public services and alleviating pressures on local response resources. However, this should not be at the expense of their core fire functions.
- 2.7 Given the wide range of roles that fire and rescue personnel undertake, including with people with complex needs and vulnerabilities, fire and rescue authorities will need to ensure that all their staff in public-facing roles have the necessary skills and training to meet such demands. They also should have appropriate safeguarding arrangements in place to provide the public with the reassurance and confidence that they have every right to expect.

2.8 In all their prevention and protection activities, fire and rescue authorities should robustly evaluate the impact of their activities to ensure that they only pursue those which can be demonstrated to impact effectively and cost-efficiently on risk reduction within their communities. Fire and rescue authorities should share details of their successful interventions (and, importantly, those less successful interventions) to support each other to understand and build on what works best and what is most cost-effective.

Respond

2.9 Fire and rescue authorities must make provision to respond to incidents such as fires, road traffic collisions and other emergencies within their area and in other areas in line with their mutual aid agreements.

2.10 Fire and rescue authorities can enter into reinforcement schemes, or mutual aid agreements, with other fire and rescue authorities for securing mutual assistance, so far as practicable.

2.11 Fire and rescue authorities must have effective business continuity arrangements in place in accordance with their duties under the Civil Contingencies Act 2004. These arrangements must be able to meet the full range of service delivery risks and national resilience duties and commitments that they face. Business continuity plans should not be developed on the basis of armed forces assistance being available.

Integrated Risk Management Plan

2.12 To establish how it aims to deliver its core functions to effectively prevent and mitigate the fire and rescue related risks facing their communities, each fire and rescue authority must produce an integrated risk management plan. Each plan must:

- reflect up to date risk analyses including an assessment of all foreseeable fire and rescue related risks that could affect the area of the authority;
- demonstrate how prevention, protection and response activities will best be used to prevent fires and other incidents and mitigate the impact of identified risks on its communities, through authorities working either individually or collectively, in a cost effective way;
- evaluation of service delivery outcomes including the allocation of resources, for the mitigation of those risks;
- set out its management strategy and risk-based programme for enforcing the provisions of the Regulatory Reform (Fire Safety) Order 2005 in accordance with the principles of better regulation set out in the Statutory Code of Compliance for Regulators, and the Enforcement Concordat;
- cover at least a three-year time span and be reviewed and revised as often as it is necessary to ensure that the authority is able to deliver the requirements set out in this Framework;
- reflect effective consultation throughout its development and at all review stages with the community, its workforce and representative bodies and partners; and
- be easily accessible and publicly available.

3. INSPECTION, ACCOUNTABILITY AND ASSURANCE

Inspection

- 3.1 Independent inspection of fire and rescue authorities in England – and the fire and rescue service they oversee - is delivered by Her Majesty’s Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS). The chief fire and rescue inspector and inspectors of fire and rescue authorities in England have powers of inspection given to them by the Fire and Rescue Services Act 2004, as amended by the Policing and Crime Act 2017.
- 3.2 The inspectorate will provide a crucial assurance function to consider how effective and efficient fire and rescue authorities are, how well they manage their people and whether they are fulfilling their statutory obligations. The inspectorate will also highlight good practice and identify areas where improvement is needed so that remedial or constructive action can be taken.
- 3.3 The Policing and Crime Act 2017 requires the chief fire and rescue inspector for England to publish an inspection programme setting out what inspections of fire and rescue authorities in England they propose to carry out, and an inspection framework setting out the manner in which inspections will be carried out, including the matters that will be inspected. The inspection framework and programme applies to every fire and rescue authority in England. The 2017 Act also requires the chief fire and rescue inspector for England to submit an annual report to the Secretary of State providing an assessment of the efficiency and effectiveness of fire and rescue authorities in England for the period in respect of which the report is prepared.
- 3.4 All fire and rescue authorities must cooperate with the inspectorate and its inspectors to enable them to deliver their statutory function. This includes providing relevant data and information to inform inspections. The Home Office and HMICFRS will work together to align data and information collections where possible to avoid duplication.
- 3.5 Fire and rescue authorities should give due regard to reports and recommendations made by HMICFRS and - if needed - prepare, update and regularly publish an action plan (including any such plans arising from peer reviews and self-assessments) detailing how the recommendations are being actioned. When forming an action plan, the fire and rescue authority could seek advice and support from other organisations, for example, the National Fire Chiefs Council and the Local Government Association.

Intervention

- 3.6 Section 22 of the Fire and Rescue Services Act 2004 gives powers to the Secretary of State to intervene should a fire and rescue authority fail, or is likely to fail, to act in accordance with this Framework. The Secretary of State is required to prepare a protocol about the exercise of these powers and to have regard to it when exercising the section 22 powers. The intervention protocol for these powers is attached at Annex A.
- 3.7 The 2004 Act allows the Secretary of State, by order, to require the fire and rescue authority to do something; to stop doing something; or not to do something in order to ensure the fire and rescue authority acts in accordance with this Framework. An order could be made if the Secretary of State considers it would promote public safety, the

economy, efficiency and effectiveness of the relevant fire and rescue authority. Before any such order is made the Secretary of State must give the authority an opportunity to make representations about the order proposed.

- 3.8 Use of this power is a last resort and intervention would only be considered if there was clear evidence that an authority was failing to act in accordance with the Framework, and that the failure was sufficiently serious as to warrant Government intervention. The expectation is that the fire and rescue authority should put in place processes to overcome any concerns, seeking sector-led support as appropriate.
- 3.9 The Secretary of State also has other powers of intervention (for example, under section 15 of the Local Government Act 1999) but the Protocol on Central Government Intervention Action for Fire and Rescue Authorities at Annex A relates solely to ensuring fire and rescue authorities act in accordance with the National Framework.

Accountability

- 3.10 Fire and rescue authorities are expected to have governance and accountability arrangements in place covering issues such as financial management and transparency, complaints and discipline arrangements, and compliance with the seven principles of public life.¹
- 3.11 Each fire and rescue authority must hold the individual who has responsibility for managing the fire and rescue service – in most cases the Chief Fire Officer - to account for the delivery of the fire and rescue service and the functions of persons under their direction and control. In London, the Mayor of London must hold the London Fire Commissioner, as fire and rescue authority for Greater London, to account for the exercise of the Commissioner's functions.
- 3.12 In demonstrating their accountability to communities for the service they provide, fire and rescue authorities need to:
- be transparent and accountable to their communities for their decisions and actions;
 - provide the opportunity for communities to help to plan their local service through effective consultation and involvement; and
 - have scrutiny arrangements in place that reflect the high standard communities expect for an important public safety service.

Assurance and scrutiny

- 3.13 Fire and rescue authorities must provide assurance to their communities and to government on financial, governance and operational matters and show how they have had due regard to their priorities and expectations set out in their integrated risk management plan and the requirements included in this Framework.

¹ Selflessness; Integrity; Objectivity; Accountability; Openness; Honesty; and Leadership

- 3.14 Fire and rescue authorities must publish an annual statement of assurance, which in the case of PCC fire and rescue authorities (PCC FRA), will be subject to scrutiny by the Police, Fire and Crime Panel (PFCCP). These statements may also be considered by the inspectorate as part of their work.
- 3.15 PFCCPs will perform a scrutiny function, providing both support and challenge to the Police, Fire and Crime Commissioner (PFCC) on the exercise of their functions, acting as a critical friend. The powers, responsibilities and membership requirements of PFCCPs are set out in the Police Reform and Social Responsibility Act 2011.

Transparency

- 3.16 Each fire and rescue authority must comply with their statutory transparency requirements. The nature of the requirements is dependent on the legal basis of the authority; for example, combined fire and rescue authorities would be subject to the Local Authority Transparency Code 2015 while PCC FRAs must comply with requirements under section 11 of the Police Reform and Social Responsibility Act 2011 and the Elected Local Policing Bodies (Specified Information) Order 2011. All fire and rescue authorities should therefore publish certain information, including: senior salaries, register of interests, staffing, income and expenditure, property, rights and liabilities, and decisions of significant public interest. Fire and rescue authorities must make their communities aware of how they can access data and information on their performance.
- 3.17 Furthermore, section 26 of the Fire and Rescue Services Act 2004 states that a fire and rescue authority must:
- a) submit to the Secretary of State any reports and returns that are required; and
 - b) give the Secretary of State any information with respect to its functions that are required.
- 3.18 Specifically, fire and rescue authorities have a responsibility to provide regular data to the Home Office as stipulated by the DCLG Single Data List process. The data supplied are the source for the official and national statistics published by the Home Office and are used for the purposes of policy development across a range of organisations including Government as well as providing a publicly available national overview of activity by fire and rescue services.

4. GOVERNANCE

- 4.1 Fire and rescue authorities operate with a range of different locally determined governance arrangements including an individual – either a police, fire and crime commissioner or a mayor – having sole responsibility for being the fire and rescue authority for an area. Where police and crime commissioners - and mayors - wish to develop a local proposal with options to take on governance responsibility for fire and rescue in their area, fire and rescue authorities must provide the police and crime commissioner with such information that they reasonably require for the purposes of developing a proposal for the Secretary of State to consider.
- 4.2 The Secretary of State can only give effect to such a fire governance proposal where, in her view, it appears to be in the interests of economy, efficiency and effectiveness, or in the interests of public safety. The Secretary of State cannot give effect to a proposal if, in her view, it would have an adverse effect on public safety.
- 4.3 Each fire and rescue authority has a statutory duty to ensure provision of their core functions as required by the Fire and Rescue Services Act 2004 and, for example, take strategic decisions and hold their chief fire officer to account.
- 4.4 The exception is in London, where the Policing and Crime Act 2017 reforms the governance of fire and rescue in London by abolishing the London Fire and Emergency Planning Authority and creating the London Fire Commissioner as a corporation sole being the fire and rescue authority. The Mayor of London has overall responsibility for setting the strategic direction of the fire and rescue authority in London, appointing the London Fire Commissioner (subject to a confirmation hearing), holding the Commissioner to account and setting the budget for the Commissioner.
- 4.5 The London Fire Commissioner is responsible for ensuring fire and rescue services in London are efficient and effective and prepares the integrated risk management plan for approval by the Mayor.

Managing the fire and rescue service/Chief Fire Officer

- 4.6 Each fire and rescue authority will appoint an individual - a Chief Fire Officer - who has responsibility for managing the fire and rescue service. This includes managing the personnel, services and equipment secured by the fire and rescue authority for the purposes of carrying out functions conferred on it by the Fire and Rescue Services Act 2004, Civil Contingencies Act 2004, and other enactments. The Chief Fire Officer must, in exercising their functions, have regard to the fire and rescue authority's integrated risk management plan.
- 4.7 The fire and rescue authority should give due regard to the professional advice of the chief fire officer when making decisions affecting the operation of their fire and rescue service.

Plans to be prepared by PCC fire and rescue authorities

- 4.8 Where a police and crime commissioner takes on the functions and duties of a fire and rescue authority they will be known as the police, fire and crime commissioner (PFCC). The PFCC must prepare and publish the documents set out below:

A fire and rescue plan: the plan should set out the strategic vision, priorities and objectives for the fire and rescue service over the period of the document in connection with the discharge of the fire and rescue authority's functions. The plan is subject to scrutiny by the Police, Fire and Crime Panel (in the same way they scrutinise the PCC's police and crime plan). In developing this plan, the PFCC must make arrangements for obtaining the view of the community, as they currently do in preparing their police and crime plan.

A fire and rescue statement: the statement should outline the way in which the authority has had regard - in the period covered by the document - to this National Framework and to any fire and rescue plan prepared by the authority for that period. This is subject to scrutiny by the Police, Fire and Crime Panel.

- 4.9 The PFCC must have regard to both the fire and rescue plan and the police and crime plan when carrying out their functions. The plans can be combined. Where a joint police and crime and fire and rescue plan is developed, the plan must set out both policing and fire and rescue priorities and objectives. Such plans are subject to scrutiny by the Police, Fire and Crime Panel.
- 4.10 The PCC FRA must, like all other fire and rescue authorities, produce an integrated risk management plan as set out in chapter 2. This may also include details of how the fire and rescue service intends to meet the strategic vision set out by the fire and rescue plan. The integrated risk management plan will be subject to inspection by HMICFRS.
- 4.11 The function of preparing and issuing the plan may be delegated to the Chief Fire Officer - or Chief Officer where a single employer has been put in place – however, the plan must be approved by the PCC FRA.

National Fire Chiefs Council

- 4.12 The National Fire Chiefs Council brings together the leadership of the UK's fire and rescue services to provide co-ordinated professional, operational and technical leadership of the sector, advising and supporting central and local government, and other stakeholders.
- 4.13 The NFCC fulfils a multifaceted role that is reflected throughout this document and other national frameworks. The NFCC represents the sector in local and national structures, helping to develop national policies and strategies. The NFCC is the first line of operational advice to central and local government during major incidents. This is outlined within the National Coordination and Advisory Framework (NCAF), which fire and rescue services must proactively engage with.
- 4.14 The NFCC has a role to drive continuous improvement and development throughout the sector. Fire and rescue services should consult the NFCC for advice and support when developing improvement plans, particularly in response to inspections.
- 4.15 The expectation is that fire and rescue services in England engage with the NFCC and, in turn, that the Chiefs Council works to support and represent every service.

5. ACHIEVING VALUE FOR MONEY

- 5.1 Fire and rescue authorities must manage their budgets and spend money properly and appropriately, and ensure the efficient and effective use of their resources, pursuing all feasible opportunities to keep costs down while discharging their core duties effectively. Fire and rescue authorities should regularly review the numbers and deployment of firefighters and other staff to ensure that its fire and rescue service has a workforce that is commensurate with the risks that it faces.
- 5.2 Fire and rescue authorities must ensure that financial decisions are taken with the advice and guidance of the chief finance officer and that decisions are taken with an emphasis on delivering value for money to the public purse. Fire and rescue authorities should ensure that management of their finances is undertaken with regard to published guidance including those set out at Annex B.
- 5.3 Fire and rescue authorities should publish a medium term financial strategy which includes funding and spending plans for revenue and capital. The strategy should take into account multiple years, the inter-dependencies of revenue budgets and capital investments, the role of reserves and the consideration of risks. It should have regard to affordability and also to CIPFA's Prudential Code for Capital Finance in Local Authorities. The strategy should be aligned with the fire and rescue authority's integrated risk management plan and – if appropriate – the Fire and Rescue Plan.
- 5.4 Fire and rescue authorities should publish robust, transparent and locally owned efficiency plans on their websites. Each fire and rescue authority should also publish an annual report on their progress against their efficiency plans.

Reserves

- 5.5 Sections 31A, 32, 42A and 43 of the Local Government Finance Act 1992 require billing and precepting authorities in England and Wales to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement.
- 5.6 Fire and rescue authorities should establish a policy on reserves and provisions in consultation with their chief finance officer. General reserves should be held by the fire and rescue authority and managed to balance funding and spending priorities and to manage risks. This should be established as part of the medium-term financial planning process.
- 5.7 Each fire and rescue authority should publish their reserves strategy on their website, either as part of their medium term financial plan or in a separate reserves strategy document. The reserves strategy should include details of current and future planned reserve levels, setting out a total amount of reserves and the amount of each specific reserve that is held for each year. The reserves strategy should provide information for at least two years ahead.
- 5.8 Sufficient information should be provided to enable understanding of the purpose for which each reserve is held and how holding each reserve supports the fire and rescue authority's medium term financial plan.

5.9 Information should be set out in a way that is clear and understandable for members of the public, and should include:

- how the level of the general reserve has been set;
- justification for holding a general reserve larger than five percent of budget;
- whether the funds in each earmarked reserve are legally or contractually committed, and if so what amount is so committed; and
- a summary of what activities or items will be funded by each earmarked reserve, and how these support the fire and rescue authority's strategy to deliver good quality services to the public.

Commercial transformation

5.10 Each fire and rescue authority must demonstrate that it is achieving value for money for the goods and services it receives. Every fire and rescue authority should look at ways to improve its commercial practices including whether they can aggregate their procurement with other fire and rescue authorities and other local services (e.g. police) to achieve efficiencies.

5.11 Fire and rescue authorities must demonstrate and support commercial transformation programmes where appropriate. Each fire and rescue authority should be able to demonstrate full awareness of the objectives to standardise requirements, aggregate demand and manage suppliers of products and services within their commercial arrangements.

5.12 Fire and rescue authorities must ensure that their commercial activities, be that the placement of new contracts or the use of existing contracts, is in line with their legal obligations, including but not limited to the Public Contracts Regulations, the Public Services (Social Value) Act 2012, the Modern Slavery Act 2015 and transparency commitments.

Collaboration

5.13 The Policing and Crime Act 2017 created a statutory duty on fire and rescue authorities, police forces, and ambulance trusts to:

- keep collaboration opportunities under review;
- notify other emergency services of proposed collaborations that could be in the interests of their mutual efficiency or effectiveness; and
- give effect to a proposed collaboration where the proposed parties agree that it would be in the interests of their efficiency or effectiveness and that it does not have an adverse effect on public safety.

5.14 The duty is deliberately broad to allow for local discretion in how it is implemented and recognises that local emergency services are best placed to determine how to collaborate for the benefit of their communities. However, the duty sets a clear expectation that collaboration opportunities should be considered.

5.15 The duty does not preclude wider collaboration with other local partners, such as local authorities and wider health bodies. To reflect their wider role, ambulance trusts are required to consider the impact of the proposed collaboration on their wider non-

emergency functions and the NHS when determining if it would be in the interests of their efficiency or effectiveness.

- 5.16 Fire and rescue authorities should, where appropriate, work alongside all relevant local agencies and multi-agency teams involved in protecting those identified as vulnerable.
- 5.17 Fire and rescue authorities must collaborate with other fire and rescue authorities to deliver intraoperability (between fire and rescue authorities) and interoperability (with other responders such as other emergency services, wider Category 1 and 2 responders and Local Resilience Forums) in line with the Joint Emergency Services Interoperability Principles (JESIP). Fire and rescue authorities must collaborate with the National Resilience Lead Authority to ensure interoperability is maintained for National Resilience assets.
- 5.18 Intraoperability includes, but is not limited to:
- compatible communications systems, control rooms and equipment;
 - common command and compatible control and co-ordination arrangements;
 - effective information, intelligence and data sharing;
 - compatible operational procedures, and guidance with common terminology;
 - compatible training and exercising (both individually and collectively); and
 - cross border working with other English fire and rescue authorities and those in the devolved administrations.
- 5.19 Interoperability includes, but is not limited to:
- compatible communications systems, control rooms and equipment, as appropriate;
 - compatible command, control and co-ordination arrangements;
 - effective inter-agency working and liaison and, where appropriate, information, intelligence and data sharing;
 - shared understanding of respective roles and responsibilities, operational procedures, guidance and terminology;
 - robust multi-agency plans for managing risks identified in the National Risk Assessment and community risk registers;
 - multi-agency training and exercising; and
 - cross border working with other responders in England and the devolved administrations.

Research and development

- 5.20 Fire and rescue authorities should engage with national research and development programmes, including those overseen by the NFCC, unless there is a good reason not to.
- 5.21 Where fire and rescue services embark on research and development outside of any national programme, processes should be put in place to ensure it meets quality standards and, where possible and appropriate, is available to the sector to enable good practice to be shared.

Trading

- 5.22 Fire and rescue authorities have the power to trade and make a profit but they must ensure that their commercial activities are performed in accordance with the requirements of the Local Government Act 2003, the Fire and Rescue Services Act 2004 (as amended by the Localism Act 2011) and the Local Government Order 2009. Fire and rescue authorities must also ensure that such commercial activities are exercised through a company within the meaning of Part 5 of the Local Government and Housing Act 1989.
- 5.23 A trading company is a separate legal entity and elected members and officers should at all times be aware of potential conflicts of interest when carrying out their roles for their authorities, or when acting as directors of trading companies.
- 5.24 Fire and rescue authorities must ensure any actions taken in respect of their trading companies are considered against the requirements of competition law. Any financial assistance - in cash or in kind - given by an authority that establishes or participates in it, should be for a limited period, set against the expectation of later returns, and re-paid by those returns. Any assistance should be provided under a formal agreement with the company and must be entered into for a commercial purpose. Before entering into such an agreement, the authority should satisfy itself that it will achieve its objective, and the company should satisfy itself that it will meet its objective in terms of its business plan. The parties should consider any State Aid implications and obtain their own expert advice where necessary.

6. WORKFORCE

People Strategy

- 6.1 Each fire and rescue authority should have in place a people strategy that has been designed in collaboration with the workforce. This should take into account the principles set out in the NFCC's people strategy and at a minimum cover:
- improving the diversity of the workforce to ensure that it represents the community it serves;
 - equality, cultural values and behaviours;
 - recruitment, retention and progression;
 - flexible working;
 - professionalism, skills and leadership;
 - training opportunities;
 - health, wellbeing and support; and
 - a policy to tackle bullying and harassment.
- 6.2 The Home Office collects and publishes a range of workforce data. This includes workforce diversity, information on new joiners, reasons for leaving and firefighter injuries.

Professional Standards Body²

- 6.3 The sector is currently working in partnership with government to consider options for enhancing professionalism by ensuring the development of a coherent and comprehensive set of professional standards across all areas of fire and rescue services' work, drawing on existing standards where appropriate.
- 6.4 All fire and rescue authorities must implement the standards approved through this work and the inspectorate will have regard to these standards as part of their inspections.

Fitness Principles

- 6.5 Fire and rescue authorities have an important role in helping to ensure their firefighters remain fit and are supported in remaining in employment. Each fire and rescue authority must comply with the fitness principles set out at Annex C.

Re-engagement of senior officers

- 6.6 The re-appointment of principal fire officers to the same or similar posts within the same fire and rescue authority, a short time after they have retired, has caused concern in recent years and increases costs for taxpayers. These individuals very often receive their pension benefits on retirement (such as their tax free lump sum) and then return on favourable terms, including an increase in take-home pay through avoiding paying employee pension contributions.

² Please note that this policy is under development and an announcement is likely to be made before the final Framework is published.

- 6.7 Fire and rescue authorities must not re-appoint principal fire officers³ after retirement to their previous, or a similar, post save for in exceptional circumstances when such a decision is necessary in the interests of public safety. Any such appointment must be transparent, justifiable and time limited.
- 6.8 In the exceptional circumstance that a re-appointment is necessary in the interests of public safety, this decision should be subject to agreement by a public vote of the elected members of the fire and rescue authority, or a publicised decision by the appropriate elected representative of the fire and rescue authority, taking into account the legislative requirements of PCC FRA Chief Fire Officer appointment procedures. The reason why the re-appointment was necessary in the interests of public safety, and alternative approaches were deemed not appropriate, must be published and the principal fire officer's pension must be abated until they cease to be employed by a fire and rescue authority.
- 6.9 To ensure greater fairness and the exchange of talent and ideas, all principal fire officer posts must be open to competition nationally, and fire and rescue authorities must take account of this in their workforce planning.
- 6.10 While the above requirements only extend to principal fire officers, we expect fire and rescue authorities to have regard to this principle when re-appointing at any rank.

³ For the purpose of this Framework, Principal Officers refers to those officers at Brigade or Area Manager level, and above, or those with comparable responsibilities to those roles.

7. NATIONAL RESILIENCE

- 7.1 The Government retains responsibility for the provision of national resilience assets and capabilities managed and delivered through fire and rescue services. This responsibility extends to undertaking the National Risk Assessment which informs the requirements for fire and rescue national resilience capabilities.
- 7.2 In meeting this responsibility, the Government has committed significant financial resource to build national resilience capabilities and to support their ongoing maintenance.
- 7.3 The Government relies on the strategic leadership role of the NFCC to maintain fire and rescue national resilience capabilities in a high state of operational readiness through a comprehensive assurance regime delivered through lead authority arrangements.
- 7.4 Fire and rescue authorities must work with the lead authority to support the national resilience assurance processes in order to ensure capabilities are maintained at a high state of operational readiness. This includes co-operation of fire and rescue authorities, as necessary, on devolved training and, where applicable, on the long term capability management arrangements.
- 7.5 Fire and rescue services, through the NFCC's representation on the Strategic Resilience Board, must also work with Government to identify and address any national resilience capability gaps identified through ongoing analysis of the National Risk Assessment.

Gap analysis

- 7.6 Fire and rescue authorities' risk assessments must include an analysis of any gaps between their existing capability and that needed to ensure national resilience (as defined above).
- 7.7 Fire and rescue authorities are required to assess the risk of emergencies occurring and use this to inform contingency planning. To do this effectively, fire and rescue authorities are expected to assess their existing capability and identify any gaps as part of the integrated risk management planning process. This gap analysis needs to be conducted by fire and rescue authorities individually and collectively to obtain an overall picture of their ability to meet the full range of risks in their areas.
- 7.8 As part of their analysis, fire and rescue authorities must highlight to the Home Office or the Fire and Rescue Strategic Resilience Board, any capability gaps that they believe cannot be met even when taking into account mutual aid arrangements, pooling and reconfiguration of resources and collective action.
- 7.9 The Home Office, in liaison with other government departments and the devolved administrations, will support fire and rescue authorities in considering and defining the gap between existing capability and the capability required to ensure national resilience.

National Coordination and Advisory Framework

- 7.10 The National Coordination and Advisory Framework (NCAF) has been designed to provide robust and flexible response arrangements to major emergencies that can be adapted to the nature, scale and requirements of the incident.
- 7.11 Fire and rescue authorities must proactively engage with, and support, the NCAF arrangements including the NFCC's lead operational role.

Response to Terrorist Attacks or Marauding Terrorist Attacks

- 7.12 Fire and rescue services must be able to respond to the heightened threat of terrorism and be ready to respond to incidents within their areas and across England to keep communities safe. Fire and rescue services should also be interoperable to provide operational support across the UK to terrorist events as required. To enhance resilience to terrorist risks, the Government has committed significant financial resources to develop a Marauding Terrorist Firearms Attack (MTFA) capability, with the support of fire and rescue services. This is aligned to the National Risk Assessment and provides a specialist response across the country.
- 7.13 Government and the NFCC recognise the critical contribution of fire and rescue services when responding to acts of terrorism. This is an agreed function of fire and rescue services as set out in the National Joint Council for Local Authority Fire and Rescue Services Scheme of Conditions of Service (the Grey Book), and is encompassed within the broad descriptions within the existing agreed firefighter role maps: to save and preserve endangered life, and safely resolve operational incidents.
- 7.14 Fire and rescue authorities are responsible for maintaining the robustness of the capability and, where they have an MTFA capability, must put in place arrangements to ensure their teams are fully available at all times, including periods when business continuity arrangements are in place.
- 7.15 MTFA arrangements shall be further enhanced by putting in place an appropriate multi-agency assurance mechanism that will ensure the capability is effective and delivers it to the agreed standard.

National Resilience Assurance

- 7.16 Fire and rescue authorities must continue to work collectively and with the Fire and Rescue Strategic Resilience Board and the national resilience lead authority to provide assurance to government that:
- existing national resilience capabilities are fit for purpose and robust; and
 - risks are assessed, plans are assessed and any gaps in capability that are needed to ensure national resilience are identified.
- 7.17 Fire and rescue authorities with MTFA teams must work with police forces and ambulance trusts to provide tri-service assurance of this capability.

8. TIMESCALE AND SCOPE

Timescales

8.1 This Framework has an open ended duration. The Secretary of State continues to be responsible for keeping the terms of the Framework under review under section 21(3) of the Fire and Rescue Services Act 2004 and is required under section 25 to prepare a biennial report to Parliament on the extent to which fire and rescue authorities are acting in accordance with the Framework.

Scope

8.2 The Framework covers England only. It does not apply to Northern Ireland, Scotland or Wales where responsibility for fire and rescue is devolved.

Annex A

Protocol on Central Government Intervention Action for Fire and Rescue Authorities

Introduction

1. It is a requirement under section 23 of the Fire and Rescue Services Act 2004 (the 2004 Act) that an intervention protocol be prepared, and for the Secretary of State to have regard to it in the exercise of their power of intervention.
2. The Secretary of State's order-making powers under section 22 of the 2004 Act are to ensure that fire and rescue authorities act in accordance with the Fire and Rescue National Framework for England (the Framework). Intervention is by order, subject to the negative Parliamentary procedure, and can only be made if the Secretary of State considers it would promote public safety; and the economy, efficiency or effectiveness of the relevant fire and rescue authority, or the services it provides.
3. To date there has been no formal intervention in the operations of a fire and rescue authority by the Secretary of State under these powers. Use of this power is seen as a last resort. The expectation is that the political and professional leadership of the fire and rescue authority will put in place processes to ensure that sector-led support is provided to any fire and rescue authority that needs it.
4. This intervention protocol (the protocol) broadly sets out the arrangements between the Secretary of State, the Local Government Association (LGA), Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS), the National Fire Chiefs Council (NFCC) and fire and rescue authorities should formal intervention be considered necessary.
5. In this protocol the term 'intervention' is used to refer to action by the Secretary of State in exercise of their powers under section 22 of the 2004 Act. Although the Secretary of State also has other powers of intervention (for example, under section 15 of the Local Government Act 1999) this protocol does not apply to an intervention under those powers.

Role of partners in supporting fire and rescue authorities at risk

6. HMICFRS will play a leading role in identifying any fire and rescue authority that is failing, or is likely to fail, in providing efficiency, effectiveness and leadership for the public. The NFCC and the LGA, will play an important liaison role in engaging the wider sector in supporting those authorities at risk and work collaboratively with key bodies,⁴ identify at an early stage serious risks to performance or the requirement to act in accordance with the Framework. The NFCC and/or Local Government Association will work with these bodies to prevent the escalation of those risks to avoid any risk to public safety or any negative impact on the reputation of the sector. For a PCC fire and

⁴ This could refer to fire and rescue authorities, the relevant professional leadership including the National Fire Chiefs Council, other sector-owned bodies, inspection bodies and HMICFRS in particular, and/or government departments

rescue authority, the Association of Police and Crime Commissioners (APCC) could also be approached for advice and support.

7. If there are specific concerns in respect of performance, or if there is evidence that indicates a fire and rescue authority is failing or is at risk of failing to act in accordance with the Framework, either through inspection by HMICFRS or through sector-led processes, the NFCC and/or the Local Government Association, and/or the Police, Fire and Crime Panel, and/or the Association of Police and Crime Commissioners will work with the authority to help them address the issues and seek improvement.

Circumstances leading to statutory intervention

8. No intervention would be considered unless there was clear evidence that an authority was failing to act in accordance with the Framework and that the failure was sufficiently serious as to require Government intervention.
9. If, following a sustained and determined attempt to resolve problems through sector-led improvement an issue cannot be resolved, or if a fire and rescue authority is unwilling or unable to engage with sector-led improvement measures, the Secretary of State can, under section 28 of the Fire and Rescue Services Act 2004, commission HMICFRS to lead an investigation. Under this provision, the Secretary of State also has the power to require HMICFRS to undertake any further inspection of fire and rescue authorities in England as required for the purpose of furthering their efficiency and effectiveness. The Secretary of State may also seek advice and information from other persons/bodies (for example, the NFCC) in respect of specific identified issues.
10. The Secretary of State has a range of powers including to request information about a fire and rescue authority's functions⁵ and conferring on a fire and rescue authority functions relating to emergencies⁶. Inspection powers – powers to obtain information and access premises – are also held by HMICFRS' inspectors.⁷

What happens upon statutory intervention?

11. In the event that statutory intervention is considered necessary, the Secretary of State will consult the authority concerned and any other body or authority which is considered necessary, such as HMICFRS, the NFCC and the Local Government Association, before exercising powers of intervention under section 22 of the 2004 Act.
12. The form or extent of any formal intervention will be a matter for determination on a case by case basis, taking into account the views of the fire and rescue authority, HMICFRS, the NFCC, the Local Government Association, and any other consultees, depending on the nature and the severity of the failure under consideration. Following such deliberations, the Secretary of State will agree a course of action, and how the required improvement will be delivered.

⁵ Section 26 of the 2004 Act

⁶ Section 9 of the 2004 Act

⁷ Section 28 of the 2004 Act

Annex B

Published Financial Guidance (see Chapter 5)

- The Accounts and Audit Regulations 2015 issued by the Department for Communities and Local Government which sets the financial reporting framework for local government bodies, including police bodies and Combined Authorities.
- The Code of Practice on Local Authority Accounting issued by CIPFA /LASAAC, which constitutes proper practices for local government bodies, including fire bodies.
- The Public Sector Internal Audit Standards (PSIAS) issued by CIPFA as the relevant internal audit standards setter for local government and the fire and rescue service.
- Local Government Application Note for the United Kingdom Public Sector Internal Audit Standards issued by CIPFA.
- Delivering Good Governance in Local Government issued by CIPFA/SOLACE.
- Statement on the Role of the Chief Finance Officer in Public Service Organisations issued by CIPFA.
- Standing Guide to the Commissioning of Local Authority Work and Services issued by CIPFA.
- Prudential Code for Capital Finance in Local Authorities issued by CIPFA.
- Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes issued by CIPFA.
- Audit Committees: Practical Guidance for Local Authorities and Police issued by CIPFA.
- Position Statement on Audit Committees in Local Authorities and Police, CIPFA, 2013.
- Statutory guidance for local authorities on the framework for flexible use of capital receipts issued by the Department for Communities and Local Government.
- Local Authority Accounting Panel (LAAP) bulletins that provide topical guidance on specific issues and accounting developments.

Annex C

Fitness Principles

Fire and rescue authorities have an important role in helping to ensure their firefighters remain fit and are supported in remaining in employment. Each fire and rescue authority must:

- have a process of fitness assessment and development to ensure that operational personnel are enabled to maintain the standards of personal fitness required in order to perform their role safely;
- ensure that no individual will automatically face dismissal if they fall below the standards required and cannot be deployed operationally;
- ensure that all operational personnel will be provided with support to maintain their levels of fitness for the duration of their career;
- consider where operational personnel have fallen below the fitness standards required whether an individual is able to continue on full operational duties or should be stood down, taking into account the advice provided by the authority's occupational health provider. In making this decision, the safety and well-being of the individual will be the key issue;
- commit to providing a minimum of 6 months of development and support to enable individuals who have fallen below the required fitness standards to regain the necessary levels of fitness;
- refer an individual to occupational health where underlying medical reasons are identified that restrict/prevent someone from achieving the necessary fitness; and ensure that individual receives the necessary support to facilitate a return to operational duties; and
- fully explore opportunities to enable the individual to remain in employment including through reasonable adjustment and redeployment in role where it appears the medical condition does not allow a return to operational duties.

In those circumstances where there are no such opportunities and suitable alternative employment is either unavailable or, where available, is not agreed by the individual, then the fire and rescue authority will commence an assessment for ill-health retirement through the Independent Qualified Medical Practitioner process.

If no underlying medical issues are identified, and following a programme of development and support it becomes apparent that an individual will be unable to regain the necessary levels of fitness, then a fire and rescue authority will fully explore opportunities for reasonable adjustments and/or suitable alternative employment. In those circumstances where there are no opportunities for reasonable adjustments or suitable alternative employment, the fire and rescue authority will in the case of an employee aged at least 55, consider commencement of the authority initiated early retirement process for it to determine whether the individual should be retired with an authority initiated early retirement pension.

Questionnaire

We would welcome comments on the following sections in the draft National Framework, or any general comments.

Delivery of Core Functions

Inspection, Accountability and Assurance

Governance

Achieving Value for Money

Workforce

National Resilience

Intervention Protocol (Annex A)

Other comments

Thank you for participating in this consultation.

About you

Please use this section to tell us about yourself

Full name	
Job title or capacity in which you are responding to this consultation exercise (for example, member of the public)	
Date	
Company name/organisation (if applicable)	
Address	
Postcode	
If you would like us to acknowledge receipt of your response, please tick this box	<input type="checkbox"/> (please tick box)
Address to which the acknowledgement should be sent, if different from above	

If you are a representative of a group, please tell us the name of the group and give a summary of the people or organisations that you represent.

Contact details and how to respond

Please send your response by 14 February 2018 to:

Harinder Sahota

Home Office

6th Floor, Fry Building, 2 Marsham Street, London, SW1P 4DF

Tel: 0207 035 3478

Email: FRSComms@homeoffice.gsi.gov.uk

Complaints or comments

If you have any complaints or comments about the consultation process you should contact the Home Office at the above address.

Extra copies

Further paper copies of this consultation can be obtained from this address and it is also available online at [web address]

Alternative format versions of this publication can be requested from [email/telephone number of sponsoring policy division].

Publication of response

A paper summarising the responses to this consultation will be published in [insert publication date, which as far as possible should be within three months of the closing date of the consultation] months' time. The response paper will be available online at [web address]

Representative groups

Representative groups are asked to give a summary of the people and organisations they represent when they respond.

Confidentiality

Information provided in response to this consultation, including personal information, may be published or disclosed in accordance with the access to information regimes (these are primarily the Freedom of Information Act 2000 (FOIA), the Data Protection Act 1998 (DPA) and the Environmental Information Regulations 2004).

If you want the information that you provide to be treated as confidential, please be aware that, under the FOIA, there is a statutory Code of Practice with which public authorities must comply and which deals, amongst other things, with obligations of confidence. In

view of this it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the Home Office.

The Home Office will process your personal data in accordance with the DPA and in the majority of circumstances, this will mean that your personal data will not be disclosed to third parties.

Consultation principles

The principles that government departments and other public bodies should adopt for engaging stakeholders when developing policy and legislation are set out in the consultation principles.

<https://www.gov.uk/government/publications/consultation-principles-guidance>



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EAST SUSSEX FIRE AUTHORITY

Panel Policy & Resources

Date 18 January 2018

Title of Report Fire Authority Service Planning processes for 2018/19 and beyond – Revenue Budget 2018/19 and Capital Strategy 2018/19 to 2022/23

By Chief Fire Officer and Assistant Director Resources / Treasurer

Lead Officers Warren Tricker, Finance Manager

Background Papers Fire Authority Service Planning processes for 2017/18 and beyond, Revenue Budget 2017/18 and Capital Strategy 2017/18 to 2021/22: Fire Authority 14 February 2017.
2018/19 Strategic Service Planning and Medium Term Financial Plan: Fire Authority 7 September 2017.
Economic and Fiscal Outlook November 2017; Office of Budget Responsibility.

Appendices

- A – Medium Term Finance Plan 2018/19 – 2022/23
- B – Revenue Budget Summary 2018/19
- C – Fees and Charges
- D – Medium Term Capital Strategy 2018/19 – 2022/23
- E – Reserves and Balances Policy
- F – Precept for 2018/19
- G – Establishment 2018/19
- H – Local Government Financial Settlement (provisional) Core Spending Power of Combined Fire Authorities

Implications

CORPORATE RISK	✓	LEGAL	✓
ENVIRONMENTAL		POLICY	
FINANCIAL	✓	POLITICAL	
HEALTH & SAFETY		OTHER (please specify)	
HUMAN RESOURCES		CORE BRIEF	

PURPOSE OF REPORT To present the Fire Authority’s draft Revenue Budget 2018/19, Capital Strategy 2018/19 – 2022/23 and Medium Term Finance Plan for 2018/19 – 2022/23 for initial consideration prior to its formal consideration by the Fire Authority at its meeting on 15 February 2018.

EXECUTIVE SUMMARY

The Authority's budget proposals for 2018/19 and its five year Medium Term Finance Plan (MTFP) have been updated to reflect:

- The Local Government Finance Settlement which has been announced on a provisional basis with a consultation period to 16 January 2018.
- The pressures, growth bids and savings identified through the business planning and budget setting process.

Final information on council tax and business rates income is still outstanding from the billing authorities.

The Authority has continued to make good progress in identifying and agreeing savings proposals over the last 12 months. The latest version of the MTFP shows that the Authority has already identified £0.687m of savings in 2018/19 and a total of £0.722m savings in total over the life of the MTFP.

There remains significant uncertainty for fire funding beyond the current multi-year funding offer that ends 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 covering the last three years of this Parliament.

The report outlines proposals for setting a balanced revenue budget for 2018/19, including commitments, growth bids and new savings. The Government's announcement of an increase in the level of increase in Council Tax that can be made without the need for a local referendum in 2018/19 and 2019/20 from 2% to 3% provides the Authority with some welcome flexibility. Two options are set out in the report:

- The Authority's existing strategy of increases of 1.94% each year in Council Tax between 2018/19 and 2022/23.
- Increases of 2.94% in 2018/19 and 2019/20 and 1.94% thereafter.

If the Authority chooses to approve the 2.94% option then this will provide flexibility in the short term to invest in existing priorities and it is proposed that additional funding of £200,000 in 2018/19 and £300,000 in 2019/20 is committed to support further investment in the Authority's existing policy of match-funding the retrofitting of sprinklers in high rise / high risk premises. In the medium term the additional funding will assist the Authority in managing the uncertainty and risk it faces in its funding after 2019/20, and reduce the level of savings currently forecast to be required to balance the budget by 2022/23.

A balanced budget for 2018/19 can be set under either option. The revised MTFP under the 1.94% option shows a need to deliver further savings of £0.975m by 2022/23. In addition given the uncertainty surrounding Business Rates Retention after 2019/20 it is recommended that the Authority plan for additional savings of £0.311m by 2022/23 (the equivalent to losing inflationary growth in business rates and switching to a government grant). This gives a total additional savings target of £1.286m by 2022/23.

Under the 2.94% option shows a need to deliver further savings of £0.457m by 2022/23. With the additional savings of £0.311m by 2022/23 gives a total additional savings target of £0.768m by 2022/23.

Officers will continue to explore the potential for further savings to meet the identified target by 2022/23 through the activities set out in the Efficiency Strategy approved by the Authority in September 2017.

The Capital Asset Strategy (CAS) reflects the Authority's identified capital investment requirements for the next five years which can be financed from existing resources without the need to incur additional borrowing. A more fundamental review of both the CAS and our arrangements for the future funding of its delivery will be undertaken during 2018/19 to reflect the investment proposals in the new strategies for Estates and Fleet which are currently being developed. The budget also proposes measures to fully fund the IT Strategy agreed in June 2017.

The Authority has acted prudently in establishing reserves and balances to meet its assessed risks and to provide one off funding for specific priorities. This continues to provide the funding necessary to support the Authority's transformation programme and meet its capital investment priorities over the next five years. It is planned that the level of reserves held will significantly reduce over the life of the MTFP.

RECOMMENDATION

The Panel is recommended to:

1. Note that:
 - (a) the multi-year settlement as set out in the Local Government Finance Settlement is only provisional at this stage and may be subject to change; and
 - (b) the council tax and business rate bases and the Collection Fund positions are still awaited and that final budget proposals may change once this information is received;
2. Recommend that the Fire Authority, subject to any changes as a result of recommendation 1, approves:

- (a) an increase in council tax of 1.94% and thus approves:
 - (i) the budget proposals set out in this Report and the net budget requirement of £37.660m for 2018/19;
 - (ii) the council tax requirement of £25.886m; and
 - (iii) the council tax and precepts as set out in Appendix F(i)

Or

- (b) an increase in council tax of 2.94% and thus approves:
 - (i) the budget proposals set out in this Report and the net budget requirement of £37.915m for 2018/19;
 - (ii) the council tax requirement of £26.141m; and
 - (ii) the council tax and precepts as set out in Appendix F(ii)
 - (c) 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) the maintenance of the General Reserve at a minimum of 8% of the net revenue budget over the medium term with the £0.150m surplus transferred to the IT Strategy reserve;
 - (e) that a further £1.927m is transferred from the Capital Programme Reserve to the IT Strategy Reserve to ensure that the IT Strategy is fully funded;
 - (f) the fees and charges set out in Appendix C; and
 - (g) 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.
-

1 **INTRODUCTION**

- 1.1 The report sets out the proposed Revenue Budget for 2018/19, a revised MTFP for 2018/19 to 2022/23 as well as the proposed CAS and Capital Programme for the Authority for the period 2018/19 to 2022/23 for the Panel to consider. The report is based on the latest information available, but Members should note that the offer of a multi-year settlement as described in the 2018/19 Local Government Finance Settlement may still be subject to change and that the final council tax and business rate bases and the Collection Fund positions are still outstanding.
- 1.2 The Local Government Finance Settlement announced an increase in council tax referendum threshold from 2% to 3% for both 2018/19 and 2019/20. This Report sets out two options for the Authority to consider, an increase of 1.94% in line with the Authority's existing Strategy (this would involve setting a net budget requirement of £37.660m, a council tax requirement of £25.886m and increasing band D council tax to £90.11 for 2018/19), or an increase of 2.94% in 2018/19 and an assumption that a similar increase would be applied in the following year (this would involve setting a net budget requirement of £37.915m, a council tax requirement of £26.141m and increasing band D council tax to £91.00 for 2018/19).
- 1.3 The Authority had its four year efficiency plan approved by the Home Office and this has provided certainty in central Government funding for the period to 2019/20. Beyond that a number of assumptions have been made as to the level of funding in the Medium Term Financial Plan (MTFP).
- 1.4 The Authority has continued to make good progress in identifying and delivering savings proposals over the last 12 months. The latest version of the MTFP considers the roll-forward of the existing Plan to include 2022/23, savings from the change to appliance ridership proposals, the senior management restructure and other changes to spending plans, the multi-year local government finance settlement and latest information on council tax and business rates. Taken together these show that the Authority has already identified £0.722m of savings for delivery which would meet its funding gap up to 2020/21 and can continue its policy of using budget flexibility to make additional revenue contributions to fund the cost of the capital programme.
- 1.5 The level of savings required post 2019/20 will depend partly on the approach adopted by the Authority in relation to council tax increases. If the option of maintaining the 1.94% increase is taken then further savings will be required from 2020/21. If the 2.94% increase is taken then further savings are not needed until 2021/22 and the overall savings target is reduced.
- 1.6 There remain several uncertainties for funding in 2020/21 and beyond and the Authority will need to remain flexible in its approach to its financial planning. The acknowledgement of the Authority's four year efficiency plan and the multi-year funding figures for the period to 2019/20 have provided a welcome level of certainty and have supported our strategic and financial planning for the next two years. However, there remains uncertainty after this end of this period. The Government has now committed that by the end of the Parliament local government will retain 75% of business rates revenues to fund local services in return for the loss of a number of existing grants such as Revenue Support Grant. It remains unclear however whether the fire service will remain part of the Business Rates Retention regime beyond 2019/20 or move to receive funding via a Home Office grant. In

addition there is a national Fairer Funding Review which could change the basis for the distribution of resources across the fire service and a Comprehensive Spending Review which will determine the total funding available for the fire service for the last two years of this parliament, both of these are due for implementation in 2020/21.

2 ECONOMIC OUTLOOK

- 2.1 The general state of the economy is an important factor in setting the Authority's revenue budget and MTFP over the next five years. The UK economy has slowed this year as inflation has decreased households' real incomes. The Office of Budget Responsibility (OBR) has reflected low productivity growth and better than expected level of national deficit in their revised forecasts. Growth is forecast to average 1.4 per cent a year over the next five years, slowing a little over the next two (as public spending cuts and Brexit-related uncertainty weigh on the economy) and picking up modestly thereafter as productivity growth quickens. Levels of employment have grown more quickly than was generally expected with average hours worked per person remaining consistent.
- 2.2 The Government's stated fiscal mandate is to maintain the structural deficit as less than 2% of GDP. The OBR expect this will be achieved in 2018/19 when they forecast it to be 1.8%, falling to 1.5%, 1.3%, 1.2% and 1.1% in the following financial years. However it has achieved this largely by announcing fresh sales of RBS shares and by passing regulations that ease local and central government control over housing associations in England. In response, the Office for National Statistics has announced that it will treat them as private sector entities from the point at which the regulations take effect but whatever its statistical classification it seems equally likely that the Government of the day would choose to stand behind it.
- 2.3 The official UK bank interest rate increased from 0.25% to 0.5% in November 2017 and the Authority's advisors currently forecast a further rise to 0.75% during the second half of 2018/19.
- 2.4 The Government continue to set the target for CPI at 2%. The November figure was 2.8% (the same as the previous month) and the OBR expect it to fall to 2.4% in 2018 and 1.9% in 2019 before stabilising at 2%.

3 NATIONAL FUNDING

- 3.1 The provisional Local Government Finance Settlement was announced on the 19 December 2017. As expected it reflected the accepted four year settlement. The timing of policy decisions on the funding of local government and fire services have been affected by Government focus on the Brexit negotiations and there is a high degree of uncertainty on funding beyond the end of the four year settlement. The assumptions used to predict funding have drawn on various models and announcements from bodies such as the Local Government Association, and Local Government Futures along with other professional and sector groups.
- 3.2 As part of the 2011 Localism Act, council tax capping in England has been abolished and has been replaced by powers for residents to approve or veto excessive council tax increases through a local referendum. Any decision to trigger a referendum would incur a significant cost in actually carrying out the vote, and thereby acts as a disincentive to break the referendum ceiling. The Local Government Finance

Settlement (provisional) has increased the referendum threshold to 3% for 2018/19 and 2019/20. The Authority had confirmed its planning assumption of a council tax increase of 1.94% each year until 2022/23 however this report considers the impact of a larger increase in terms of additional funding for key policy investment and protection of funding base in future years.

- 3.3 The Local Government Finance Report (England) 2018/19 is due to be debated in mid-February when, if approved, the LGFS will become final. It is recommended that power is delegated to the Chief Fire Officer, in consultation with the Chairman and the Treasurer, to make any presentational changes to the budget that may be required as a result. This will not impact on the agreed precept or level of council tax.
- 3.4 The multi-year settlement does not address the remaining three years of the Authority's MTFP and there is a significant degree of uncertainty given that there will be changes to the business rates system and potentially a change of Government. At this stage we have modelled on the basis that overall government funding will continue to decrease at the same rate to the end of this MTFP.
- 3.5 The Government has extended reliefs on business rates for small and rural businesses and brought forward the switch from RPI to CPI for business rates annual uplift. The provisional settlement indicates that losses will be compensated for by a section 31 grant. The provisional settlement relies on government core spending figures, whereas the actual amounts will be based on billing authorities NNDR1 returns at the end of January so we have continued to model using our existing assumptions.
- 3.6 There has been no announcement on specific grants for the fire and rescue service to date. Our current assumption is that both FireLink and New Dimensions grants will be reduced by 10% p.a. for the duration of the MTFP.

4 MEDIUM TERM FINANCIAL PLAN

- 4.1 The MTFP (Appendix A) reflects the provisional Local Government Finance Settlement) and offers two options for council tax increases. It includes the latest information on business rates and council tax (this will not be finalised until later in January). The risks set out in paragraph 4.9 below and the potential for further reductions in public spending makes forecasting the position for the last three years of the rolled forward MTFP very difficult (i.e. beyond the current multi-year funding agreement). For that reason the forecast within the MTFP for 2020/21 to 2022/23 should be regarded only as indicative at this stage.
- 4.2 The MTFP reflects our initial modelling of these factors and includes the following key assumptions:
- From 2020/21 it is assumed that in line with continued austerity the overall level of government funding will continue to decrease at the same rate as the remainder of the current settlement (c.13% pa).
 - any changes to the distribution of business rates under the Government's localisation proposals for business rates will have a net nil impact on the Authority.

- section 31 grant to compensate authorities for the loss of income as a result of the capping of the multiplier and various reliefs is assumed to end after 2019/20.
- Growth in Council Tax base of 1.43% for 2018/19, 1.0% in 2019/20 and 0.6% thereafter.
- Increases of 1.94% in Council Tax each year from 2018/19 onwards, or alternatively 2.94% in 2018/19 and 2019/20 and 1.94% thereafter.
- Net provision for pay increases of 1.5% for operational staff and 2.0% for all other staff in 2018/19 and 2.0% for all staff in subsequent years.
- Provision for price increases of 2.5% for the duration of the MTFP.
- Delivery of savings in line with agreed plans and identification of further savings through the Efficiency Strategy.

4.3 The East Sussex Business Rates Pool was dissolved for 2017/18 as partners wished to mitigate the risk posed by the 2017 Revaluation. A bid has successfully been made to re-establish the Pool for 2018/19. It is estimated that the Pool will generate an extra £150,000 in Retained Business Rates to the Authority in 2018/19 which will be added to the business safety training budget for 2018/19.

4.4 Overall, current forecasts for Collection Funds indicate an expected deficit on the business rates collection fund of £34,000 and a surplus on the council tax collection fund of £240,000, meaning an overall estimated net surplus of £206,000.

4.5 For 2018/19 pay inflation for all terms and conditions is 2.0% which equates to £526,000 and included in the savings there is a reduction of £125,000 which equates to 0.5% of the total pay bill bringing the net provision to 1.5% for all terms and conditions. The support staff pay award for 2018/19 has already been agreed at 2.0% which makes that element of the saving, £27,000, unachievable and reduces the saving to £98,000.

4.6 There remains a degree of uncertainty on the pay settlement for grey book staff for both 2017/18 and 2018/19. For the former, negotiations continue albeit an interim payment of 1% has been agreed. For 2018/19 onwards the Autumn Statement signalled a potential relaxation of the 1% pay cap for those services with an independent pay review body and where recruitment and retention challenges or delivery of efficiencies were demonstrated. The cost of additional pay awards to Police in 2017/18 was expected by Government to be met from existing resources (i.e. Police reserves). On this basis our view is that the assumptions in the MTFP are appropriate.

4.7 The assumption for price inflation in the 2018/19 revenue budget and the remainder of the MTFP is 2.5%. Forecasts of CPI broadly match this in 2018/19 and 2019/20 however fall to circa 2.0% thereafter. However the RPI forecasts remain at 3.0% throughout this period which indicate 2.5% assumption to be appropriate.

4.8 The MTFP now forecasts for the 1.94% council tax increase option net expenditure increases of 0.7% in 2018/19 and 0.2%, 1.0%, 2.5% and 1.9% in subsequent years.

In the 2.94% council tax increase option the net expenditure increases are 1.4% in 2018/19 and 0.9%, 0.2%, 2.0% and 1.9% in subsequent years. Considering all of the underlying assumptions set out above in paragraph 4.2 and the Authority's savings plans, this indicates that the Authority can achieve a balanced budget for 2018/19.

4.9 There is a range of risks that have the potential to impact on the Authority's ability to deliver its budget plans over the medium term to which Members must give consideration, primarily:

- Our ability to deliver the savings set out in the MTFP through the Efficiency Strategy;
- Higher than planned for pay awards as a result of the relaxation of the Government's 1% pay cap;
- Any delay to the go-live of the Authority's new mobilising system beyond 31 March 2018;
- The impact of the Emergency Services Communication project;
- Uncertainty about future governance and funding including:
 - o Proposals for the further (75%) localisation of business rates from 2020/21
 - o The potential for fire service funding from the Business Rate Retention regime to be replaced with a Home Office grant from 2020/21
 - o The impact of the Fairer Funding Review beyond the current multi-year settlement
 - o A Comprehensive Spending Review covering 2020/21 and 2021/22
 - o The potential impact of the UK's decision to leave the EU
 - o The impact of local growth development plans and additional housing, road and commercial risks
 - o Development of local devolution proposals

The Authority has made provision to manage financial risks and in year pressures through both the Reserves and Balances Policy and a contingency within the Revenue Budget, £300,000 for the 1.94% council tax increase option with no decrease over the life of the MTFP and £355,000 for the 2.94% increase decreasing to £350,000 by 2022/23.

4.10 In overall terms the assumptions set out in the report mean that the revised MTFP with the 1.94% council tax increase option shows a balanced budget in 2018/19 and 2019/20 and then a need to deliver further savings of £0.975m by 2022/23. In addition, given the uncertainty surrounding Business Rates Retention after 2019/20, it is recommended that the Authority plan for additional savings of £0.311m by 2022/23 (the equivalent to losing inflationary growth in business rates and switching to a government grant). This gives a total savings target of £1.286m by 2022/23.

- 4.11 In the case of the 2.94% council tax increase option the MTFP shows a balanced budget in 2018/19, 2019/20 and 2020/21 and then a need to deliver further savings of £0.457m by 2022/23 and with recommended plan for additional savings of £0.311m by 2022/23 (the equivalent to losing inflationary growth in business rates and switching to a government grant) a total savings target of £0.768m by 2022/23.

5 PROJECTED REVENUE POSITION 2017/18

- 5.1 The Service Revenue Budget for 2017/18 is £37.403m. Based on figures to the end of November 2017 the revenue budget is forecast to underspend by £454,000.
- 5.2 No decision on the use of the underspend is required at this point, but with the recommendation to align the General Fund balance (section 8) the implication is that any balance will be applied to another earmarked reserve, most likely the Improvement and Efficiency Reserve to support the investment that will be needed to realise the Efficiency Strategy.

6 REVENUE BUDGET 2018/19

6.1 **Impact of national funding changes on local position**

- 6.1.1 The Revenue Budget Summary for 2018/19 and the MTFP have been updated to reflect the Local Government Finance Settlement (provisional) and the most recent information advised by the billing authorities on council tax base, business rates base and Collection Fund surpluses and deficits. The position is summarised below in Table 1.

Table 1 – Summary of Impact of Local Government Finance Settlement

	2018/19 £'000
Locally Retained Business Rates	2,614
Top Up Grant	4,977
Business Rates Baseline	7,591
Revenue Support Grant	3,660
Settlement Funding Assessment	11,251
Estimated value of Business Rates Pool included above	150
Transition Grant	0
S31 Grant - Business Rates Adjustment	317
Total for comparative purposes	11,718
As reported to Fire Authority 7 September 2017	11,378
Increase/(decrease) in funding	340

- 6.1.2 The application to reform the East Sussex Business Rates Pool has been approved. At this stage, we have included £150,000 income from the Pool within the 2018/19 budget, a change from the September update to the Authority.

- 6.1.3 The Authority's council tax base for 2018/19 is calculated as 287,265.65, an increase of 1.43% on 2017/18. If the Authority were to increase its council tax as currently modelled by 1.94% this would provide income of £25.886m. An increase of 2.94% yields additional income of £0.255m using the 2018/19 council tax base.
- 6.1.4 Based on the latest information available we have assumed that there will be a surplus of £0.240m on the Council Tax Collection Fund and a deficit on the Business Rates Collection Fund of £0.034m for distribution in 2018/19. Members should note that any net collection fund surplus is a one-off benefit only.
- 6.1.5 The latest available figures from the Local Government Finance Settlement (provisional) indicate that the Autumn Budget announcement regarding the bringing forward of the change in indexation for the uplift of business rates from RPI to CPI has decreased income from locally retained business rates however this is compensated for within the increase in the section 31 grant. The position is summarised below in Table 2.

Table 2: Movement in Resources

	2018/19 Latest position	2018/19 Fire Authority September 2017	Increase / (Decrease)
	£'000	£'000	£'000
Locally Retained Business Rates	2,614	2,476	138
Business Rates Top up	4,977	4,976	1
Business Rates Baseline	7,591	7,452	139
Revenue Support Grant	3,660	3,660	0
Settlement funding assessment	11,251	11,112	139
Council Tax Collection Fund Surplus / (Deficit)	240	210	30
Business Rates Collection Fund Surplus / (Deficit)	(34)	(100)	66
Section 31 grant Business Rates adjustment	317	266	51
Transition Grant	0	0	0
Total Funding	11,774	11,488	286
Council Tax			
Council Tax Requirement	25,886	25,776	110
Total Resources	37,660	37,264	396

Council Tax Requirement (2.94% option)	26,141	25,776	365
Total Resources	37,915	37,264	651

6.2 **Comparative position**

6.2.1 As part of the provisional Local Government Finance Settlement the Government publishes an assessment of all authorities' core spending power. For 2018/19 this Authority's increase in core spending power is assessed as 1.3% which matches the average for all combined fire authorities (see Appendix H). The Government's calculation of core spending power assumes that all authorities set a council tax increase at the referendum threshold. In terms of spend per 1,000 population this Authority ranks fifth out of 18 combined fire authorities based on actual expenditure for 2016/17 (source CIPFA Stats – five authorities did not submit returns).

6.2.2 A comparison of Band D council tax for 2017/18 shows that this Authority ranks fourth highest out of 23 combined fire authorities. This position would remain unchanged for 2018/19 if this Authority were to increase its Council Tax by 2.94% and the three authorities above it in the rankings made no increase.

6.3 **Overview of current budget proposals**

6.3.1 The Budget Strategy of the Fire Authority is to support the following policy priorities:

- (i) to fulfil the Fire Authority's statutory duties as a legally separate authority;
- (ii) to ensure the Fire Authority has sufficient resources to meet its statutory responsibilities, not only for the current year, but also for the investment required primarily for the replacement of assets to ensure long-term service sustainability;
- (iii) to discharge its duties, as established under the Combination Order, with regard to determining an annual budget and consulting with stakeholders of its budget proposals, as appropriate;
- (iv) to further develop and implement an Integrated Risk Management approach to our Strategic Plans and services to local communities;
- (v) to identify sufficient savings over the medium term to ensure it has a balanced budget and sustainable medium term finance plan in the light of expected reductions in public sector funding.

6.3.2 The Authority identified that it had a funding gap of £7.1m in July 2013 and subsequently embarked on a phased programme called 'Changing the Service, Shaping our Future' to identify and evaluate savings proposals. Through this Programme the Authority has since approved a range of operational and non-operational savings proposals which have, in combination with pre-existing savings initiatives, so far delivered revenue budget savings totalling £5.914m with a further £0.722m identified for delivery by 2022/23.

6.3.3 The Authority reviewed its strategy and IRMP during 2016/17, and following public consultation has agreed a new purpose and commitments, and set a range of IRMP priorities. We have aligned the budget setting process to this review and will continue to do so as the IRMP priorities are developed further. This will ensure that the Authority can match service priorities to available resources and achieve financial sustainability over the medium term. At this stage the only direct financial

implications from the IRMP are for the Immediate Emergency Care Responding (IECR) pilot for which funding was agreed from a combination of earmarked reserves and existing revenue budgets.

- 6.3.4 Precepting status means that the Revenue Budget has to be balanced within the context of the impact upon council taxpayers and demands and pressures faced by the Fire Authority in meeting its statutory obligations, commitments and requirement to maintain an effective level of Reserves & Balances. The 2018/19 Revenue Budget has been prepared against a background of continued reductions in funding for public services as part of the Government's continuing deficit reduction strategy.

Table 3a: Summary of Net Budget Requirement 1.94% council tax increase option

	£'000	Change %
Original Estimate 2017/18	37,403	
Pay inflation	526	1.41%
Non pay inflation	221	0.59%
Changes in capital financing	(16)	(0.04%)
Commitments: see Table 4	213	0.57%
Savings: see Table 5	(687)	(1.84%)
Original Estimate 2018/19	37,660	0.69%

Table 3b: Summary of Net Budget Requirement 2.94% council tax increase option

	£'000	Change %
Original Estimate 2017/18	37,403	
Pay inflation	526	1.41%
Non pay inflation	221	0.59%
Changes in capital financing	(16)	(0.04%)
Commitments: see Table 5	468	1.25%
Savings: see Table 6	(687)	(1.84%)
Original Estimate 2018/19	37,915	1.37%

6.4 Consultation

- 6.4.1 The Authority carried out an 8-week public consultation on its Integrated Risk Management Plan 2017-2020. The full results of the consultation were reported to the Fire Authority at its meeting on 8 December 2016 (Item 959). It had a broader reach than in previous years as a result of an extensive communication strategy and concentrated engagement from Fire Authority members. The quantitative on-line survey received 528 responses and qualitative feedback was gathered at 3 consultation fora.

- 6.4.2 The questionnaire included some questions related to the Authority's financial plans and the responses are summarised as follows:

- the majority (79%) of respondents agreed that their local fire and rescue service offers value for money; only 6% disagreed;

- around four fifths (81%) of respondents said they would be willing to pay more, through council tax, for their local fire and rescue service next year, with just under half (49%) saying that they would be willing to pay a small amount more through their council tax (up to a 2% increase) and around a third (32%) said that they would be willing to accept a larger increase in council tax (more than a 2% increase);
- Just under a fifth of respondents (19%) said that they didn't want an increase in council tax that year (2017/18).

6.4.3 No further consultation on Council Tax is planned this year. However we will be consulting partners, representative bodies and business groups on our budget proposals for 2018/19 and any feedback from this process will be included in the final report to Fire Authority on 15 February 2018.

6.5 Fees and Charges

6.5.1 The existing policy is for fees and charges to be reviewed not less than once a year and that increases should take into account the cost of providing the service, including the effects of inflation.

6.5.2 Appendix B gives details of increases in fees and charges for Fire & Rescue Service activities. The Revenue Budget assumes that the current policy will be followed, i.e. that income will rise to ensure that net expenditure will increase by no more than the rate of inflation. The main impact on the costs of providing these services is pay related. Therefore to reflect nationally agreed increases in pay and the overall level of budget provision for pay awards, it is proposed to increase fees and charges by 1.5% in 2018/19 except in some cases where other factors determine the increase.

6.5.3 Officers have investigated the opportunities to make charges and have reviewed potential income that might be derived from a change in policy for the charging for special services incidents that have hitherto not been charged. Of these, animal rescue and lift rescue have been considered but have had the impact of demand management rather than income generation.

6.6 Main Variations

6.6.1 In setting the 2018/19 Revenue Budget a number of commitments have already been agreed. These add to or reduce the revenue budget as pressures and cyclical items and one-off projects come and recede. Some are fixed sum and others are driven by assumptions and the movement between the previous update in the summer and now is illustrated in the following table:

Table 4: 2018/19 Budget Commitments

Removal of temporary increases	£'000
Removal of funding for additional pension advice.	(14)
Removal of local funding for ESMCP.	(53)

Removal of budget for the transfer of the Transition grant to Improvement & Efficiency reserve.	(122)
Removal of temporary funding for legacy mobilising system.	(272)
Removal of accumulated funding for sprinklers in high risk / high rise residential areas (2 years).	(105)
Removal of additional funding for staffing pressures at SCC.	(120)
Cessation of Estates Project Support Officer (SHQ relocation).	(15)
Cessation of Senior Estates Surveyor (strategy and development of project proposals).	(40)
Cessation of the Procurement Officer post.	(37)
Removal of IRMP Consultation.	(30)
Removal of pressure on RPE maintenance contracts.	(35)
Other adjustments	
Business Rates Pool income to the Safer Business Training budget	150
Increase in the level of capital expenditure funded from the revenue account.	663
Reduction in the Corporate Contingency.	(259)
TOTAL	(289)

6.6.2 Should the option to increase council tax by 2.94% in 2018/19 and 2019/20 there would be an additional commitment of £200,000 of a budgeted transfer to the Sprinkler earmarked reserve and the reduction in the Corporate Contingency will reduce to a £204,000 reduction bringing the table total to a £34,000 overall reduction.

6.6.3 The Business Planning and Budget Setting process has identified in-service savings opportunities, pressures on service budgets and bids to increase budgets. Corporate Management Team considered these items at their meetings in November and in December 2017 and agreed to their inclusion in the 2018/19 Revenue Budget and MTFP. Table 5 below shows the items and accompanying narrative and value. Where savings have been identified, they are included in the Savings Table (Table 6).

Table 5: New Budget Commitments

Service pressures	
Effects of Support Staff Pay and Grading Review	135
ITG Strategy adjustment	(54)
Anticipated reduction in FireLink Grant by 10%.	14

Increase in LGPS employer's contribution rate of 0.5 percentage points (21.4% to 21.9%).	23
Anticipated reduction in New Dimensions Grant by 10%.	5
Adjustments to the Engineering budget for cyclical replacement.	10
Service Growth	
Senior Estates Surveyor for 12 months to support Estates Strategy (slipped from 17/18)	42
Increase in Business Rates following national revaluations in 2017	100
PPE/Workwear increase until new contract on 1 December 2019 plus £44,000 non achievable saving.	80
Temporary Procurement Officer post made permanent to resource existing procurement workloads	41
HQ Shuttle bus for 2018/19, half cost share with Police	20
Service fitness Instructor increase 0.4 to 1.0 fte to support Health, Safety & Wellbeing Strategy	28
Cost of Health & Safety restructure	38
Cost of Planning and Improvement restructure	20
TOTAL	502

6.7 Savings Plan

6.7.1 Since 2010/11 the Authority has made, and has planned to make, savings totalling £8.780m of which £8.058m will have been delivered by the end of 2017/18. The expenditure plans also reflect the delivery of the savings agreed as part of the 2016/17 budget. The estimated savings starting from 2018/19 include various operational and non-operational savings, savings from the Management Restructure, the Riding at Standard proposals, the SHQ Relocation Project and a number of newly identified savings from this budget setting process.

6.7.2 Officers will continue to explore the potential for further savings to meet the identified target by 2022/23 through the activities set out in the Efficiency Strategy approved by the Authority in September 2017. The Authority builds on its existing initiatives to develop a more strategic approach to delivering efficiency and this will include the following:

- Closer alignment of the budget setting and business planning process;
- The modelling of a range of savings / efficiency scenarios beyond that required to balance the budget as set out in the MTFP;
- Planned reviews of Governance and Collaboration, the latter to include clearer criteria for assessing collaborative opportunities to ensure the Authority can prioritise / focus its effort in this area;

- Reviews of all existing programmes, projects and collaborative initiatives to evaluate the potential financial impact including the potential to deliver efficiency savings;
- Evaluation of the potential financial and performance impact of the 10 focus areas of the IRMP;
- Standard template for strategies to include requirement to set out opportunities for delivering efficiencies or improving outcomes for communities;
- Development of more robust standard approaches to evaluating new projects through feasibility and business case stages, with a clear focus on identifying investment requirements and benefits identification / realisation including efficiencies (as part of the development of the Programme Management Office);
- A clearer focus on the identification and delivery of efficiency savings through the Procurement Strategy and its supporting category management plans;
- The recommencement of the Support Service Review;
- Review with telent of opportunities for delivering further efficiencies through IT;
- Learning from the outcomes of the planned external review of HR processes and determine whether the approach has wider benefits across the organisation;
- Re-assessment of the use of the Improvement & Efficiency Reserve with a focus on supporting invest to save initiatives;
- Considering the potential of investment through the Capital Asset Strategy to deliver ongoing efficiencies;
- A review of opportunities for potential commissioning of services (Yr 2);
- The assessment of opportunities for further development of benchmarking (with a focus on efficiency and effectiveness) across the fire service (Yr 2);
- A review of the opportunities for income generation through fees and charges, trading and other commercial opportunities (Yr 2).

Table 6 Savings

CUMULATIVE CURRENT SAVINGS		2018/19	2019/20	2020/21	2021/22	2022/23
Category	Description	£'000	£'000	£'000	£'000	£'000
Non Operational	Various reductions in Health and Safety budget to reflect changes in working practices	(4)	(4)	(4)	(4)	(4)

Non Operational	Uniform – based on proposals to reduce operational posts (was £44,000)	0	0	0	0	0
Non Operational	Reduce provision for pay increases from 2% to 1.5% from 2016/17 to 2018/19 (was £125,000)	(98)	(98)	(98)	(98)	(98)
Phase 2	Riding at Standard	(280)	(280)	(280)	(280)	(280)
Further additional	Management Restructure	(29)	(59)	(64)	(64)	(64)
Further additional	HQ relocation	(70)	(70)	(70)	(70)	(70)
New	Saving on ITG contracts following renegotiation.	(80)	(80)	(80)	(80)	(80)
New	Saving on Financial Services contract with ESCC	(41)	(41)	(41)	(41)	(41)
New	Saving on External Audit fee; PSAA 2018/19 scale of fees	(10)	(10)	(10)	(10)	(10)
New	Employers contributions for Firefighters pensions	(75)	(75)	(75)	(75)	(75)
TOTAL		(687)	(717)	(722)	(722)	(722)

7 **CAPITAL PROGRAMME**

7.1 The Medium Term Capital Strategy has been developed in line with the Authority's purpose and commitments and its Integrated Risk Management Plan. It aims to provide a sustainable and affordable level of investment to support our service provision to the communities of East Sussex and the City of Brighton and Hove. The CAS has been updated to reflect the roll forward and continue the themes of cyclical replacement and improvement of the assets of the Authority. There will be a more fundamental review of the CAS and our funding strategy once the review of the Estates Strategy and Fleet Strategy are completed during 2018/19. By early 2018/19 the Authority should also have clarity on the costs and funding for two Integrated Transport Function Projects (Fuel Tanks and South East Workshop). The main additions are revisions to the existing Fleet Strategy including £0.840m for the replacement of New Dimensions assets whose original purchase was funded by central government.

7.2 With no requirement to borrow over the five year term of the existing Strategy, the only revenue impact is the changes to the assumptions on levels of interest used on balances. At 31 March 2019 the Authority's debt will be £10.773m and will fall to £9.817m by the end of 2022/23.

Table 7: Revenue Impact of Capital Programme 2017/18 to 2022/23

Revenue Impact of Capital Programme 2017/18 to 2022/23							
Total resource	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000

Fleet	12,791	2,962	2,060	2,850	1,704	1,823	1,393
Property	7,647	818	1,195	3,852	878	577	328
IMD	173	123	50	0	0	0	0
Total Gross Cost	20,611	3,903	3,305	6,702	2,581	2,400	1,721
Cost of 2017/18 Strategy	19,574	4,677	5,937	2,553	1,731	4,677	
Increase (decrease)	1,037	(774)	(2,632)	4,149	850	(2,277)	1,721
Revenue implication	5,528	944	930	930	929	911	884
Previously forecast revenue implication	4,644	944	930	930	929	911	0
Total Revenue Cost (Saving)	0	0	0	0	0	0	

7.3 The Estates element of the CAS is based on the existing Estates Strategy and condition survey. The approach to the Authority's built environment and Facilities Management is subject to a review and future CAS will reflect the outcomes of this.

7.4 Reserves and balances are held in accordance with the Authority's agreed policy, and the table below summarises their current values and planned use over the period. The position is based on the latest forecasts for the Capital Programme. The level of reserves held is expected to reduce over the next five years and by 2022/23 will comprise primarily an unallocated risk provision of a General Balance of 55% of total reserves and resources to fund the Capital Asset Strategy without recourse to borrowing of 41% of total reserves.

8 RESERVES & BALANCES

8.1 Reserves are an essential part of good financial management. They help authorities cope with unpredictable financial pressures and plan for their future spending commitments.

8.2 The Authority's Reserves Policy is set out in Appendix E and states that, in considering the general level of reserves, the Treasurer will have regard to:

- the strategic, legislative, operational and financial risk contexts within which the Authority will be operating through the medium-term;
- the overall effectiveness of governance arrangements and the system of internal control;
- the robustness of the financial planning and budget-setting process;
- the effectiveness of the budget monitoring and management process.

8.3 Specifically, the Authority is required to maintain general reserves sufficient to cover the key financial risks that it faces. The level of reserves and their forecast use will depend on the council tax increase option taken. A summary of the forecast year end reserves and balances position is set out in Table 8 below.

TABLE 8a: Summary of Forecast Reserves and Balances 1.94% council tax increase

	31/03/2018	31/03/2019	31/03/2020	31/03/2021	31/03/2022	31/03/2023
	£'000	£'000	£'000	£'000	£'000	£'000
Capital Programme Reserve	5,812	4,385	4,885	4,507	3,087	2,249
Other Earmarked Reserves	4,284	3,914	2,007	1,103	468	249
Total Earmarked Reserves	10,096	8,298	6,892	5,610	3,555	2,498
General Fund	3,142	2,992	2,992	2,992	2,992	2,992
Capital Reserves	7,668	6,559	895	0	0	0
Total Useable Reserves	20,906	17,849	10,779	8,602	6,547	5,490

TABLE 8b: Summary of Forecast Reserves and Balances 2.94% council tax increase

	31/03/2018	31/03/2019	31/03/2020	31/03/2021	31/03/2022	31/03/2023
	£'000	£'000	£'000	£'000	£'000	£'000
Capital Programme Reserve	5,812	4,385	4,885	4,507	3,087	2,249
Other Earmarked Reserves	4,284	4,114	2,257	1,103	468	249
Total Earmarked Reserves	10,096	8,498	7,142	5,610	3,555	2,498
General Fund	3,142	2,992	2,992	2,992	2,992	2,992
Capital Reserves	7,668	6,559	895	0	0	0
Total Useable Reserves	20,906	18,049	11,029	8,602	6,547	5,490

8.4 A review of Reserves and Balances concludes that it is reasonable to maintain a General Fund balance of 8% of the net Revenue Budget. This equates to £2.984m and therefore it is recommended that £0.150m is transferred into the IT Strategy Reserve bringing the level down to £2.992m.

9 CHIEF FINANCE OFFICER STATEMENT

9.1 In the view of the Treasurer in line with the requirements set out in Section 25 of the Local Government Act 2003, the estimates used for the purposes of calculating the budget, revenue and capital, have been produced in a robust and transparent way and the proposed financial reserves are consistent with Fire Authority policy and are prudent and necessary. Given the continuing reductions in funding for public services to 2020, the uncertainty around funding after 2020 and the nature of its business as an emergency service, the Authority needs to recognise that risks, financial and otherwise, and their consequent impact on the budget and reserves, may change during the year and will need to be continually monitored and reviewed in line with the Authority's policies.

10 **EQUALITY IMPACT ASSESSMENT**

- 10.1 Following the introduction of the Equality Act 2010 the Authority must, in the exercise of its functions, including the setting of its Revenue Budget and the taking of decisions on savings proposals, have due regard to its duties under the Act and in relation to certain protected characteristics. This means that Members must understand the consequences of the decisions they take for those with the relevant protected characteristics and consider these proportionately alongside other relevant factors. The majority of savings included in the 2018/19 Revenue Budget were approved by the Fire Authority prior to the setting of the 2016/17 budget and Equality Impact Assessments were prepared at the time. All the new savings identified in the 2018/19 budget are non-operational and a high level assessment has been completed and is available from the Clerks should Members wish to review it prior to approving the revenue budget. The Equality Impact Assessment for any new savings proposals will be developed and reported as approval for each proposal is sought.

Appendix A (i)

MEDIUM TERM FINANCIAL PLAN 2018/19 - 2022/23 INCREASE COUNCIL TAX BY 1.94% EACH YEAR

	2018/19	2019/20	2020/21	2021/22	2022/23
	£'000	£'000	£'000	£'000	£'000
Gross Revenue Service Budget	36,401	37,064	37,573	38,563	39,327
Less					
Specific grants	(260)	(257)	(255)	(252)	(250)
Other income	(1,481)	(1,518)	(1,556)	(1,594)	(1,634)
Total income	(1,741)	(1,775)	(1,811)	(1,846)	(1,884)
Net Service Budget	34,660	35,289	35,762	36,717	37,443
Capital financing costs less interest receivable	852	852	852	828	818
Capital expenditure from the Revenue Account	1,200	607	452	452	452
Transferred to Balances	948	983	1,049	1,065	1,092
Total Net Expenditure	37,660	37,731	38,115	39,062	39,805

Net Budget brought forward	37,403	37,660	37,731	38,115	39,062
Unavoidable cost pressures					
Pay inflation	526	529	542	549	561
Price inflation	221	197	195	197	208
Total inflation	747	726	737	746	769
Changes in Capital Financing	(16)	0	0	(24)	(10)
Budget commitments	213	(625)	(348)	225	(16)
Savings approved	(687)	(30)	(5)	0	0
Total Net Expenditure	37,660	37,731	38,115	39,062	39,805

Appendix A 1.94% council tax option continued

Sources of Funding	2018/19	2019/20	2020/21	2021/22	2022/23
	£'000	£'000	£'000	£'000	£'000
Locally Retained Business Rates	2,614	2,513	2,563	2,615	2,667
Business Rate Top Up	4,977	5,082	5,183	5,287	5,393
Business Rates Baseline	7,591	7,595	7,746	7,902	8,060
Revenue Support Grant	3,660	3,157	2,722	2,348	2,025
Start Up Funding Assessment	11,251	10,752	10,468	10,250	10,085
Section 31 Grant Business Rates adjustment	317	327	0	0	0
Council Tax Collection Fund (Deficit) / Surplus	240	0	0	0	0
Business Rates Collection Fund (Deficit) / Surplus	(34)	0	0	0	0
Transition Grant					
Council Tax Requirement	25,886	26,652	27,332	28,030	28,745
Total Resources Available	37,660	37,731	37,800	38,280	38,830
Additional Savings Required / (surplus)	0	0	315	782	975

Appendix A (ii)

MEDIUM TERM FINANCIAL PLAN 2018/19 - 2022/23 INCREASE COUNCIL TAX BY 2.94% IN 2018/19 AND 2019/20 AND 1.94% EACH YEAR THEREAFTER

	2018/19	2019/20	2020/21	2021/22	2022/23
	£'000	£'000	£'000	£'000	£'000
Gross Revenue Service Budget	36,456	37,292	37,800	38,615	39,379
Less					
Specific grants	(260)	(257)	(255)	(252)	(250)
Other income	(1,481)	(1,518)	(1,556)	(1,594)	(1,634)
Total income	(1,741)	(1,775)	(1,811)	(1,846)	(1,884)
Net Service Budget	34,715	35,517	35,989	36,769	37,495
Capital financing costs less interest receivable	852	852	852	828	818
Capital expenditure from the Revenue Account	1,200	607	452	452	452
Transferred to Balances	1,148	1,283	1,049	1,065	1,092
Total Net Expenditure	37,915	38,259	38,342	39,114	39,857

Net Budget brought forward	37,403	37,915	38,259	38,342	39,114
Unavoidable cost pressures					
Pay inflation	526	529	542	549	561
Price inflation	221	199	201	203	209
Total inflation	747	728	743	752	770
Changes in Capital Financing	(16)	0	0	(24)	(10)
Budget commitments	468	(354)	(655)	44	(17)
Savings approved	(687)	(30)	(5)	0	0
Total Net Expenditure	37,915	38,259	38,342	39,114	39,857

Appendix A 2.94% council tax option continued

Sources of Funding	2018/19	2019/20	2020/21	2021/22	2022/23
	£'000	£'000	£'000	£'000	£'000
Locally Retained Business Rates	2,614	2,513	2,563	2,615	2,667
Business Rate Top Up	4,977	5,082	5,183	5,287	5,393
Business Rates Baseline	7,591	7,595	7,746	7,902	8,060
Revenue Support Grant	3,660	3,157	2,722	2,348	2,025
Start Up Funding Assessment	11,251	10,752	10,468	10,250	10,085
Section 31 Grant Business Rates adjustment	317	327	0	0	0
Council Tax Collection Fund (Deficit) / Surplus	240	0	0	0	0
Business Rates Collection Fund (Deficit) / Surplus	(34)	0	0	0	0
Transition Grant					
Council Tax Requirement	26,141	27,180	27,874	28,585	29,315
Total Resources Available	37,915	38,259	38,342	38,835	39,400
Additional Savings Required / (surplus)	0	0	0	279	457

Appendix B (i)

Revenue Budget Subjective Summary option of 1.94% council tax increases

	2017/18 Original Estimate £'000	2018/19 Original Estimate £'000
Salaries, Allowances and On-costs	26,322	26,381
Training Expenses	582	597
Other Employees Costs	410	307
Employee Costs	27,314	27,285
Repair, Maintenance and Other Costs	1,096	1,091
Utility Costs	1,127	1,262
Premises Costs	2,223	2,353
Vehicle Repairs and Running costs	960	984
Travel Allowances and Expenses	123	145
Transport Costs	1,083	1,129
Equipment and Supplies	1,609	1,309
Fees and Services	1,486	2,468
Communications and Computing	2,239	931
Other Supplies and Services	1,007	926
Supplies and Services	6,341	5,634
Sums set aside from revenue	976	1,631
Interest Payments	504	496
Capital Financing	1,480	2,127
Grants and Contributions	(416)	(543)
Interest Received	(75)	(75)
Other Income	(1,169)	(1,198)
Income	(1,660)	(1,816)
Transfers From reserves		
Transfers To reserves	622	948
Total Net Expenditure	37,403	37,660
Financed By:		
Council Tax	(25,036)	(25,886)
Business Rates	(7,213)	(7,591)
Revenue Support Grant	(4,524)	(3,660)
Transition Grant	(122)	0
S31 Grants	(258)	(317)
Collection Fund Surplus/Deficit Council Tax	(250)	(206)
Total Funding	(37,403)	(37,660)

Appendix B continued

Revenue Budget Objective Summary option of 1.94% council tax increases

	2017/18 Original Estimate	2018/19 Original Estimate
	£'000	£'000
Training and Assurance	2,193	2,436
Resources/Treasurer	7,530	6,951
Planning and Improvement	1,049	1,139
Total Deputy Chief Fire Officer	10,772	10,526
HR and OD	922	911
Safer Communities	18,290	18,144
Operational Support	3,850	3,578
Total Assistant Chief Fire Officer	23,062	22,633
CFO Staff	675	656
Treasury Management	1,408	2,056
Non delegated costs	474	541
Corporate Contingency	390	300
Transfers to Reserves	622	948
Transfers from Reserves	0	0
Total Corporate	3,569	4,501
Total Net Expenditure	37,403	37,660

Appendix B (ii)

Revenue Budget Subjective Summary option of 2.94% council tax increases in 2018/19 and 2019/20 and 1.94% increase thereafter

	2017/18 Original Estimate £'000	2018/19 Original Estimate £'000
Salaries, Allowances and On-costs	26,322	26,381
Training Expenses	582	597
Other Employees Costs	410	307
Employee Costs	27,314	27,285
Repair, Maintenance and Other Costs	1,096	1,091
Utility Costs	1,127	1,262
Premises Costs	2,223	2,353
Vehicle Repairs and Running costs	960	984
Travel Allowances and Expenses	123	145
Transport Costs	1,083	1,129
Equipment and Supplies	1,609	1,309
Fees and Services	1,486	2,468
Communications and Computing	2,239	931
Other Supplies and Services	1,007	981
Supplies and Services	6,341	5,689
Sums set aside from revenue	976	1,631
Interest Payments	504	496
Capital Financing	1,480	2,127
Grants and Contributions	(416)	(543)
Interest Received	(75)	(75)
Other Income	(1,169)	(1,198)
Income	(1,660)	(1,816)
Transfers From reserves		
Transfers To reserves	622	1,148
Total Net Expenditure	37,403	37,915
Financed By:		
Council Tax	(25,036)	(26,141)
Business Rates	(7,213)	(7,591)
Revenue Support Grant	(4,524)	(3,660)
Transition Grant	(122)	0
S31 Grants	(258)	(317)
Collection Fund Surplus/Deficit Council Tax	(250)	(206)
Total Funding	(37,403)	(37,915)

Appendix B(ii) continued

Revenue Budget Objective Summary option of 2.94% council tax increases in 2018/19 and 2019/20 and 1.94% increase thereafter

	2017/18 Original Estimate	2018/19 Original Estimate
	£'000	£'000
Training and Assurance	2,193	2,436
Resources/Treasurer	7,530	6,951
Planning and Improvement	1,049	1,139
Total Deputy Chief Fire Officer	10,772	10,526
HR and OD	922	911
Safer Communities	18,290	18,144
Operational Support	3,850	3,578
Total Assistant Chief Fire Officer	23,062	22,633
CFO Staff	675	656
Treasury Management	1,408	2,056
Non delegated costs	474	541
Corporate Contingency	390	355
Transfers to Reserves	622	1,148
Transfers from Reserves	0	0
Total Corporate	3,569	4,756
Total Net Expenditure	37,403	37,915

Appendix C

Fees and Charges

with effect from 1 April 2018

Fee	Existing Fees	New Fees
	2017/18 £	2018/19 £
The hiring of a major pumping appliance with crew per hour	287	292
The hiring of other pumping vehicles with crew per hour	231	235
The hire of hydraulic platforms or turntable ladders with crew per hour	310	315
Large animal rescue per hour	287	292
Dry Riser (subsequent test at the owner's request):		
First Dry Riser	214	218
Additional Dry Risers	140	143
Interviews: *		
- Insurance Co Etc	140	143
- After two hours	91	93
Copy of Petroleum Licences *	34	35
Copy plans *	39	40
Standby at Venue	287	292
Fire Investigation Report	308	313
Chemical Protection Suit	160	163
Commercial Training One day course (per person)	179	179
Commercial Training Customers Site (per Session)	599	599
Commercial Training Fire Talk (per session)	369	375
Inspection of Plans for Marriage Act 1994 *	118	120
Environmental search fees *	110	112

All fees and charges will have VAT added except those marked with “ * ”

MEDIUM TERM CAPITAL STRATEGY 2018/19 to 2022/23

Overview

The Medium Term Capital Strategy has been developed in line with the Authority's purpose and commitments and its Integrated Risk Management Plan. It aims to provide a sustainable and affordable level of investment to support our service provision to the communities of East Sussex and the City of Brighton & Hove. Where decisions have already been taken to change the service, which have capital investment implications, these are reflected in this strategy. It is likely that further changes to this strategy will be needed as further Service reviews are carried out, particularly as a result of the development of new IT, Estates and Fleet Strategies and our IRMP priorities.

The strategy reflects re-profiling of projects planned for delivery in 2017/18 which have been delayed across property and fleet.

The main areas covered within the strategy are summarised below.

Property – Major Schemes

The Authority has had a programme of major property schemes identified through its Property Asset Management Plan which involve either major refurbishment of existing sites or schemes for new build. In the current Strategy these include:

- **Preston Circus** – this station is the Authority's main asset in the City and we have determined that redevelopment of a modern, fit-for-purpose facility on the existing site is our preferred option. An initial feasibility study has been carried out and further work will shortly commence under the aegis of the Greater Brighton One Public Estate (OPE) bid for which funding has been provided by central government. This will include further assessment of options which include redevelopment with public and commercial office accommodation or residential. Before progressing to the next stage we are needing to develop a Service wide Design Guide under the Estates Strategy which will inform the redevelopment of Preston Circus ensuring that it meets future operational requirements. We anticipate being able to take a final decision in 2018/19 with work commencing in the latter part of 2018/19. Provision is made for £2.5m based on the initial feasibility study.
- **Service HQ Relocation** – the remainder of the expected spend on the Service HQ relocation scheme has been reclassified as revenue expenditure (funded by revenue earmarked reserve) and no longer features in the CAS going forward.

- **Integrated Transport Function (ITF) – South Eastern Hub Workshop** – the ITF, part of the wider Emergency Services Collaboration Project (ESCP), has identified the need for a new workshop site in the Bexhill area. The primary users of the site are expected to be this Authority and Sussex Police. The project is at an early stage with initial feasibility studies expected to be complete by the end of 2017/18. Should the project progress, some capital funding would be available from the Fire Transformation Grant awarded in 2015/16 to the fire partners in the ESCP. At this stage, an indicative sum of £1m is included in this CAS, £0.25m in 2018/19 and £0.75m in 2019/20 although this will depend on the project implementation plan.

Property – General Schemes

This Strategy seeks to achieve property maintenance and improvements as identified by the most recent property condition survey undertaken in 2013. This informs us of the overall cost prioritisation of work and ensures that the building stock can be sustained in effective working order on a long term basis. It also reflects the capacity of the Estates Team to deliver the required day-to-day services effectively. This Strategy has identified that significant progress has been achieved with the previously identified investment schemes. Consequently, there have been changes to the current Capital Programme and changes to schemes starting in 2018/19 and beyond.

A fundamental review of the Estates Strategy is planned for 2018/19 and will set out a longer term view of the investment required to ensure that our built environment supports the effective delivery of our services.

The fuel tanks and fuel management scheme, which was identified as a strategic requirement within previous strategies, has been placed on hold as a consequence of ITF. This project has commenced implementation in 2017/18 and funding has been agreed from the Fire Transformation Grant. At this stage, it is not clear whether partner authorities will be expected to contribute towards the capital costs of this project so the previously agreed funding remains in this strategy.

Complementary to the wider Property Condition surveys, there are regular evaluations to assess future operational requirements within the context of the Integrated Risk Management Planning process, the Carbon Trust survey of energy usage, the Local Development Frameworks and Core Strategies for each of the planning authority areas, as well as the legal responsibilities of the Equality Act and other legislation such as the Control of Asbestos Regulations.

Information Management

The completion of the SCC project is currently the only IT capital scheme within this strategy. The IT Strategy has been prepared covering the period 2017-2022 however at this stage none of the Strategy has been identified as Capital Expenditure. As more detail

of Strategy item proposals are identified the classification will be kept under review and, if required approval to amend this Strategy will be sought in due course.

Fleet and Equipment

The Authority has a rolling programme of replacing its vehicle fleet in line with its agreed lifing policy. This encompasses fire appliances (approximately three each year), aerial appliances, ancillary vehicles and the light fleet (cars and vans). The current review of the requirements of the Service continues to drive the type of equipment needed on front line appliances. The cost of appliances has made an impact on the CAS. Aerial appliance has been revised from £675,000 to £737,000, an increase of 9.2%. Pumping appliances from £245,000 to £267,450, also an increase of 9.2% although adding foam now costs £68,250 up from £65,000 a 5.0% increase. Overall the number of appliances remains constant although in later years of the CAS more foam appliances are required increasing the overall cost.

The Authority has taken on the national resilience assets and receives a New Burdens grant for their maintenance. These assets will require replacement during 2019/20 and in the absence of funding from Government the cost has been included in the CAS at £840,000. However, a review of local need for these assets will be completed prior to any final decision on replacement being made. The replacement of the Technical Rescue Unit has been brought forward one year to 2021/22 at £382,200.

Most equipment replacement is funded through our revenue budget, however, schemes can be considered for capital funding where they meet certain criteria.

Detailed strategies for Property, IMD and Fleet and Engineering are available as separate documents.

Funding

The Capital Strategy is funded from a number of sources which are described below. In order to ensure the Strategy is sustainable and affordable we aim to maximise external funding, where it is available, so as to reduce the pressure on our own resources. This is becoming increasingly important in the light both of pressures on our revenue budget and the ending of general capital grant from central government.

- Capital Grant

General capital grant allocations from central government for fire authorities ended in 2014/15 and grant funding thereafter is on a wholly bid-for basis. The Authority has not submitted any bids for the duration of this Strategy. As noted above there is the potential

for grant funding to be accessed through the ITF project. A separate capital grant to support “Responding to New Risks” was received in 2016/17 however the Authority was granted flexibility to treat this as a revenue grant.

- Partner Contributions

The Authority is increasingly engaged in collaborative working with other public sector partners, particularly other emergency services. This includes capital projects, and where the Authority is lead body for a scheme this may lead to partners making contributions towards the capital costs.

- Capital Receipts

Receipts from the disposal of existing capital assets may only be used to fund expenditure on new capital assets. The Government did offer flexibilities for capital receipts generated between 2016/19, to be used to fund the revenue costs of transformation projects, however, given the Authority’s position in terms of both funding of the capital programme (primarily through capital receipts) and the availability of one off revenue finance through its Reserves, the offer was not pursued. The disposal of 20 Upperton Road and the former Newhaven Fire Station in Fort Road (estimated at £0.515m in 2018/19) will be used to fund the Capital Strategy. As at 31 March 2018 it is estimated that there will be unapplied capital receipts of £7.668m (Capital Receipts Reserve). It is the Authority’s current policy to use capital receipts to fund the capital programme before using the Capital Programme Reserve (which is a revenue reserve).

- Revenue Contributions

The Authority can make revenue contributions to the cost of its capital expenditure either direct from its revenue budget or from reserves earmarked for capital schemes. As at 31 March 2018 it is estimated that there will be a balance of £5.612m in the Capital Programme Reserve (CPR). As part of the savings proposals agreed in February 2014 the revenue contribution to the CPR has fallen from £1.0m to £0.5m in 2017/18 and beyond. The Authority has also agreed to set aside additional funding from its revenue budget between 2018/19 and 2021/22 to help fund the costs of the Capital Programme in the absence of Government grant.

- Prudential Borrowing

The Authority can use prudential borrowing to fund capital expenditure spreading the cost over the life of the asset. Overall our total borrowing must be sustainable and affordable. Borrowing commits the Authority to a long term cost which has implications for our revenue budget. Broadly speaking, every £1m of additional borrowing would add £85,000 of financing costs to the Authority’s revenue budget. The Authority is not currently planning any new external borrowing during the life of this Strategy.

**MEDIUM TERM CAPITAL STRATEGY 2018/19-2022/23
SCHEME SUMMARY AND FUNDING**

Capital Programme Expenditure									
	Total Budget	Total Previous Year's Spend	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	Remaining Spend
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Property – Major Schemes									
Newhaven Fire Station	3,560	3,558	2						2
Service HQ Relocation	553	388	165						165
Preston Circus	2,550			200	2,350				2,550
ITF South East Workshop	1,000			250	750				1,000
Total Property major	7,663	3,946	167	450	3,100				3,717
Property – General Schemes									
General Schemes	2,794		254	500	422	713	577	328	2,794
BA Chambers	360	13	347						347
Replacement Fuel Tanks	220		50	140	30				220
Sustainability	441	21		55	200	165			420
Security	150			50	100				150
Total Property General	3,965	34	651	745	752	878	577	328	3,931
Information Management									
Sussex Control Centre	1,672	1,499	123	50					173
Fleet & Equipment									
Aerial Appliances	737				737				737
Fire Appliances	7,674	871	970	1,343	871	1,138	1,343	1,138	6,803

Ancillary Vehicles	2,729	2	703	330	1,161	120	382	31	2,727
Cars & Vans	1,773		539	387	81	445	97	224	1,773
BA & Ancillary Equipment	750		750						750
Sub Total	13,663	873	2,962	2,060	2,850	1,703	1,822	1,393	12,790
Total Expenditure	26,963	6,352	3,903	3,305	6,702	2,581	2,399	1,721	20,611

CAPITAL ASSET STRATEGY FUNDING

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	Funding Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Grants							
Sussex Control Grant	123	50					173
Other grants							
Sub Total	123	50	0	0	0	0	173
Useable Reserves							
Capital Receipts Reserve	2,254	1,624	5,664	895			10,437
Capital Programme Reserve				878	1,920	1,338	4,136
Breathing Apparatus Reserve	750						750
Sub total	3,004	1,624	5,664	1,773	1,920	1,338	15,323
Revenue Contributions	537	1,200	607	452	452	452	3,700
Internal Borrowing	239	431	431	356	28	-69	1,416
Total funding	3,903	3,305	6,702	2,581	2,400	1,721	20,611

USE OF RESERVES

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	£'000	£'000	£'000	£'000	£'000	£'000
Capital Receipts Reserve						
Opening Balance	5,512	7,668	6,559	895	0	0
Transfers In	4,410	515	0	0	0	0
Transfers Out	2,254	1,624	5,664	895	0	0
Closing Balance	7,668	6,559	895	0	0	0
Capital Programme Reserve						
Opening Balance	5,381	5,812	4,385	4,885	4,507	3,087
Transfers In	500	500	500	500	500	500
Transfers Out	69	1,927	0	878	1,920	1,338
Closing Balance	5,812	4,385	4,885	4,507	3,087	2,249
Breathing Apparatus Reserve						
Opening Balance	1,014	0	0	0	0	0
Transfers In	0	0	0	0	0	0
Transfers Out	1,014	0	0	0	0	0
Closing Balance	0	0	0	0	0	0

N.B.

The Breathing Apparatus Reserve is used to support both £0.75m capital spend and £0.264m revenue spending.

The Capital Programme Reserve is an earmarked revenue reserve and is used in 2017/18 and 2018/19 to contribute to increasing other revenue earmarked reserves.

Reserves and Balances Policy**Background**

This policy sets out the Authority's approach to reserves and balances. The policy has regard to LAAP Bulletin 99 'Local Authority Reserves and Balances', issued in July 2014.

Section 26 of the Local Government Act 2003 gives the Secretary of State power to set a minimum level of reserves for which an Authority must provide in setting its budget. The Secretary of State indicated that "the provisions are a fall-back against circumstances in which an Authority does not act prudently, disregards the advice of its Chief Finance Officer and is heading for serious financial difficulty".

Sections 31A and 42A of the Local Government Finance Act 1992 also require billing and precepting authorities to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the net budget requirement.

In reviewing medium-term financial plans and preparing annual budgets, the Authority will consider the establishment and maintenance of reserves for the general fund. There is no statutory minimum or maximum level of reserves. The nature and level of reserves will be determined formally by the Authority, informed by the judgement and advice of the Assistant Director Resources / Treasurer. This will be based on an assessment of what is appropriate and necessary in the light of the circumstances facing the Authority.

Types of reserve

The Authority will maintain the following reserves:

- general reserve: to manage the impact of uneven cash flows and unexpected events or emergencies;
- earmarked reserves: sums set aside to meet known or predicted specific requirements.

Earmarked reserves will be maintained as follows:

- Improvement and Efficiency Reserve: to enable the Authority to develop its collaborative approach to service delivery and respond to priority areas for service improvement that will deliver efficiencies;
- Insurance Reserve: to enable to effective financial management of the cost of uninsured losses;
- Service Reserves: funds set aside for specific purposes in respect of individual service business cases;
- Capital Programme Reserve: to support the provision of the capital infrastructure required to deliver the Authority's service priorities;
- Capital Receipts Reserve: capital receipts not yet applied to capital expenditure; and,
- Capital Grants and Capital Contributions Unapplied: capital grants and contributions from partners received but not yet applied to capital expenditure.

The Authority will also maintain a number of other reserves that arise out of the interaction between legislation and proper accounting practices. These reserves, which are not resource-backed, will be specified in the annual Statement of Accounts.

Principles to assess the adequacy of reserves

The Assistant Director Resources / Treasurer will advise the Authority on the adequacy of reserves. In considering the general reserve, the Assistant Director Resources / Treasurer will have regard to:

- the strategic legislative, operational and financial risk contexts within which the Authority will be operating through the medium-term;
- the overall effectiveness of governance arrangements and the system of internal control;
- the robustness of the financial planning and budget-setting process;
- the effectiveness of the budget monitoring and management process

Having had regard to these matters, the Assistant Director Resources / Treasurer will advise the Authority on the monetary value of the required general reserve.

In considering specific reserves, the Assistant Director Resources / Treasurer will have regard to matters relevant in respect of each reserve, and will advise the Authority accordingly.

Service reserves

The process for the determination of Service reserves will be based upon the principles of effective operational and financial risk management. Service Directorates will be asked to submit business cases in respect of any planned under-utilisation of the agreed budget which they would wish to carry forward to apply in future years. Business cases will be considered by the Corporate Management Team and will be subject to the final approval of the Assistant Director Resources / Treasurer.

Use of reserves

Members, as part of agreeing the budget, will agree the policy for drawdown of reserves on the advice of the Assistant Director Resources / Treasurer.

The Assistant Director Resources / Treasurer will monitor the drawdown of specific reserves in accordance with the agreed policy, and keep Members advised through normal monitoring reports.

Risk assessment to determine the adequacy of the General Reserve

Authorities need reserves so that they can deal with unforeseen calls on resources, without disrupting service delivery. It is the responsibility of each authority to set its level of reserves based on local conditions, but taking into account national factors. Although advice can be sought from the external auditors, it is not their responsibility to prescribe the appropriate level. In setting the level, the Authority should take into consideration the advice of their Assistant Director Resources / Treasurer, taking into account all local relevant circumstances.

Members will be aware that the working reserves provide protection against unforeseen events that could impact on the Authority. Reserves have to be used carefully. They can be used only once. Decisions to use reserves to fund on-going spending or hold down council tax increases can only apply for one year. In the following year, either additional budget reductions have to be made or additional council tax increases are required. There is a significant risk of future financial instability if significant levels of reserves are used to fund on-going spending or reductions in council tax. This will impact on council tax rises in future years to pay for one-off use of balances.

As a general rule, the Authority should only plan to use reserves to fund one-off spending where the reserves exceed the recommended level. Where the Authority decides to use such reserves to fund on-going spending or reductions in council tax, they should indicate how they plan to make up the budget shortfall in future years. All Members must be mindful of their stewardship responsibility to the Authority.

A full review of reserves, as in the past, has taken place as part of the budget setting process. The main risks identified and their potential financial impacts are set out below and these have been used as the basis for determining the level of general reserves required.

- **Operational incident performance failure:** Non-insured costs of HSE and other investigations following a serious incident with serious implications for ESFRS, project team, ancillary costs and putting right the organisation (£1m).
- **Abnormal weather conditions:** A long hot summer, flooding in autumn and winter and heath land fires in the spring have all occurred in previous years resulting in excessively high operational costs. A prolonged seasonal problem could easily generate additional costs of £200,000 in retained pay, overtime and other support costs. In worst-case scenarios for civil emergencies, the Bellwin Scheme funding is available to support qualifying expenditure in excess of 2% of Revenue Budget (£0.5m).
- **Pension costs:** Review adequacy of pension provision as part of the revenue budget process – this provision relates to additional ill health pensions not predicted at budget preparation. Continue to monitor age profile of workforce and expenditure forecasting. (£0.4m).
- **Staff severance and redundancy provisions:** In order to achieve the level of financial savings required in future years, it may be appropriate to agree additional business case savings in advance and, as a consequence, incur additional severance payments paid to staff that exceed the sums already put by in earmarked reserves (£0.3m).
- **Funding volatility:** As a result of the Local Government Resource Review, including the Localisation of Council Tax Support Grant, the Authority is exposed to potential increased volatility in two key income streams, business rates and council tax. (£0.7m).
- **Unanticipated business or economic pressures:** The Authority has a wide range of contractual arrangements which could see a financial loss in the event of the bankruptcy of a supplier. Equally, the Authority has a number of key ICT systems which, were they to fail, could require urgent external support or replacement equipment at short notice which could be costly for the Authority. The Authority is also involved in a range of transformation projects for which there is a risk of cost over-runs. There is also a risk of additional costs as a result of industrial action (£1m).
- **Inflationary increases:** Provision has been made for anticipated increases in pay and prices within the budget. However, national pay restraint is based on an

average of 1% and so actual increases within different Services may vary. The Authority is also subject to global inflationary pressures, particularly in relation to oil-based and other natural resources. The fall in the value of the pound since the vote to leave the European Union also exposes us to potential price increases from overseas suppliers (£0.2m).

- **Legal and employment issues:** As a service provider and an employer the Authority faces the potential that legal action could be taken against it on a range of grounds, including equal pay, discrimination, unfair dismissal and corporate negligence / manslaughter. Awards and legal costs in such cases can be significant so a provision within balances is prudent (£0.5m).
- **Savings plans:** The Authority has put in place its savings plans for the next 5 years and has already agreed a range of measures for implementation. However, it is possible that implementation may take longer than anticipated or savings may be less than originally estimated, leading to an in-year budget pressure (£0.3m).
- **Provision of services:** The Authority has taken on delegated responsibility for the delivery of mobilisation and control functions for West Sussex Fire and Rescue Service under a S16 agreement. Failure to provide the service to the agreed performance levels could result in additional costs for the Authority (£0.2m).
- **Loss of income:** Income targets are set within the budget for a number of functions, for example commercial and service training, and the Authority also receives income from the investment of its cash balances where rates achieved continue to decline. Although the amounts involved are small relative to the overall budget they continue to present a risk in year (£0.1m).

Proposal for the level of General Reserves

The assessment gives a preliminary figure of £5.2m (13.9%) on the net budget requirement of £37.3m in 2018/19. This is a slight reduction from previous years reflecting a reduction in the assessed risk in a number of areas. Although it would be unlikely for all areas of risk to impact at the same time, it is conceivable for a number of them to be interlinked, for example a major incident could impact on operational performance and result in damage to assets and insurance losses.

Taking into account the current economic climate, pressure on budgets and the uncertainty around funding beyond 2019/20, it would seem appropriate to continue to maintain the minimum level of general reserves at 8% in line with the Authority's existing policy. This equates to £2.984m. Currently, general balances (reserves) provision is projected to be above this level at £3.142m and it is recommended that £0.150m is transferred into the IT Strategy Reserve bringing the level down to £2.992m.

Review of earmarked reserves

Since the Authority became a precepting body, Members have agreed, in principle, to the establishment of a number of earmarked reserves. Each year, the relevance of these is reconsidered as part of the service planning process and Members are informed of the latest plans for the balances held in such reserves. As the Authority has developed its response to the reduction in government funding and the need to deliver savings through different ways of working, Members have approved the establishment of a number of key reserves to support this process – the Improvement and Efficiency Reserve, IT Strategy Reserve and also the Capital Programme Reserve (which, along with the Capital Receipts Reserve, supports the funding of the Authority's capital

programme). Through careful budget management, the Authority has also established a range of Service Reserves to support the delivery of specific initiatives.

A commentary on the purpose and planned use of each of the existing earmarked reserves is detailed below:

- **Improvement & Efficiency reserve:** This reserve is to enable the Authority to develop its collaborative approach to service delivery, support changes to services that will deliver efficiencies and respond to priority areas for service improvement. This includes support for the Authority's Transformation Programme and any costs that may arise from it including redundancy payments. Collaborative projects are also being progressed with a number of potential partners, many of which may require proportionate pump priming funding to realise future financial savings for all partners involved. Of the balance of £1.026m at 1 April 2018 approximately £0.250m is allocated to specific projects for example FireWatch Implementation, Service HQ Relocation (excess travel costs) and the IECR pilot. The balance is available for future projects including the outcomes from the IRMP areas of focus.
- **Insurance Reserve:** ESFRS has always sought to be risk adverse in managing its insurance risks and has approached the insurance market accordingly. Savings made on premiums in previous years due to increases in excesses have been placed in this reserve to help offset years when higher levels of claims may occur which have to be paid for internally. The Authority will be reviewing its options in advance of the end of its current insurance arrangements in March 2019. This will include consideration of FRICs (Fire & Rescue Insurance Consortium) and this reserve could cover any one off costs associated with membership.
- **Capital Programme Reserve:** To support the provision of the capital infrastructure required to deliver the Authority's service priorities. Given the reduction in availability of capital grant from Government and the potential investment implications of new IMD and Estates Strategies, it is important that this source of funding is maintained in the short to medium term. As part of the non-operational savings proposals the Authority has agreed to reduce the base budget contribution to this reserve to £500,000 per annum in 2017/18. There is an unallocated balance of £2.676m remaining at the end of the current Capital Asset Strategy. The Authority is, however, reviewing its Estates Strategy and it is anticipated that there will be a significant requirement for additional investment as a result. The remaining balance on this reserve will be available to finance this investment.
- **Capital Receipts Reserve:** Capital receipts not yet applied to capital expenditure. Under statute capital receipts may only be used to finance capital expenditure. Having disposed of its stock of service houses and its HQ building the Authority has only one surplus property, Fort Road, Newhaven and this is due for disposal in 2018/19. No further disposals are currently planned and this reserve will be fully utilised over the life of the current Capital Asset Strategy.

Together the use of the Capital Programme Reserve and the Capital Receipts Reserve, along with other revenue funding, grants and contributions from partners has meant that the Authority has been able to finance its capital investment requirements without recourse to external borrowing since 2008.

Service reserves: funds set aside for specific purposes in respect of individual service business cases:

- Sprinklers: as part of its policy of promoting the use of sprinklers the Authority has made provision for match-funding the retro-fitting of sprinklers in high risk / high rise residential premises. This will be increased if the recommendation to increase council tax by 2.94% is accepted, if not then any £0.2m will be transferred from the Capital Programme Reserve as agreed by CFA in December 2017, as part of its local response to the risks highlighted by the Grenfell Tower incident.
- Safer Business Training: This reserve holds the balance of income from the East Sussex Business Rate Pool which is to be used to fund Business Safety initiatives, in support of the Pool's aim to promote economic growth.
- IT Strategy Reserve (formerly IMD Transformation): The Authority has set aside funds to support the delivery of its IT Strategy including the contractual transformation milestones delivered by telent. A transfer of £1.927m will be made from other reserves and £0.150m from General Balances in order to ensure that the Strategy can be fully funded. It will be fully utilised by the end of 2021/22.
- ESMCP Readiness Reserve: this is grant funding from central government to fund the IT upgrades to the Sussex Control Centre that are required as part of the ESMCP. The timing of drawdown is currently expected during 2018/19 and 2019/20 but is dependent on national programme timescales.
- ESMCP Regional Programme Reserve; the Authority acts as regional lead for ESCMP implementation and holds grant funding for regional and local resourcing on behalf partner FRAs.
- Wholetime Firefighter Recruitment Reserve: the 2016/17 revenue budget underspend was set aside in this reserve to fund the additional costs of the planned recruitment of 32 new Wholetime Firefighters over the period 2017/18 – 2019/20.

The planned movement on each of the earmarked reserves is shown in the following tables, depending on the option for council tax increases adopted:

Option of 1.94% council tax increase:

Description	2018/19	2018/19	2018/19	Projected Closing Balance	Projected Closing Balance	Projected Closing Balance	Projected Closing Balance	Projected Closing Balance
	Opening Balance 01/04/18	Planned Transfers In	Planned Transfers Out	31/03/19	31/03/20	31/03/21	31/03/22	31/03/23
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Earmarked Reserves								
Improvement & Efficiency Sprinklers	1,026	0	(513)	513	253	0	0	0
Insurance	290	0	(290)	0	0	0	0	0
ESMCP ESFRS readiness	249	0	0	249	249	249	249	249
ESMCP Regional Programme reserve	1,060	0	(660)	400	0	0	0	0
Safer Business Training	277	639	(468)	448	0	0	0	0
IT Strategy	165	0	(83)	82	0	0	0	0
Wholetime Firefighter recruitment	923	2,525	(1,226)	2,222	1,505	854	219	0
Capital Programme Reserve	294	0	(294)	0	0	0	0	0
	5,812	500	(1,927)	4,385	4,885	4,507	3,087	2,249
Total Earmarked Reserves	10,096	3,664	(5,461)	8,299	6,892	5,610	3,555	2,498
General Fund	3,142	0	(150)	2,992	2,992	2,992	2,992	2,992

Total Revenue Reserves	13,238	3,664	(5,611)	11,291	9,884	8,602	6,547	5,490
Capital Receipts Reserve	7,668	515	(1,624)	6,559	895	0	0	0
Total Capital Reserves	7,668	515	(1,624)	6,559	895	0	0	0
Total Usable Reserves	20,906	4,179	(7,235)	17,850	10,779	8,602	6,547	5,490

Option of 2.94% council tax increase for 2018/19 and 2019/20 and 1.94% thereafter:

Description	2018/19	2018/19	2018/19	Projected Closing Balance	Projected Closing Balance	Projected Closing Balance	Projected Closing Balance	Projected Closing Balance
	Opening Balance 01/04/18	Planned Transfers In	Planned Transfers Out	31/03/19	31/03/20	31/03/21	31/03/22	31/03/23
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Earmarked Reserves								
Improvement & Efficiency	1,026	0	(513)	513	253	0	0	0
Sprinklers	290	200	(290)	200	250	0	0	0
Insurance	249	0	0	249	249	249	249	249
ESMCP ESFRS readiness	1,060	0	(660)	400	0	0	0	0
ESMCP Regional Programme reserve	277	639	(468)	448	0	0	0	0
Safer Business Training	165	0	(83)	82	0	0	0	0
IT Strategy	923	2,525	(1,226)	2,222	1,505	854	219	0
Wholetime Firefighter recruitment	294	0	(294)	0	0	0	0	0

Capital Programme Reserve	5,812	500	(1,927)	4,385	4,885	4,507	3,087	2,249
Total Earmarked Reserves	10,096	3,864	(5,461)	8,499	7,142	5,610	3,555	2,498
General Fund	3,142	0	(150)	2,992	2,992	2,992	2,992	2,992
Total Revenue Reserves	13,238	3,864	(5,611)	11,491	10,134	8,602	6,547	5,490
Capital Receipts Reserve	7,668	515	(1,624)	6,559	895	0	0	0
Total Capital Reserves	7,668	515	(1,624)	6,559	895	0	0	0
Total Usable Reserves	20,906	4,379	(7,235)	18,050	11,029	8,602	6,547	5,490

Appendix F (i)

EAST SUSSEX FIRE AUTHORITY: PRECEPT FOR 2018/19
REF: S43 LOCAL GOVERNMENT FINANCE ACT 1992
Option for 1.94% council tax increase

	£	£
NET BUDGET REQUIREMENT		37,660,000.00
Forecast Business Rates retained	2,614,000.00	
Top Up grant	4,977,000.00	
Total Base Line funding	7,591,000.00	
Add Revenue Support Grant	3,660,000.00	
Total Grant funding (excluding transitional/freeze grant)	11,251,000.00	
Transition Grant	0.00	
Section 31 Grant Business Rates adjustment	317,000.00	
Previous Year's Surpluses/(Deficits)	206,000.00	
Total Council Tax required		25,886,000.00
Tax base	287,265.65	
Basic Council Tax (Band D equivalent)		90.11
Basic Council Tax from above calculation		<u>Council Tax</u>
Band A	6/9	60.07
Band B	7/9	70.09
Band C	8/9	80.10
Band D	9/9	90.11
Band E	11/9	110.13
Band F	13/9	130.16
Band G	15/9	150.18
Band H	18/9	180.22
	<u>Tax Base</u>	<u>Precept</u>
Brighton and Hove	88,630.75	7,986,517
Eastbourne	34,354.40	3,095,675
Hastings	25,582.00	2,305,194
Lewes	37,034.00	3,337,134
Rother	37,726.90	3,399,571
Wealden	63,937.60	5,761,417
	287,265.65	25,885,508

Appendix F (ii)

EAST SUSSEX FIRE AUTHORITY: PRECEPT FOR 2018/19
REF: S43 LOCAL GOVERNMENT FINANCE ACT 1992
Option for 2.94% council tax increase

	£	£
NET BUDGET REQUIREMENT		37,915,000.00
Forecast Business Rates retained	2,614,000.00	
Top Up grant	4,977,000.00	
Total Base Line funding	7,591,000.00	
Add Revenue Support Grant	3,660,000.00	
Total Grant funding (excluding transitional/freeze grant)	11,251,000.00	
Transition Grant	0.00	
Section 31 Grant Business Rates adjustment	317,000.00	
Previous Year's Surpluses/(Deficits)	206,000.00	
Total Council Tax required		26,141,000.00
Tax base	287,265.65	
Basic Council Tax (Band D equivalent)		91.00
Basic Council Tax from above calculation		<u>Council Tax</u>
Band A	6/9	60.67
Band B	7/9	70.78
Band C	8/9	80.89
Band D	9/9	91.00
Band E	11/9	111.22
Band F	13/9	131.44
Band G	15/9	151.67
Band H	18/9	182.00
	<u>Tax Base</u>	<u>Precept</u>
Brighton and Hove	88,630.75	8,065,398
Eastbourne	34,354.40	3,126,250
Hastings	25,582.00	2,327,962
Lewes	37,034.00	3,370,094
Rother	37,726.90	3,433,148
Wealden	63,937.60	5,818,322
	287,265.65	26,141,174

Establishment and payroll budget

	FTE @ 1/4/18	FTE @ 1/4/19
Principal Officers	3	3
Wholetime	333	333
Firefighter		
RDS firefighter	219	219
Units		
Control Room	38	38
Staff		
Support staff	143.9	141.4

Local Government Financial Settlement (provisional) Core Spending Power of Combined Fire Authorities

	Settlement Funding Assessment	Compensation for under- indexing the business rates multiplier	Estimated Council Tax excluding Parish Precepts	Rural Services Delivery Grant	2018-19 Provisional Core Spending Power	2017-18 Core Spending Power	Change
Combined Fire Authorities							
Avon Fire	£16.162	£0.219	£25.971	£0.000	£42.351	£41.694	1.6%
Bedfordshire Fire	£8.571	£0.119	£20.042	£0.000	£28.733	£28.208	1.9%
Berkshire Fire Authority	£10.335	£0.143	£22.206	£0.000	£32.684	£32.164	1.6%
Buckinghamshire Fire	£7.582	£0.103	£18.966	£0.000	£26.651	£26.267	1.5%
Cambridgeshire Fire	£9.023	£0.123	£19.274	£0.000	£28.419	£28.040	1.3%
Cheshire Fire	£13.621	£0.190	£27.659	£0.000	£41.470	£40.980	1.2%
Cleveland Fire	£14.726	£0.188	£11.455	£0.000	£26.369	£26.195	0.7%
Derbyshire Fire	£13.352	£0.180	£23.326	£0.000	£36.858	£36.451	1.1%
Devon and Somerset Fire	£22.618	£0.319	£50.477	£0.340	£73.755	£72.749	1.4%
Dorset and Wiltshire Fire	£14.549	£0.209	£39.232	£0.039	£54.030	£53.331	1.3%
Durham Fire	£10.695	£0.143	£17.112	£0.000	£27.949	£27.642	1.1%
East Sussex Fire	£11.128	£0.156	£26.240	£0.000	£37.524	£37.025	1.3%
Essex Fire Authority	£25.237	£0.331	£44.891	£0.000	£70.459	£69.551	1.3%
Hampshire Fire	£22.130	£0.292	£41.363	£0.000	£63.785	£63.022	1.2%
Hereford & Worcester Fire	£7.898	£0.114	£22.710	£0.088	£30.810	£30.359	1.5%
Humberside Fire	£20.216	£0.256	£22.089	£0.000	£42.561	£42.124	1.0%
Kent Fire	£21.598	£0.299	£46.852	£0.000	£68.749	£67.755	1.5%
Lancashire Fire	£24.346	£0.314	£29.176	£0.000	£53.836	£53.332	0.9%
Leicestershire Fire	£13.432	£0.181	£20.549	£0.000	£34.162	£33.625	1.6%
North Yorkshire Fire	£8.817	£0.123	£20.698	£0.413	£30.052	£29.652	1.3%
Nottinghamshire Fire	£16.395	£0.217	£24.314	£0.000	£40.926	£40.410	1.3%
Shropshire Fire	£5.333	£0.079	£15.434	£0.257	£21.102	£20.752	1.7%
Staffordshire Fire	£14.508	£0.193	£25.134	£0.000	£39.834	£39.395	1.1%
All CFA average (excluding mets)					£41.438	£40.901	1.3%

