



EAST SUSSEX FIRE AUTHORITY

THURSDAY 7 FEBRUARY 2013 at 10.30 HOURS

MEMBERS

East Sussex County Council (12)

Councillors Fawthrop, Healy, Heaps, Howson, Kenward, Livings, Ost, Scott, Sparks, Thomas, Tidy and Waite.

Brighton & Hove City Council (6)

Councillors Carden, Duncan, Pidgeon, Powell, Rufus and Theobald.

You are required to attend this meeting to be held at Fire and Rescue Service Headquarters, 20 Upperton Road, Eastbourne at 10.30 a.m.

AGENDA

699. In relation to matters on the agenda, seek declarations of any disclosable pecuniary interests under Section 30 of the Localism Act 2011.
700. Apologies for absence.
701. Notification of items which the Chairman considers urgent and proposes to take at the end of the agenda/Chairman's Business.

(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).
702. To consider any public questions or petitions.
703. Non-confidential minutes of the meeting held on 17 January 2013 (copy attached).

704. 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 Fire Authority to adopt without debate the recommendations and resolutions contained in the relevant reports for those items which have not been called.
705. Fire Authority Service Planning processes for 2013/14 and beyond – progress update – joint report of the Chief Fire Officer & Chief Executive and Treasurer (copy attached).
Part A Draft Annual Plan 2013/14
Part B Draft Revenue Budget
Part C Consultation Outcomes from Representative Bodies
706. Sussex Control Centre – progress update – oral report of the Chief Fire Officer & Chief Executive.
707. Fire Authority Treasury Management Strategy for 2013/14 – report of the Treasurer (copy attached).
708. Approval of Pay Policy Statement for 2013/14 – report of the Monitoring Officer (copy attached).
709. Member Allowances – Annual Review – report of the Chief Fire Officer & Chief Executive (copy attached).
710. Fire & Rescue Service Efficiencies Review – report of the Chief Fire Officer & Chief Executive (copy attached).
711. Preparations for future delivery of financial services for East Sussex Fire Authority – report of the Chief Fire Officer & Chief Executive (copy attached).
712. Quarterly Report (October to December 2012) – report of the Chief Fire Officer & Chief Executive (copy attached).
713. Fire Authority and Panel Meetings
The Fire Authority is asked to confirm the following dates:
- A. Fire Authority meetings** at 10.30 hours unless otherwise stated:
06 June 2013 – to be confirmed
12 September 2013
12 December 2013
16 January 2014 – to be confirmed
06 February 2014 – to be confirmed
- B. Panel Meetings**
11 April 2013 Policy & Resources, Scrutiny & Audit
11 July 2013 Policy & Resources, Scrutiny & Audit, Standards
29 August 2013 Policy & Resources
19 September 2013 Scrutiny & Audit
14 November 2013 Policy & Resources, Scrutiny & Audit
**09 January 2014 Policy & Resources, Scrutiny & Audit, Standards
– to be confirmed**

Commencement times for these Panels, to be notified in advance of the meetings, are generally likely to be: Policy & Resources 10.00; Scrutiny & Audit 11.00; and Standards 14.00 hours.

C. Members' Seminars

25 February 2013

25 July 2013

03 October 2013 – to be confirmed

Commencement times to be 09.30 hours at Headquarters, unless otherwise notified.

714. Exclusion of the 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. **NOTE:** Any item appearing in the confidential part of the Agenda states in its heading the category under which the information disclosed in the report is confidential and therefore not available to the public. A list and description of the exempt categories are available for public inspection at East Sussex Fire & Rescue Service HQ, 20 Upperton Road, Eastbourne, and at Brighton and Hove Town Halls.

715. Confidential minutes of the meeting held on 17 January 2013 (copy attached). (Exempt categories under paragraphs 1, 3, 4 and 5 of the Local Government Act 1972).

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

EAST SUSSEX FIRE AUTHORITY

Minutes of the meeting of the East Sussex Fire Authority held at East Sussex Fire & Rescue Service Headquarters, 20 Upperton Road, Eastbourne, at 10.30 hours on Thursday 17 January 2013.

Present: Councillors Carden, Duncan, Fawthrop, Healy, Heaps, Howson, Kenward, Livings (Chairman), Ost, Pidgeon, Powell, Rufus, Scott, Sparks, Theobald, Thomas, Tidy and Waite.

Also present:

Mr. D. Prichard (Chief Fire Officer & Chief Executive), Mr. G. Walsh (Deputy Chief Fire Officer), Mr. G. Ferrand (Assistant Chief Fire Officer), Mrs. D. Williams (Assistant Chief Officer – Corporate Services), Mrs. C. Rolph (Assistant Chief Officer – People & Organisational Development), Mr. A. Ghebre-Ghiorghis (Monitoring Officer), Mr. D. Savage (Treasurer), Mr. R. Charman (Director of Financial Services) and Mrs. S. Klein (Clerk).

686. DISCLOSABLE PECUNIARY INTERESTS

- 686.1 a. It was noted that, in relation to matters on the agenda, no participating Member had any disclosable pecuniary interest under Section 30 of the Localism Act 2011.
- b. It was noted that, in relation to matters on the agenda, Councillor Scott declared a personal interest as his brother-in-law worked for East Sussex Fire & Rescue Service. Councillor Thomas declared a non-pecuniary interest as Chairman of LGA SIG (Coastal Special Interest Group).

687. APOLOGIES FOR ABSENCE

687.1 There were none.

688. URGENT ITEMS AND CHAIRMAN'S BUSINESS

688.1 There were none.

689. TO CONSIDER PUBLIC QUESTIONS AND PETITIONS, IF ANY

689.1 There were none.

690. NON-CONFIDENTIAL MINUTES OF THE MEETING HELD ON 13 DECEMBER 2012

690.1 **RESOLVED** – That the non-confidential Minutes of the meeting held on 13 December 2012 be approved and signed by the Chairman. (Copy in Minute Book).

691. **CALLOVER**

691.1 Members reserved the following items for debate:

693. Fire Authority Service Planning processes for 2013/14 and beyond – draft Revenue Budget 2013/14 and Capital Programme 2013/14 to 2017/18

694. Fire Safety Education Programme in Primary Schools 2011/12 performance survey

692. **NOTE OF THE POLICY & RESOURCES PANEL MEETING HELD ON 10 JANUARY 2013**

692.1 The Fire Authority considered a report of the Clerk that reported on the Policy & Resources Panel meeting held on 10 January 2013, with regard to those issues of greater significance or requiring a decision from the Fire Authority. (Copy in Minute Book).

692.2 **RESOLVED** – That the report be noted.

693. **FIRE AUTHORITY SERVICE PLANNING PROCESSES FOR 2013/14 AND BEYOND – DRAFT REVENUE BUDGET 2013/14 AND CAPITAL PROGRAMME 2013/14 TO 2017/18**

693.1 The Fire Authority considered a joint report of the Chief Fire Officer & Chief Executive and the Treasurer that presented the draft 2013/14 Fire Authority Service Planning issues for their formal consideration. (Copy in Minute Book).

693.2 Members considered the draft detailed Service Planning document and noted that the approved Revenue Budget and Capital Programme would be incorporated into final versions of the 2013/14 Medium Term Plan and the 2013/14 Annual Plan, once the Fire Authority had approved them in February 2013, for subsequent publication. The Fire Authority noted the requirement to set its precept for 2013/14 at its meeting on 7 February 2013.

693.3 The Treasurer advised the Fire Authority on the key implications of all the issues set out in the report, including the need to await the remaining outstanding information before any final decisions could be taken on the precept at the February 2013 meeting – these included:

- i) the economic outlook and national funding changes;
- ii) a summary of the agreed budget strategy and service priorities for the Fire Authority;
- iii) the details of the draft committed Revenue Budget of £38.932m which is a net reduction £1.610m (-2.74%) on the 2012/13 base budget of £40.030m, a significant proportion of the net savings being achieved through the outcome of the Facing the Challenge proposals £1.325m;
- iv) the implications of the Medium Term Plan which, based upon current presumptions, would result in net expenditure reductions of 1.44% to 2014/15, and subsequent increases of 0.38% to 2015/16, 1.79% to 2016/17 and 1.62% to 2017/18;

- v) the implications of the changes arising from the Local Government Finance Settlement consultation information which set out the implications for ESFRS in both 2013/14 and 2014/15 on the proposed figures for Revenue Support Grant, Business Rates Retention, Council Tax Freeze and Transitional Support Grant amounts with the resultant implications upon the council tax requirements for either Option A – accepting the CT Freeze Grant or Option B – rejecting it in favour of an increase up to the 2% threshold. Option A would result in a balanced budget and Option B would result in additional base budget flexibility of £0.183m in 2013/14 with the latter option helping to close the strategic resourcing gap in future years;
- vi) a summary of the latest spending projections against DCLG grant for the Sussex Control Centre;
- vii) a summary of the schemes included in the draft Capital Programme 2013/14 to 2017/18 (base year 2012/13); outcomes of the 2013/14 fire capital grant distributions; overall costs over the period along with available capital resourcing and how such resourcing could be applied to meet the phasing of schemes in the Capital Programme;
- viii) a summary of available reserves and balances and a new Reserves Policy for the Authority which sets out to explain the differences in the types of reserves held, the reasons for them and levels achieved, and proposes a minimum level of General Reserves set at 8% of Net Budget Requirement;
- ix) a summary of the overall financial implications placed upon the Fire Authority if all of the detailed proposals set out are approved but dependent upon information still outstanding at this stage. A revised version of Appendix C was tabled at the meeting and showed the latest version of the MTFP which indicated that the level of savings required should the Fire Authority decide to accept the Council Tax Freeze Grant in 2013/14 and then raise Council Tax by 2% in subsequent years would be £2.9m by 2017/18 or, should the Authority decide to reject it in favour of a council tax increase of up to 2%, in which case the savings required would be £2.4m by 2017/18.

693.4 Finally, the Treasurer reminded Members of the information still outstanding; the fact that Government Grant figures may yet change after the consultation period ends; the current presumptions made on future council tax increases in the Medium Term projections; the range of risks the Fire Authority remains exposed to, especially as a result of the localisation of council tax support and business rates retention; and the need to set a Balanced Budget for 2013/14 as well as considering the medium term resourcing gap faced by the Fire Authority; and the uncertainty about funding after 2014/15 until the results of the next Comprehensive Spending review (CSR13) are known.

693.5 The Chief Fire Officer & Chief Executive advised Members that council tax setting was a matter for them to decide upon at their meeting on 7 February 2013. He gave Members a summary of some of the other FRAs' likely council tax policy proposals they were progressing in the light of the recent advice given by Brandon Lewis, MP on the Government guidance for FRAs on council tax increases (up to 2% or £5 for lower quartile Fire & Rescue Authorities).

- 693.6 The Fire Authority noted that the current year's budget is expected to underspend. It was agreed that any final underspend at outturn should be returned to Balances to assist the Authority in managing the financial risks that it will face and the changes to the way it delivers its services that will be necessary in the medium term.
- 693.7 The Fire Authority noted that the draft estimates for 2013/14 included provision for pay awards, restricted to 1% in 2013/14 and 2% thereafter, and for an increase in other costs to take account of inflation to estimated 2013/14 outturn prices at 2.5%. The Fire Authority noted that the Government was considering ways by which FRAs could introduce other fees and charges subject to local consultation and this included being able to charge for false alarm calls from persistent offenders and proposals. CFOA were leading a detailed review of applying those charges on a national basis and details would be brought before the Fire Authority once the direction was known. The proposed increase in charges for special services was an average of 2.5%.
- 693.8 Councillor Tidy asked whether there was any scope to raise more revenue through fees and charges. The Treasurer explained about the legal constraints and that any short term measures would not produce any significant income. The Chief Fire Officer & Chief Executive added that the Service would have to set itself up as a trading company, should it wish to pursue this further, but it would have to be careful not to open itself to challenges from the private sector. The Monitoring Officer confirmed that ESFRS could not charge for services which it had a legal duty to provide, and could only cover its costs for other, discretionary services.
- 693.9 The Fire Authority noted the Government's new Business Rates Retention scheme, and the discussions taking place with the district and borough councils in East Sussex about the viability of pooling business rates, which could offer the opportunity to increase funding allocations.
- 693.10 Members also noted the Government's introduction of the localisation of Council Tax support which could impact on Council Tax collection rates, increasing the risk of a deficit in future years.
- 693.11 The Treasurer advised that the latest budget modelling had been done based on two scenarios: the acceptance of the latest offer by the Government of a one year Council tax freeze grant for 2013/14, based on current information available and best estimates; or rejecting the Council Tax Freeze Grant in 2013/14 and increasing Council Tax by up to 2%.
- 693.12 Councillor Sparks understood that deficit reduction policies would need to be in place until as late as 2022, rather than the suggested 2018, and also noted the risks associated with inflation rising to 4%, rather than the 2.5% originally planned for. He also drew Members' attention to the results of the recent public consultation exercise which indicated that 92% of residents thought that the Service should reject the Government's freeze grant and increase Council Tax by 2%, to help fund fire and rescue services in future years.

- 693.13 Councillor Thomas thanked the Treasurer for a very helpful summary of the situation and Councillor Scott suggested that Members and officers needed to 'think outside the box', and look again at a possible merger with West Sussex, Surrey or Kent; and more partnership and collaborative working.
- 693.14 Councillor Rufus was pleased that Members were now focussing on the longer term, and also looking at balances and reserves, and suggested that Members should not be thinking about forthcoming elections when deciding on the council tax at the February meeting.
- 693.15 The Chief Fire Officer & Chief Executive reminded Members of the partnership work currently being undertaken and stated that, although ESFRS may wish to merge with another Fire & Rescue Service, there did not, currently, seem to be a neighbouring Service wishing to explore a merger. Should a potential partner be identified, there would still be a run-in time of at least two years, making it even more essential to identify and deliver medium and long-term savings, rather than speculate on assumptions of other models arising in the medium term.
- 693.16 Councillor Scott suggested setting up staff commissioning groups, not just representative bodies, to discuss their ideas for making savings and the Chief Fire Officer & Chief Executive confirmed that these were already in place, with over 100 members of staff already having been consulted. Councillor Carden was concerned that the new Brighton & Hove City Plan, which included plans for a further 12,000 houses, should be taken into account.
- 693.17 **RESOLVED** – That:
- a) the projected expenditure for 2012/13 (Section 2.1) be noted;
 - b) the continued Revenue Budget consultations taking place (Section 2.2.3) be noted;
 - c) the committed budget for 2013/14 of **£38.932m** including provision for pay awards of 1% in 2013/14, price increases of typically 2.5% and net inescapable commitments (Sections 4.2.5, 4.2.7 and 4.2.8) be approved;
 - d) the fees and charges as set out in section 4.2.6 and in Appendix B be approved;
 - e) the absence of Service Investment proposals in the 2013/14 Revenue Budget and reasons for their absence as highlighted in Section 4.2.10 be noted;
 - f) the amended Capital Programme for 2012/13 totalling **£4.050m** and the Capital Programme for 2013/14 totalling **£4.150m**, as set out in Section 5 be approved, and it be noted that there are no related revenue consequences;
 - g) the Reserves and Balances Policy set out in Appendix F and the proposed level of reserves summarised in Table 15 be approved;
 - h) determining whether or not to accept the Council Tax Freeze Grant be deferred until the February 2013 precept setting meeting as detailed budget and resourcing information still needs to be confirmed (covered in Section 7 and Tables 16 and 17);
 - i) the format of the Fire Authority's council tax information will be finalised after the decisions made at the Fire Authority meeting on 7 February 2013 be noted; and
 - j) the detailed recommendations for setting the precept will be included in the final Revenue Budget report to be presented to the Fire Authority at its 7 February 2013 meeting, using the Local Government Finance Settlement and final tax base figures yet to be published be noted.

694. **FIRE SAFETY EDUCATION PROGRAMME IN PRIMARY SCHOOLS 2011/12 PERFORMANCE SURVEY**

- 694.1 The Fire Authority considered a report of the Chief Fire Officer & Chief Executive that informed them of the Service's performance on the Fire Safety Education in primary schools from the results of the ORS survey. (Copy in Minute Book).
- 694.2 This was the third complete academic year that the Education Team had delivered its revised Primary School programme, targeted at Year 2 and Year 5 pupils, with further increased interactive teaching, an emphasis on learning outcomes, and collaborative work with the Sussex Police Education Team which was helping to deliver road safety education. A total of 128 completed questionnaires had been returned to ORS and Members noted the extremely positive overall results of the survey, with all respondents stating they were satisfied with the visit, and 86% saying they were 'very satisfied'. All respondents felt that the information was communicated well to the year groups involved in the visit.
- 694.3 Members noted the areas for the Team to develop and improve, including continuing to ensure that every session is as interactive and engaging as possible and can be adapted to the needs of the pupils in the class at the point of delivery and be fully inclusive; and developing and promoting more activities for follow-on work that teachers can deliver, hence reinforcing the Service's safety messages beyond the time in the classroom and enabling pupils to 'remember what they have been taught'. The work of the Team would be reviewed during 2013/14 as part of the IRMP review of prevention and protection services.
- 694.4 Councillor Ost had attended a session for Key Stage 1 pupils at the primary school where he is Chair of Governors and was very impressed with the Team's work. Councillor Heaps had attended a Safe Drive Stay Alive session which was incredibly well presented and she stressed how important it was to find funding to be able to continue to deliver a wide range of community safety initiatives.
- 694.5 Councillor Scott proposed that the Service discuss potential government grants with Hastings Borough Council who had bid for, which he thought would be appropriate for funding similar areas of work. The Deputy Chief Fire Officer confirmed that he would be meeting with HBC officers during the next week, and would discuss it with them then.
- 694.6 **RESOLVED** – That the Service's performance and plans for further improvement, as set out in the report, be noted.

695. **EXCLUSION OF PRESS AND PUBLIC.**

695.1 **RESOLVED** – That the following items be exempt under the paragraphs indicated of Schedule 12A to the Local Government Act 1972 as amended by the Local Government (Access to Information) (Variation) Order 2006 and accordingly are not open for public inspection on the grounds that they include information relating to any individual, information relating to the financial or business affairs of any particular person, information relating to any consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour relations matter arising between the authority or a Minister of the Crown and employees of, or office holders under the authority, and information in respect of which a claim to legal professional privilege could be maintained in legal proceedings:

696. Paragraphs 1, 3, 4 and 5

697. Paragraphs 1, 3, and 4

698. Paragraphs 3 and 4

The meeting concluded at 12:16 hours.

Signed

Chairman

Dated this day of

2013.

EAST SUSSEX FIRE AUTHORITY

Date: **7 February 2013**

Title: **Fire Authority Service Planning Processes for 2013/14 and beyond**

By: **Chief Fire Officer & Chief Executive and Treasurer**

Purpose of Report **To present the relevant reports on the Service Planning Processes for 2013/14 and beyond, for approval for the purposes of setting the 2013/14 Council Tax precept and other relevant matters.**

RECOMMENDATION: The Fire Authority is asked to approve the detailed recommendations set out in the relevant appendices to this Agenda Item.

MAIN ISSUES

1. The Fire Authority is asked to approve the detailed recommendations set out in the relevant Parts of this Agenda Item:

Part A – Draft Annual Plan 2013/14 – report of the Chief Fire Officer & Chief Executive. (Copy attached).

Part B – Fire Authority Draft Revenue Budget 2013/14 – joint report of the Chief Fire Officer & Chief Executive and Treasurer. (Copy attached).

Part C – Summary of representative bodies responses to budget consultations.

**Des Prichard
CHIEF FIRE OFFICER & CHIEF
EXECUTIVE**

**Duncan Savage
TREASURER**

29 January 2013

EAST SUSSEX FIRE AUTHORITY

Date: **7 February 2013**
Title: **Draft Annual Plan 2013/14**
By: **Chief Fire Officer & Chief Executive**
Purpose of Report: **To summarise the outstanding actions required to complete the Draft Annual Plan 2013/14 for approval and for final completion by the publication date of 30 June 2013.**

RECOMMENDATION: The Fire Authority is asked to:

- i. approve, in principle, the roll forward of the draft Annual Plan for publication by 30 June 2013, subject to any final amendments once the Revenue Budget has been approved at this meeting and other outstanding information set out in the report; and
- ii. delegate authority for the approval of the final version of the Annual Plan to the Chief Fire Officer & Chief Executive in consultation with the Chairman.

1. INTRODUCTION

- 1.1 The current 2012/13 Annual Plan contains key information on the Fire Authority's Service priorities for the year ahead including summary performance information, available resources including the 2013/14 Revenue Budget and medium term projections including the Capital Programme.
- 1.2 The draft 2013/14 Annual Plan is prepared alongside the decisions being made by the Fire Authority and its Panels on similar issues for 2013/14 and beyond and will also take into consideration the outcomes of the recent public consultation outcomes on the draft Medium Term Plan.
- 1.3 The Fire Authority, at its meeting on 17 January 2013, approved the key Service priorities and savings to meet the overall resources envelope available to the Fire Authority, but deferred final consideration on the precept until the February 2013 meeting.
- 1.4 The final version of the draft 2013/14 Annual Plan will be adapted to take into consideration the outcomes of all of the 2013/14 Service Planning preparations including current Community Risk Management review activities, the latest Revenue Budget and Capital Programme as well as the outcome of the corporate performance results 2012/13.
- 1.5 As agreed in previous years, the Fire Authority is asked to delegate authority for the approval of the final version of the Annual Plan to the Chief Fire Officer & Chief Executive, in consultation with the Chairman prior to publication.

Des Prichard
CHIEF FIRE OFFICER & CHIEF EXECUTIVE
24 January 2013

Background Papers

Minutes of the Fire Authority January 2013;
P&R and S&A Panels November 2012/January 2013

AMENDED REPORT AND APPENDICES TO BE TABLED AT CFA MEETING – KEY CHANGES HIGHLIGHTED.

EAST SUSSEX FIRE AUTHORITY

Date: **7 February 2013**
Title: **Draft Revenue Budget 2013/14**
By: **Chief Fire Officer & Chief Executive and Treasurer**
Purpose of Report: **To consider the final draft Fire Authority Revenue Budget 2013/14.**

- RECOMMENDATION:** The Fire Authority is asked to:
- i. approve the detailed recommendations as set out in Section 1.2 below of this report;
 - ii. note that the final tax base figures have been provided by the billing authorities and the Local Government Finance Settlement has been confirmed;
 - iii. in accordance with the Local Government Finance Act 1992, **EITHER** approve the acceptance of the latest Council Tax Freeze Grant in 2013/14 to achieve a nil change in precept and as such approve:
 - (i) the amount calculated by East Sussex Fire Authority as its budget requirement for the year 2013/14 is £39.079m; a decrease of 2.38% on the 2012/13 base budget of £40.030m;
 - (ii) the amount calculated by East Sussex Fire Authority as its Council Tax Requirement for the year 2013/14 is £21.625m and the basic amount of its council tax (i.e. for a Band D property) for the year 2013/14 is £81.86 (based on final tax base figures), a nil increase on the 2012/13 figure of £81.86 to accord with the Government's further support to council taxpayers in view of the economic situation and commensurate grant support for a national freeze on council tax in 2013/14; and
 - (iii) Brighton & Hove City Council and the borough and district councils (the billing authorities) are advised by the Treasurer of the relevant amounts payable and the council tax in the other bands, in line with the regulations and attached table and to issue precepts accordingly (Appendix 3 – Option A).

- OR** reject the offer of the Government's latest Council Tax Freeze grant and set a precept of less than 2% to avoid the potential risk of being required to undertake a local council tax referenda and rebilling along with agreeing the consequential adjustments to the relevant defining figures for precept setting purposes. (see Annex 6 to Appendix 1 for Option A (nil increase) and two indicative options of B (Council Tax Requirement of £21.842m a 1% increase) and C (Council Tax Requirement of £22.045m a 1.94% increase) in 2013/14 and Appendix 3 respectively.)
- iv. **AND** if a precept increase is approved, determine which service investment proposals are supported with the temporary surpluses generated as set out in Annex 5 of Appendix 1.
 - v. authorise the CFO&CE, in consultation with the Chairman and Treasurer to make adjustments to the presentation of the budget to reflect the final Local Government Finance Settlement.

MAIN ISSUES

1. The Fire Authority, at its meeting on 17 January 2013, considered the draft 2013/14 Revenue Budget and draft Capital Programme 2013/14 to 2017/18 (copies available on request). The non-confidential minutes of this meeting are included elsewhere within this Agenda, but an abbreviated version is set out at Appendix 1 paragraph 1.1.1.
2. At this meeting, the Fire Authority approved the 2013/14 Committed Budget of £38.932m and related detailed provisions, fees and charges, etc.; and the 2013/14 to 2017/18 Capital Programme.
3. Under the new funding arrangements, the provisional 2013/14 Finance Settlement included Revenue Support Grant of £10.195m; Retained Business rates (including top up) of £6.782m Council Tax Transitional Support Grant of £0.092m and a further Council Tax Freeze Grant of £0.249m for two years if the Fire Authority accepted a nil increase in the Council Tax for a further year.
4. Final figures on council tax base and council tax collection fund enabled a Revenue Budget requirement to be set at £39.079m, for council tax band D increases to be kept to £81.86 if this latest council tax freeze grant is to be accepted. Other financial policy options are highlighted below. Any additional surplus will be transferred into Reserves to be set aside to fund future spending pressures and proposals.
5. 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. In the nature of its business the Fire 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 reviewed and managed in line with the Authority's policy.

6. The Fire Authority needs to finalise the 2013/14 Revenue Budget by determining:
- a) whether or not to accept the latest Council Tax Freeze Grant offered by the Government;
 - b) the 2013/14 Council Tax requirement and related precept depending upon the preferred policy option; and
 - c) if the Council Tax Freeze Grant is rejected in favour of a Council Tax increase of up to 2% whether or not to continue to support specific community safety initiatives for a limited period time from the additional resources generated in 2013/14 which would be transferred to Reserves and the funding for the initiatives drawn down as required (See Annex 5).

based upon the information set out in this report and as further updated at the meeting.

7. The Fire Authority has used figures provided by the Government in accordance with the Local Government Finance Settlement in formulating its proposed budget. However, we are aware from returns made by local billing authorities following other recent government guidance on calculations for business rates income that the actual level of business rates baseline funding is likely to be lower. It is proposed that as the Fire Authority has already recognised this risk and made provision in Reserves and Balances that any adjustments to make up a deficit be managed through these provisions without it affecting the detailed budget proposed.

Des Prichard
CHIEF FIRE OFFICER & CHIEF EXECUTIVE
6 February 2013

Duncan Savage
TREASURER

Background Papers:
Minutes of the Fire Authority 17 January 2013

1. OUTSTANDING ACTIONS

- 1.1 In accordance with the Accounts and Audit Regulations, precepting authorities are required to review and report upon their reserves and balances as part of the budget setting process. The level of Reserves was considered by the Fire Authority at its meeting on 17 January 2013 and this position is highlighted within the budget papers included in this agenda item.
- 1.2 The Fire Authority is asked to:
- a) approve the final budget figures of £39.079m for 2013/14 a 2.38% reduction on the 2012/13 base budget of £40.030m before consideration of any further temporary spending options if the precept is increased by up to 2%.
 - b) note the final Council Tax Base for 2013/14 and the confirmed Collection Fund Surplus, detailed in Appendix 1 section 2 below, which deliver a positive movement in available resources of £0.147m compared to that previously estimated which will be transferred direct to Reserves as part of the committed budget.
 - c) note the previously approved Capital Programme payments for 2013/14 totalling £4.150m which have no related revenue consequences;
 - d) approve **EITHER** a 2013/14 Council Tax precept of £81.86 for a Band D Property, by accepting Council Tax Freeze Grant **OR** reject the offer of the Government's latest Council Tax Freeze grant and set a precept of less than 2% to avoid the potential risk of being required to undertake a local council tax referenda and rebilling along with agreeing the consequential adjustments to the relevant defining figures for precept setting purposes. (see main recommendations)
 - e) if the Council Tax Freeze Grant is rejected in favour of a precept increase of up to 2% whether or not to continue to support specific community safety initiatives for a limited period time from the additional resources generated in 2013/14 which would be transferred to Reserves and the funding for the initiatives drawn down as required.
 - f) Approve the Prudential Indicators set out in Appendix 2.
- 1.3 Once the final decision has been made on the 2013/14 Revenue Budget, the only remaining action in relation to the financial year 2013/14 is for the Treasurer to "advise the billing authorities of the relevant amounts payable and the council tax in the other bands, in line with the regulations and attached relevant tables as finally determined, 3 examples of which are set out as Appendix 3 (nil increase; 1% increase; 1.94% increase) which includes the final tax figures, and to issue precepts accordingly."

**OVERVIEW OF 2013/14 REVENUE BUDGET POSITION
AS REPORTED TO FIRE AUTHORITY 17 JANUARY 2013 AND SUBSEQUENT
INFORMATION RECEIVED**

1. SUMMARY OF OUTCOMES

1.1 Draft Revenue Budget and Capital Programme for 2013/14

- 1.1.1 The latest meeting of the Fire Authority took place on 17 January 2013 to give initial consideration to the draft budget for next year. The minutes of the Fire Authority meeting on 17 January 2013 are elsewhere on the agenda, but an abbreviated version is set out below for ease of reference:

RESOLVED – That:

- a) the projected expenditure for 2012/13 (Section 2.1) be noted;
- b) the continued Revenue Budget consultations taking place (Section 2.2.3) be noted;
- c) the committed budget for 2013/14 of £38.932m including provision for pay awards of 1% in 2013/14, price increases of typically 2.5% and net inescapable commitments (Sections 4.2.5, 4.2.7 and 4.2.8) be approved;
- d) the fees and charges as set out in section 4.2.6 and in Appendix B be approved;
- e) the absence of (prior) Service Investment proposals in the 2013/14 Revenue Budget and reasons for their absence as highlighted in Section 4.2.10 be noted;
- f) the amended Capital Programme for 2012/13 totalling £4.050m and the Capital Programme for 2013/14 totalling £4.150m, as set out in Section 5 be approved, and it be noted that there are no related revenue consequences;
- g) the Reserves and Balances Policy set out in Appendix F and the proposed level of reserves summarised in Table 15 be approved;
- h) determining whether or not to accept the Council Tax Freeze Grant be deferred until the February 2013 precept setting meeting as detailed budget and resourcing information still needs to be confirmed (covered in Section 7 and Tables 16 and 17);
- i) the format of the Fire Authority's council tax information will be finalised after the decisions made at the Fire Authority meeting on 7 February 2013 be noted; and
- j) the detailed recommendations for setting the precept will be included in the final Revenue Budget report to be presented to the Fire Authority at its 7 February 2013 meeting, using the Local Government Finance Settlement and final tax base figures yet to be published be noted.

2. **ADDITIONAL INFORMATION RECEIVED AFTER THE FIRE AUTHORITY MEETING ON 17 JANUARY 2013**

2.1 **Finalisation of Council Tax Base for 2013/14 and Collection Fund**

2.1.1 The Fire Authority has been notified of the final Council Tax base figures and collection fund surpluses for 2013/14.

2.1.2 The final position is that the collection fund is in surplus by £0.136m compared with the estimated net nil reported on 17 January 2013. It is proposed to transfer this one off collection fund surplus to Reserves to assist in funding future service pressures in 2013/14 or future years.

2.1.3 The final position on Council Tax Base after allowing for the changes in the national funding arrangements is £0.011m more than previously projected. The combined effect of the tax base increase and collection fund surplus will be £0.147m available.

2.1.4 It should be noted that the Fire Authority's prudent approach to Service Planning including the significant 'Facing the Challenge' savings it approved in December 2013 has enabled the Fire Authority to set a sensitive budget for 2013/14, bearing in mind the difficult economic times being faced by council taxpayers.

2.2 **Local Government Finance Settlement**

The provisional LGFS was announced on 19 December 2012 and the consultation period closed on 15 January 2013. **The final settlement was announced on 4 February 2013 and these updated papers reflect the final settlement. The settlement is due to be debated in Parliament on 13 February 2013 and** it is recommended that power is delegated to the Chief Fire Officer and Chief Executive 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. **SUMMARY SCHEDULES OF LATEST REVENUE BUDGET AND MEDIUM TERM FINANCIAL POSITION**

3.1 Annexes 1 to 7 attached provide further summary information extracted from the earlier January report, updated as required. Members will be aware that there remains significant uncertainty about funding post 2014/15 which is unlikely to be resolved until after the completion of CSR 2013. There is also a range of risks associated with the new funding regime which we will need to monitor and assess during 2013/14. For these reasons, we will need to revisit our plans for 2014/15 onwards later in the year.

PLEASE NOTE THAT THE ANNEXES HAVE NOW BEEN AMENDED TO REFLECT THE SUPPLEMENTARY INFORMATION RECEIVED E.G. FINAL COUNCIL TAX BASE

Annex 1 Revenue Budget summary including impact of service investment proposals and compensatory savings, council tax base changes and collection fund surpluses

Annex 2 Five Year Plan Graph

- Annex 3 Five Year Medium Term Plan Summary to consider future potential impacts of current service planning proposals on future council tax levels (subject to certain assumptions on Formula Grant, council tax base and council tax Band D increases)
- Annex 4 Table of Matching Resources to Objectives
- Annex 5 Table of potential Service Investments if the Fire Authority chose to reject Council Tax Freeze Grant in favour of a 1.94% increase in precept, (other lower precept increase options would scale investment levels down accordingly).
- Annex 6 Table of council tax precept policy options
- Annex 7 Fire Authority budget summaries.

4. **DRAFT COUNCIL TAX LEAFLET INFORMATION**

- 4.1 The draft Council Tax Leaflet information is currently being prepared.

Annex 1 to Appendix 1

As presented to the Fire Authority at its meeting on 17 January 2013, adapted to include the impact of the final tax base figures & collection fund surplus; and three indicative options for precepts - option A- nil increase and accept council tax freeze grant, option B reject council tax freeze grant in favour of a 1% increase in precept in 2013/14 (£0.82) or a 1.94% (£1.59 p.a.) increase in precept (excludes impact of potential schemes to be funded from any increased surpluses – see Annex 5 below)

2011/12	Table 6 (from CFA report Jan 2013) - Revenue Budget Summary - as amended	2012/13	2013/14
Actual		Original Estimate	Original Estimate
£'000		£'000	£'000
	OPERATIONAL BUDGET		
25,952	Employees	26,029	25,150
2,984	Fire Service Pensions	3,200	3,018
1,968	Premises	2,093	2,257
1,307	Transport	1,396	1,159
4,514	Supplies and Services	6,034	5,302
505	Support Services	527	525
2,313	Capital Charges	2,428	2,521
39,543	Gross Expenditure	41,707	39,932
(847)	Less Income	(1,283)	(831)
38,696	TOTAL OPERATIONAL BUDGET	40,424	39,101
	FINANCIAL PROVISIONS		
(2,313)	Capital Charges credit	(2,428)	(2,521)
856	Interest receivable less capital financing	834	852
37,239	TOTAL NET EXPENDITURE	38,830	37,432
1,964	Movement in balances *	1,200	1,647
39,203	NET BUDGET REQUIREMENT	40,030	39,079
	CONTRIBUTIONS AND PRECEPTS		
(13,835)	Revenue Support Grant	(13,885)	(10,195)
0	Retained Business Rates (including Top up)	0	(6,782)
(13,835)	TOTAL	(13,885)	(16,977)

* This table now includes the £0.147m additional funds from CT tax base and collection fund surplus.

	Table 6 - Revenue Budget Summary (cont.)	2012/13	2013/14
Actual		Original Estimate	Original Estimate
£'000		£'000	£'000
	Option A – accept Council Tax Freeze Grant and do not increase Council Tax precept in 2013/14		
(617)	Council Tax Freeze Grant (11/12)	(617)	0
	Council Tax Freeze Grant (12/13)	(743)	0
	Council Tax Freeze Grant (13/14)		(249)
	Council Tax Support Grant Transitional		(92)
(77)	Collection Fund (Surplus)	(21)	(136)
(24,674)	Council Tax Requirement	(24,764)	(21,625)
(25,368)	TOTAL COUNCIL TAX INCOME	(26,145)	(22,102)
(39,203)	TOTAL CONTRIBUTIONS AND PRECEPTS	(40,030)	(39,079)
	Surplus (£147,000 added to balances)		0

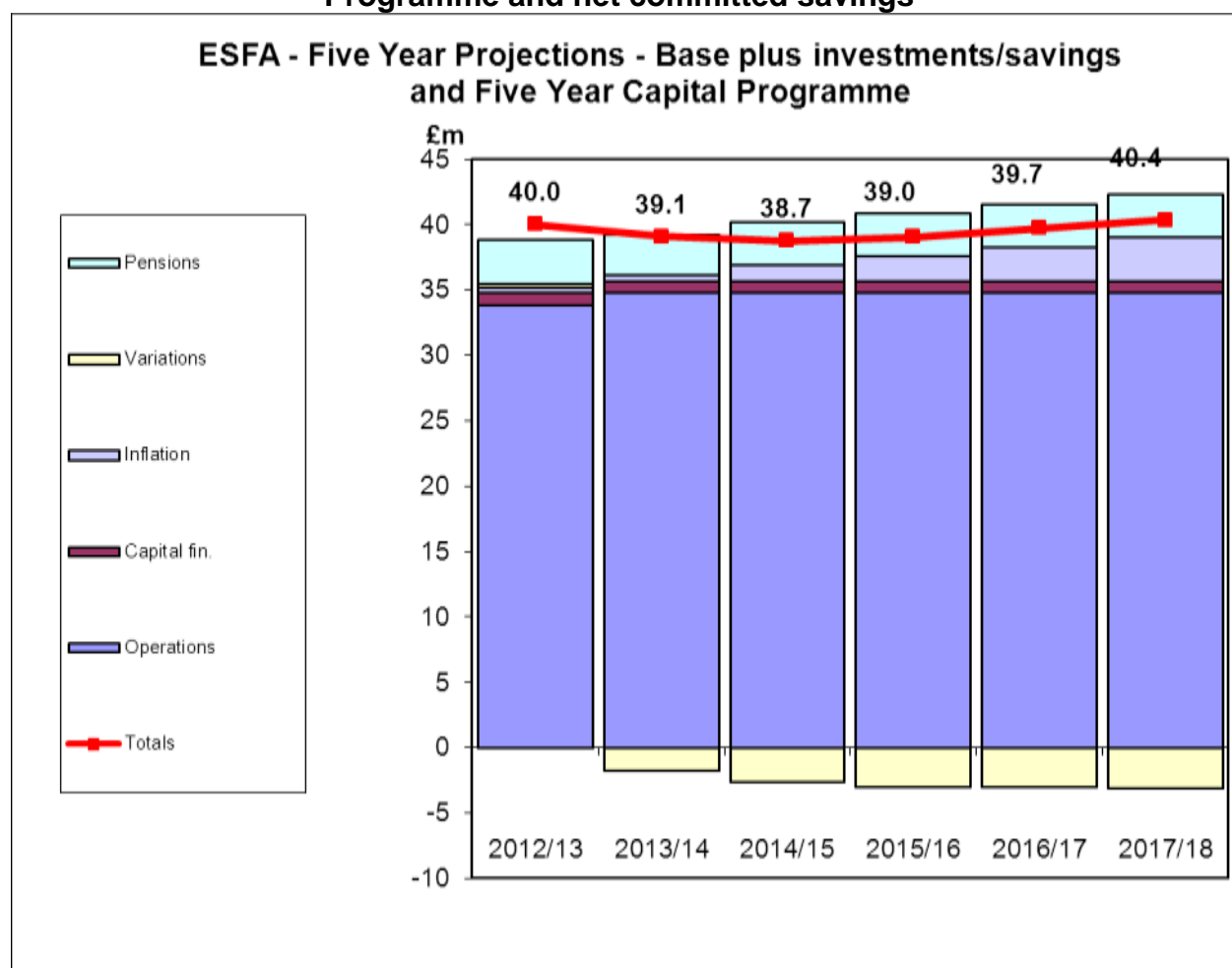
	Indicative Option B – reject Council Tax Freeze Grant and set Council Tax increase of 1%		
(617)	Council Tax Freeze Grant (11/12)	(617)	0
	Council Tax Freeze Grant (12/13)	(743)	0
	Council Tax Support Grant Transitional		(92)
(77)	Collection Fund (Surplus)	(21)	(136)
(24,674)	Council Tax Requirement	(24,764)	(21,842)
(25,368)	TOTAL COUNCIL TAX INCOME	(26,145)	(22,070)
(39,203)	TOTAL CONTRIBUTIONS AND PRECEPTS	(40,030)	(39,047)
	Deficit (over Option A as council tax increases are now calculated on the new Tax base)		32

	Indicative Option C – reject Council Tax Freeze Grant and set Council Tax increase of 1.94%		
(617)	Council Tax Freeze Grant (11/12)	(617)	0
	Council Tax Freeze Grant (12/13)	(743)	0
	Council Tax Support Grant Transitional		(92)
(77)	Collection Fund (Surplus)	(21)	(136)
(24,674)	Council Tax Requirement	(24,764)	(22,045)
(25,368)	TOTAL COUNCIL TAX INCOME	(26,145)	(22,273)
(39,203)	TOTAL CONTRIBUTIONS AND PRECEPTS	(40,030)	(39,250)
	Surplus (over Option A)		(171)

The Authority is required to maintain general reserves sufficient to cover the key financial risks that it faces. The annual review of the robustness of reserves and balances is set out in the Table below. Further details of the Reserves and Balances policy was provided in Appendix F to the CFA report in January 2013 available on request including details of all Earmarked Reserves and summary information on General Reserves to meet the foreseeable risks of the Fire Authority.

TABLE 15 (From CFA report January 2013) - SUMMARY OF RESERVES AND BALANCES					
	31/03/2012	2012/13	31/03/2013	2013/14	31/03/2014
	Balance	Movements	Balance	Movements	Balance
	£'000	£'000	£'000	£'000	£'000
Capital Programme Reserve	1,152	334	1,486	1,000	2,486
Other Earmarked Reserves	2,365	522	2,887	(613)	2,274
Total Earmarked Reserves	3,517	856	4,373	387	4,760
General Reserve	4,093	(1,043)	3,050	200	3,250
Capital Receipts Reserve	1,702	400	2,102	(1,735)	367
Total Useable Reserves	9,312	213	9,525	(1,148)	8,377

STRATEGIC PLAN RESOURCING SUMMARY
2013/14 Five Year Projections – Committed Base Budget, Five Year Capital Programme and net committed savings



Year	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Operations	33.8	34.8	34.8	34.8	34.8	34.8
Capital fin.	1.0	0.9	0.9	0.8	0.8	0.8
Pensions	3.4	3.0	3.3	3.3	3.3	3.2
Inflation	0.4	0.5	1.2	1.9	2.7	3.4
Variations	0.2	-1.7	-2.7	-3.0	-3.1	-3.0
Balances	1.2	1.6	1.2	1.2	1.2	1.2
Totals	40.0	39.1	38.7	39.0	39.7	40.4

Totals

- total expenditure if five-year capital programme, committed budget and Service Investments are fully funded and all savings taken.

Variations

- Commitments flowing from 2012/13 and 2013/14 Service Budget and all proposed investments/savings – note variations are negative and are illustrated at the bottom of the graph.

Inflation

To outturn 2013/14 - Average Price inflation 2.5% applied in absence of specific inflation, thereafter 2.5%. 1% pay award provision for 2013/14 and 2013/14, thereafter 2%.

REVENUE BUDGET PROJECTION TABLED AT CFA MEETING JANUARY 2013 (as amended)

	IMPACT UPON 2013/14 REVENUE BUDGET			FUTURE YEARS' IMPACTS			
	2013/14	Cumulative cost	Cumulative increase on 2012/13 committed budget of £40.030m	2014/15	2015/16	2016/17	2017/18
COMMITTED BASE REVENUE BUDGET	£m	£m	%	£m	£m	£m	£m
Original 2012/13 Committed Budget base was £40.030m including inflation, commitments + contribution to balances of £1.2m.	40.257	40.257	0.57	39.580	39.102	39.767	40.360
NON-CAPITAL SERVICE INVESTMENT PROPOSALS	0	40.257	0.57	0	0	0	0
CAPITAL PROGRAMME REVENUE IMPLICATIONS							
Revenue Costs of DRAFT 2013/14 Capital Programme	0	40.257	0.57	0	0	0	0
Revenue costs of DRAFT 5 Year Capital Programme	0	40.257	0.57	0	0	0	0
NET CAPITAL PROGRAMME REVENUE COST	0	40.257	0.57	0	0	0	0
TOTAL REVENUE BUDGET PROJECTIONS BASED UPON 2013/14 INVESTMENT PROPOSALS BEFORE SAVINGS REVIEW	40.257	40.257	0.57	39.580	39.102	39.767	40.360
YEAR ON YEAR % INCREASE				(1.68%)	(1.21%)	1.70%	1.49%

	IMPACT UPON 2012/13 REVENUE BUDGET			FUTURE YEARS' IMPACTS			
	2013/14	Cumulative cost	Cumulative increase on 2012/13 committed budget of £40.030m	2014/15	2015/16	2016/17	2017/18
	£m	£m	%	£m	£m	£m	£m
TOTAL REVENUE BUDGET PROJECTIONS BASED UPON 2013/14 COMMITTED BUDGET	40.257	40.257	0.57	39.580	39.102	39.767	40.360
Less Approved Savings	(1.325)	38.932	(2.74%)	(0.844)	(0.073)	(0.045)	0.000
Total Financing Required from Precepts and Grants				38.736	39.029	39.722	40.360
YEAR ON YEAR % INCREASE				(0.50%)	0.76%	1.78%	1.61%
Option A (Freeze Grant accepted, then 2% CT increase 14/15 onwards)							
Total funding		39.079	(2.38%)	38.245	37.595	37.262	36.993
Additional Funding (to be added to Balances under Option A)		0.147		(0.491)	(1.434)	(2.460)	(3.367)
Option B (Freeze Grant rejected, 1% CT increase 13/14 then 2% from 2014/15 onwards)							
Total funding		39.047	(2.46%)	38.217	37.820	37.492	37.228
Additional Funding (Deficit compared to Option A)		(0.032)		(0.028)	0.225	0.230	0.235
Option C (Freeze Grant rejected, 1.94% CT increase 13/14 then 2% from 2014/15 onwards)							
Total funding		39.250	(1.95%)	38.425	38.032	37.707	37.448
Additional Funding (Deficit compared to option A)		0.171		0.180	0.437	0.445	0.455

**TABLE OF MATCHING RESOURCES TO STRATEGIC OBJECTIVES
2013/14 Committed Revenue Budget**

	Responding	Protecting	Prevention	Being a Good Employer	Best Value	Total Budget
Employees	16,223	1,118	2,476	2,012	3,321	25,150
Premises	0	0	0	33	2,224	2,257
Transport	974	53	90	5	37	1,159
Supplies & Services	1,250	24	160	729	3,139	5,302
Support Services	0	0	0	0	525	525
Capital Charges	0	0	0	0	2,521	2,521
Total Gross Expenditure	18,447	1,195	2,726	2,779	11,767	36,914
Less Capital Charges Credit	0	0	0	0	(2,521)	(2,521)
Add Interest Receipts less Capital Financing	0	0	0	0	852	852
Less Income	(261)	0	0	(187)	(383)	(831)
Net Service Expenditure	18,186	1,195	2,726	2,592	9,715	34,414
Add Pensions	2,779	173	66	0	0	3,018
Add Transfer to Balances	0	0	0	0	1,647	1,647
Committed Service Budget	20,965	1,368	2,792	2,592	11,362	39,079
% Of Total Service budget	54%	3%	7%	7%	29%	100%

The above table reflects the current allocation of resources to match Strategic Objectives with a net budget requirement of £39.079m in 2013/14.

Annex 5 to Appendix 1

<p>2013/14 potential additional service Investments for CFA consideration in February 2013 which could be supported by temporary funds should the Fire Authority agree to reject Council Tax Freeze Grant in favour of a 1.94% increase in precept (indicative Option C in Appendix C). If the CFA chose to agree a lower precept increase these proposals would be scaled down accordingly. (A decision could still be made to fund all or some of them from existing non-earmarked Balances if a CT freeze grant were approved)</p>						
RECOMMENDED PRIORITY ORDER			2013/14	2014/15	2015/16 + full year effect	Staff
Additional proposals	Service	Investment	£'000	£'000	£'000	FTE
Extending the Community Volunteer Scheme			20	20	-	-
Firefighter Safety reviews following implications of Atherton on Stour and Shirley Heights incidents			90	50	-	-
Sustaining Home Safety Visits to 10,000 per annum with at least 70% targeted to vulnerable persons from fire and in particular covering the rural areas to the immediate north and east of Hastings			50	-	-	-
TOTAL INDICATIVE INVESTMENT PROPOSALS SHOULD COUNCIL TAX FREEZE GRANT BE REJECTED			160	70	-	-

Annex 6 to Appendix 1

PREVIOUS REVISED COUNCIL TAX PRECEPT POLICY OPTIONS TABLE PRESENTED TO FIRE AUTHORITY JANUARY 2013					
	2013/14	2014/15	2015/16	2016/17	2017/18
	£m	£m	£m	£m	£m
NET BUDGET REQUIREMENT (assumes additional funding for each Option added to Balances in 2013/14)	39.079	38.736	39.029	39.722	40.360
OPTION A. Accept one off freeze grant in 2013/14, subsequent Council Tax increases of 2%					
Less Total Financing from Precepts & Grants	39.079	38.245	37.595	37.262	36.993
(Shortfall) Funding Gap	0	(0.491)	(1.434)	(2.460)	(3.367)
OPTION B. Reject one-off freeze grant in 2013/14, replace with Council Tax increases of 1%					
Total Financing from Precepts & Grants	39.047	38.217	37.820	37.492	37.228
(Shortfall) Still to Fund	(0.032)	(0.519)	(1.209)	(2.230)	(3.132)
(Worse) / Better Off (Compared to Option A)	(0.032)	(0.028)	0.225	0.230	0.235
OPTION C. Reject one-off freeze grant in 2013/14, replace with Council Tax increases of 1.94%					
Total Financing from Precepts & Grants	39.250	38.425	38.032	37.707	37.448
(Shortfall) Still to Fund	0.171	(0.311)	(0.997)	(2.015)	(2.912)
(Worse) / Better Off (Compared to Option A)	0.171	0.180	0.437	0.445	0.455

Annex 7 to Appendix 1

FIRE AUTHORITY BUDGET SUMMARY as at 25 January 2013

		Option A Accept one off freeze grant in 2013/14		Option B reject freeze grant and increase CT by 1%		Option C reject freeze grant increase CT by 1.94%	
	2012/13	2013/14		2013/14		2013/14	
Approved 2011/12 budget	40,030	40,030		40,030		40,030	
Pay inflation		262	0.65%	262	0.65%	262	0.65%
Price inflation		250	0.62%	250	0.62%	250	0.62%
Net additional commitments		(285)	(0.71)%	(285)	(0.71)%	(285)	(0.71)%
COMMITTED BUDGET		40,257	0.57%	40,257	0.57%	40,257	0.57%
Revenue cost of capital programme		0		0		0	
Additional funding allocated to Balances		147		115		318	
		40,404	0.93%	40,372	0.86%	40,575	1.36%
Savings already identified (Facing the Challenge)		(1,325)	(3.31)%	(1,325)	(3.31)%	(1,325)	(3.31)%
Net budget requirement	40,030	39,079	(2.38)%	39,047	(2.45)%	39,250	(1.95)%
Formula grant	13,885						
Forecast Business Rates retained		2,231		2,231		2,231	
Top Up Grant		<u>4,551</u>		<u>4,551</u>		<u>4,551</u>	
Total Base Line Funding		6,782		6,782		6,782	
Add Revenue Support Grant		<u>10,195</u>		<u>10,195</u>		<u>10,195</u>	
Total Grant funding (excluding transitional/freeze grant)		16,977		16,977		16,977	
Collection Fund Surplus / (Deficit)	21	136		136		136	
CT Freeze Grant 2010/11	617	0		0		0	
CT Freeze Grant 2012/13	743			0		0	
CT Freeze Grant 2013/14		249		0			
Council tax support Grant Transitional Grant		92		92		92	
Council Tax Requirement	24,764	21,625		21,842		22,045	
Total Precepts and Grant	40,030	39,079	(2.38)%	39,047	(2.46)%	39,250	(1.95)%
Council Tax Base - East Sussex	207,912	184,394		184,394		184,394	
Council Tax Base – Brighton & Hove City	94,601	79,782		79,782		79,782	
	302,513	264,176		264,176		264,176	
Council Tax Per household Band D	81.86	81.86		82.68	1.00%	83.45	1.94%

AMENDMENT TO INDICATOR P6 ONLY**Fire Authority Service Planning Process for 2013/14 and beyond
Prudential indicators for 2013/14**

P1 The actual gross capital expenditure that was incurred in 2011/12 and the estimates of capital expenditure to be incurred for the current and following 3 years that are recommended for approval are:

Capital Expenditure	2011/12	2012/13	2013/14	2014/15	2015/16
	Actual £'000	Estimate £'000	Estimate £'000	Estimate £'000	Estimate £'000
Total Proposed Programme	1,483	2,823	4,699	2,910	1,080

P2 Estimates of the end of year capital financing requirement for the authority for the current and future years and the actual financing requirement at 31 March 2012 are:

31/03/2012	31/03/2013	31/03/2014	31/03/2015	31/03/2016
Actual £'000	Estimate £'000	Estimate £'000	Estimate £'000	Estimate £'000
11,059	10,734	11,098	11,099	10,950

The capital financing requirement measures the Authority's underlying need to borrow for a capital purpose. In accordance with best professional practice, East Sussex Fire Authority does not associate borrowing with particular items or types of expenditure. The Authority has an integrated treasury management strategy and has adopted the CIPFA *Treasury Management in Public Services: Code of Practice and Cross-Sectoral Guidance Notes*. The Authority has, at any point in time, a number of cashflows both positive and negative, and manages its treasury positions in terms of its borrowings and investments in accordance with its approved treasury management strategy and practices. In day to day cash management, no distinction can be made between revenue cash and capital cash. External borrowing arises as a consequence of all the financial transactions of the authority and not simply those arising from capital spending. In contrast, the capital financing requirement reflects the Authority's underlying need to borrow for a capital purpose.

P3 Estimates of the ratio of financing costs to net revenue stream for the current and future years, and the actual figures for 2011/12 are:

2011/12 Actual %	2012/13 Estimate %	2013/14 Estimate %	2014/15 Estimate %	2015/16 Estimate %
2.72	2.57	2.29	2.37	2.36

The estimates of financing costs include current commitments and the proposals in this budget report.

P4 The estimate of the incremental impact of capital investment decisions proposed in this budget report, over and above capital investment decisions that have previously been taken by the Authority are:

For the band D Council Tax

	2013/14	2014/15	2015/16
Annual Increase	£0.04	£0.19	£0.27
Cumulative Increase	£0.04	£0.23	£0.50

This represents the cumulative impact of the new starts proposed for 2013/14, 2014/15 and 2015/16

Consideration of options for the capital programme.

In considering its programme for capital investment, the Authority is required within the Prudential Code to have regard to:

- Affordability, e.g. implications for Council Tax;
- Prudence and sustainability, e.g. implications for external debt and whole life costing;
- Value for money, e.g. option appraisal;
- Stewardship of assets, e.g. asset management planning;
- Service objectives, e.g. strategic planning for the authority;
- Practicality, e.g. achievability of the forward plan.

P5 CIPFA's *Prudential Code of Capital Finance in Local Authorities* includes the following as a key indicator of prudence:

“In order to ensure that over the medium term net debt will only be for a capital purpose, the local authority should ensure that net debt does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years.”

The Treasurer reports that the Authority envisages no difficulty meeting this requirement for the current or future years. This view takes into account current commitments, existing plans, and the proposals in this budget report.

Authorised Limit for External Debt				
	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000
Borrowing	13,588	13,987	13,850	13,857
Other Long Term Liabilities	394	0	0	0
Total External Debt	13,982	13,987	13,850	13,857

The Authority's updated treasury management strategy and annual plan for 2012/13 was agreed by the Authority at its meeting in February 2012 and has subsequently been updated in the light of changes in the financial markets. The plan for 2013/14 is contained elsewhere on the agenda.

- P6 The Authority is also asked to approve the following operational boundary for external debt for the same time period. The proposed operational boundary for external debt is based on the same estimates as the authorised limit but reflects directly the Treasurer's estimate of the most likely, prudent but not worst case scenario, without the additional headroom included within the authorised limit to allow for example for unusual cash movements, and equates to the maximum of external debt projected by this estimate. The operational boundary represents a key management tool for in year monitoring by the Treasurer.

Operational Boundary for External Debt				
	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000
Borrowing	11,156	11,543	11,394	11,389
Other Long Term Liabilities	394	0	0	0
Total External Debt	11,550	11,543	11,394	11,389

- P7 The prudential indicator for actual external debt considers a single point in time and hence is only directly comparable to the authorised limit and operational boundary at that point in time.

Actual External Debt	
	31/03/2012 £000
Borrowing	11,123
Other Long Term Liabilities	394
Total External Debt	11,517

P8 **Borrowing**

The Authority will continue the current practice of seeking to secure competitive fixed interest rate exposure. It is proposed to continue to set limits which would allow variable rate borrowing and lending in case that becomes a more effective approach. The table below shows both borrowing and lending and a combined borrowing and lending table.

	2012/13 Projected Outturn	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate
Borrowing:				
Fixed Rate Exposure				
Upper Limit	100%	100%	100%	100%
Lower Limit	100%	100%	100%	100%
Variable Rate Exposure				
Upper Limit	0%	0%	0%	0%
Lower Limit	0%	0%	0%	0%
Lending:				
Fixed Rate Exposure				
Upper Limit	100%	100%	100%	100%
Lower Limit	0%	0%	0%	0%
Variable Rate Exposure				
Upper Limit	0%	100%	100%	100%
Lower Limit	0%	0%	0%	0%
Combined:				
Fixed Rate Exposure				
Upper Limit	100%	100%	100%	100%
Lower Limit	0%	38%	38%	38%
Variable Rate Exposure				
Upper Limit	0%	62%	62%	62%
Lower Limit	0%	0%	0%	0%

- P9 It is recommended that the Authority sets upper and lower limits for the maturity structure of its borrowings as follows.

Amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate.

Maturity Period	Lower limit	Upper limit	Current
Under 12 months	0%	25%	0%
12 months and within 24 months	0%	40%	0%
24 months and within 5 years	0%	60%	3%
5 years and within 10 years	0%	80%	4%
10 years and within 20 years	0%	80%	44%
20 years and within 30 years	0%	80%	17%
30 years and within 40 years	0%	80%	18%
More than 40 years	0%	80%	13%

- P10 East Sussex Fire Authority has adopted the CIPFA *Treasury Management in Public Services: Code of Practice and Cross-Sectoral Guidance Notes*.
- P11 The Authority's policy on Treasury Management does not allow investments of over one year.

**AGENDA ITEM NO 705 Part B
APPENDIX 3**

The final Local Government Finance Settlement figures affected the Net Budget Requirement in all 3 options by hundreds of pounds only – but the amended precept options with the adjusted figures must be approved by the full Fire Authority in accordance with the recommendations in the report. This amended Appendix 3 contains the amended precept figures for Fire Authority approval depending upon which precept option is chosen.

OPTION A – ACCEPT COUNCIL TAX FREEZE GRANT

Council Tax Calculations
East Sussex Fire and Rescue Service
Precept for 2013/14
ref S.43 Local Government Finance Act 1992

	£	£
NET BUDGET REQUIREMENT		39,078,800
Forecast Business Rates retained	2,230,654	
Top Up Grant	4,551,494	
Total Base Line Funding	6,782,148	
Add Revenue Support Grant	10,194,540	
Total Grant funding (excluding transitional/freeze grant)	16,976,688	
Council Tax Grant 13/14	249,029	
Council Tax Support Grant Transitional	91,867	
Previous Year's Surpluses/(Deficits)	135,809	
Total Council Tax Required		21,625,407
Tax Base	264,175.60	
Basic Council Tax (Band D equivalent)		81.86
Basic council tax as calculated above		£.p
Band A	6/9	54.57
Band B	7/9	63.67
Band C	8/9	72.76
Band D	9/9	81.86
Band E	11/9	100.05
Band F	13/9	118.24
Band G	15/9	136.43
Band H	18/9	163.72
Basic council tax as calculated above	Tax Base	Precept (£)
Brighton & Hove	79,781.90	6,530,946.33
Eastbourne	32,476.60	2,658,534.48
Hastings	23,319.00	1,908,893.34
Lewes	34,436.00	2,818,930.96
Rother	35,021.30	2,866,843.62
Wealden	59,140.80	4,841,265.89
		21,625,414.62

APPENDIX 3 (cont.)

OPTION B – REJECT COUNCIL TAX FREEZE GRANT, INCREASE COUNCIL TAX BY 1%
Council Tax Calculations
 East Sussex Fire and Rescue Service
 Precept for 2013/14
 ref S.43 Local Government Finance Act 1992

	£	£
NET BUDGET REQUIREMENT		39,046,400
Forecast Business Rates retained	2,230,654	
Top Up Grant	<u>4,551,494</u>	
Total Base Line Funding	6,782,148	
Add Revenue Support Grant	<u>10,194,540</u>	
Total Grant funding (excluding transitional/freeze grant)	16,976,688	
Council Tax Grant 13/14 only	0	
Council Tax Support Grant Transitional	91,867	
Previous Year's Surpluses/(Deficits)	135,809	
Total Council Tax Required		21,842,036
Tax Base	264,175.60	
Basic Council Tax (Band D equivalent)		82.68
Basic council tax as calculated above		£.p
Band A	6/9	55.12
Band B	7/9	64.31
Band C	8/9	73.49
Band D	9/9	82.68
Band E	11/9	101.05
Band F	13/9	119.43
Band G	15/9	137.80
Band H	18/9	165.36
Basic council tax as calculated above	Tax Base	Precept (£)
Brighton & Hove	79,781.90	6,596,367.49
Eastbourne	32,476.60	2,685,165.29
Hastings	23,319.00	1,928,014.92
Lewes	34,436.00	2,847,168.48
Rother	35,021.30	2,895,561.08
Wealden	59,140.80	4,889,761.34
		21,842,038.60

APPENDIX 3 (cont.)

OPTION C – REJECT COUNCIL TAX FREEZE GRANT, INCREASE COUNCIL TAX BY 1.94%

Council Tax Calculations

East Sussex Fire and Rescue Service

Precept for 2013/14

ref S.43 Local Government Finance Act 1992

	£	£
NET BUDGET REQUIREMENT		39,249,800
Forecast Business Rates retained	2,230,654	
Top Up Grant	4,551,494	
Total Base Line Funding	6,782,148	
Add Revenue Support Grant	10,194,540	
Total Grant funding (excluding transitional/freeze grant)	16,976,688	
Council Tax Grant 13/14 only	0	
Council Tax Support Grant Transitional	91,867	
Previous Year's Surpluses/(Deficits)	135,809	
Total Council Tax Required		22,045,436
Tax Base	264,175.60	
Basic Council Tax (Band D equivalent)		83.45
Basic council tax as calculated above		£.p
Band A	6/9	55.63
Band B	7/9	64.91
Band C	8/9	74.18
Band D	9/9	83.45
Band E	11/9	101.99
Band F	13/9	120.54
Band G	15/9	139.08
Band H	18/9	166.90
Basic council tax as calculated above	Tax Base	Precept (£)
Brighton & Hove	79,781.90	6,657,799.56
Eastbourne	32,476.60	2,710,172.27
Hastings	23,319.00	1,945,970.55
Lewes	34,436.00	2,873,684.20
Rother	35,021.30	2,922,527.49
Wealden	59,140.80	4,935,299.76
		22,045,453.83

**FIRE AUTHORITY
7 FEBRUARY 2013**

**SUMMARY OF REPRESENTATIVE BODIES RESPONSES TO BUDGET
CONSULTATIONS**

Set out on the following pages are the responses received from the representative bodies in relation to this year's budget consultations which the Fire Authority are asked to consider as part of this agenda item.

FIRE BRIGADES' UNION

Dear Des,

RE: FBU Response to Draft Revenue Budget and Capital Programme

The FBU have noted the contents of the recently submitted draft revenue budget and capital programme.

The FBU wish to make it clear that we are concerned that the latest round of Government cuts to Fire Service funding is forcing Fire Authorities to make budget driven decisions rather than decisions based on risk.

The FBU believes that alongside other high profile groups from within the Fire Service sector more pressure needs to be applied to highlight concerns that the budget reduction now being faced is unachievable if the present level of protection is to be maintained within East Sussex.

This is also now being echoed by CFOA, who have publically stated in their recently published paper titled 'Fighting Fires or Firefighting: The Impact of Austerity on English Fire and Rescue Services', that the Government's cuts to the Fire & Rescue Service budget will damage the Service and cost lives.

Fire and Rescue Services are expected to identify and assess the risk from emergencies and other threats five years ahead. Fire and Rescue Service Authorities must produce three yearly plans to deal with these emergencies. This, the FBU believes is not possible when government does not plan financial support on this basis. The FBU also believes that this also cannot be done without an accurate assessment of the real financial cost of these emergencies and threats being realised.

The FBU would support a joint letter to Government supporting financial transparency and support a five year budgetary cycle for Fire and Rescue Services.

The FBU are fully aware of the impact the reduction in revenue will cause.

The FBU however are as always against any reduction to frontline services that would impact on a Fire and Rescue Service that the public expect and deserve.

The FBU urge Fire Service senior managers and indeed the Members of the Fire Authority to look for savings in other areas, for example by sharing of back room functions, sharing/reduction of principal officers, more efficient procurement arrangements.

The FBU believe managers and Authority Members should look to bring revenue into the Service and would welcome discussions on how to implement any such proposals.

Finally, the FBU believe that by increasing the council tax budget by 2% would ease some of the financial pressure placed on the Service by the latest round of budget reductions from Central Government. However, should the Authority decide upon rejecting a 2% increase and accepting a Council Tax Freeze Grant then additional savings would need to be made thus increasing the pressure to make decisions based upon budget rather than risk.

The FBU as always are opposed to any cuts that would impact public safety and fire fighter safety.

Kind regards,

Simon Herbert

FBU Chair for East Sussex

UNISON

Dear Mr Prichard,

On behalf of the ESFRS UNISON membership:

First of all, the UNISON members fully appreciate the challenges faced by ESFRS during this period of financial difficulty and that, while we are of course concerned as individuals about our jobs, we would also want to see ESFRS continue to provide the best service possible to the communities of East Sussex and The City of Brighton & Hove whilst delivering value for money.

Having polled our membership the responses were unanimous in support of the belief that; taking a council tax freeze grant now rather than applying a relatively small council tax increase, would be a decision that will present the Fire Authority with significant challenges in trying to balance the budget in future years.

Therefore, the UNISON membership at ESFRS, and as council tax payers ourselves, would endorse, and actively encourage the Fire Authority, to agree to an increase in the council tax contribution to ESFRS in the region of £1.60 per household per year.

Whilst we would hope that this modest council tax increase might mitigate the need for further staff cuts, we feel that it is vital to secure a firm base to give some budgetary stability in the coming years where the cuts will be biting deeper.

On another matter, you have, on many occasions, personally expressed the view that all members of staff, support and operational, have key roles in delivering services to our communities. Whilst this is appreciated, there is now a strong feeling among the UNISON membership that the Fire Authority does not share the same view.

This has become evident on a number of occasions, during Fire Authority meetings and in the press for example, when members have routinely stated that savings are going to be found through the reduction of 'back office staff'.

A number of our UNISON members have said that they find the term 'back office staff' demeaning and somewhat insulting and there is growing resentment that non-operational staff are simply seen as a resource that can be dispensed with at will.

This lack of sensitivity towards the already beleaguered support staff group, many of which have families to support, is disappointing and does nothing to improve the already low morale as a consequence of the recent round of redundancies.

This 'strategy', of simply reducing 'back office staff', underestimates and undermines the role of support staff in providing the means by which operational crews can deliver the frontline services and safety initiatives are delivered to the broader community.

When you have the opportunity; we would be grateful if you could make the Fire Authority aware of our feelings and ask for clarification on whether or not they have a vision beyond simply removing support staff to a point at which the service can no longer continue to function.

Yours Sincerely

Mark Todd
Steward on behalf of the UNISON membership at ESFRS.

FIRE OFFICERS' ASSOCIATION

Dear Des,

Re – Fire Authority Service Planning process for 2013/14 and beyond – draft revenue budget 2013/14

As you will be aware from our recent conversations, FOA members are closely following the Authority's budget setting process for the coming financial year. Members attended the recent Fire Authority meeting and listened to the Treasurer's verbal report and following debate with interest.

Having had a little time to study the full report (agenda item 693), members of the East Sussex Branch of the FOA have concluded that our communities interests would be best served if the Authority were to select Option B. That is to raise Council Tax by 2%.

In making this judgement we have considered the extremely difficult economic situation that the country finds itself in; the pressures placed on this authority by national government to achieve efficiencies (savings) and the pressures brought by other local authorities facing elections this spring.

Most importantly we recognise that members of the communities we serve and that we live in are under pressure, with fears of unemployment and minimal if any pay rises. Therefore we do not make this recommendation lightly.

The Authority can set this level Council Tax increase without the burden of a local referendum; it provides a much more positive effect on the longer term budgetary situation than the governments freeze grant offer.

You will be well aware that FOA members are directly affected by the Service's efforts to make efficiency savings, representing as we do staff who work in M&CC and Officers (affected by Sussex Control and the Incident Command Review). You will also be aware that FOA members occupy senior management positions and are actively engaged as managers in both making efficiencies and making our communities safer. Members of the FOA are therefore very well acquainted with both the drivers for change and the effects of change.

Whilst we are concerned about the welfare of our members and the need as a representative body to protect their situation wherever possible, we also value the professional service delivered by all East Sussex Fire & Rescue staff to the community.

We believe that a Fire & Rescue Service has a great deal to offer the communities that it serves and that East Sussex Fire & Rescue Service has an excellent track record in working across Prevention, Protection and Response. We know that the majority of the public think of fire appliances and fire fighters racing to incidents and undertaking heroic acts when they think of the Fire Service. You know and FOA members know that whilst this is, on occasions, vital work, on a daily basis there is so much more to a Fire & Rescue Service than this.

We are concerned that some of the recent debate, for instance around the Hastings review and the future of the Service has, on occasions, generated more heat than light. Statements have been made about the value of different services and the colleagues who deliver those services, for instance the description of Community Safety Staff as 'back room staff'.

As an analogy it's unlikely that anyone one would think that health care workers who deliver vaccinations to infants (to give them lifelong protection from crippling diseases) are in some way less worthy that staff working in an A&E department. Why then should anyone consider our Community Safety colleagues to be less important than our Fire fighters?

In these difficult times it is especially important that the staff, Corporate Management Team and Authority members of ESFRS see themselves as, and act as, one team. Failure to achieve this will adversely affect service delivery and make efficiencies much hard to achieve.

The FOA realises that Officers will have to make recommendations to the Authority in future which will result in difficult decisions being made. We are committed to working with you and your team to ensure that those recommendations and decisions deliver the best outcomes for our communities.

In recognising the difficult pressures faced by the Authority in coming years it is the view of the FOA that Protection and Prevention activities must be well maintained (in budgetary terms) to remain effective and that Response services must share the financial burden.

Yours sincerely

M A Rist CMgr, FCMI, GFireE
Chair – East Sussex Branch of the Fire Officers' Association

EAST SUSSEX FIRE AUTHORITY

Date: **7 February 2013**

By: **Treasurer**

Title: **Fire Authority Treasury Management Strategy for 2013/14**

Purpose of report: **To determine the Fire Authority's authorised borrowing limit, to adopt the prudential indicators and treasury management indicators, to approve the Minimum Revenue Provision Statement and to agree the treasury management strategy and policy statement for 2013/14.**

RECOMMENDATION: That the Fire Authority:

- a) determines that, for 2013/14, the authorised limit for borrowing shall be £13,987,000;
 - b) adopts the prudential indicators and treasury management indicators within the report (as set out in section 6);
 - c) approves the Minimum Revenue Provision Statement for 2013/14 (as set out in section 7); and
 - d) agrees the treasury management strategy and policy statement for 2013/14 (section 9).
-

MAIN ISSUE

Under the Local Government Act 2003 and the Prudential Code for Capital Finance 2004, the Fire Authority is required to determine its authorised borrowing limit, to adopt prudential indicators and treasury management indicators, to approve the Minimum Revenue Provision Statement and to agree the treasury management strategy and policy statement for 2013/14, details of which are set out in the supporting information.

Duncan Savage
TREASURER
22 January 2013

Background Papers

Prudential Code for Capital Finance 2004

Fire Authority

2 February 2012 – Agenda Item 624: Treasury Management Strategy for 2012/13

7 June 2012 – Agenda Item 644 Treasury Management – Stewardship report for 2011/12

Policy & Resources Panel

15 November 2012 – Agenda Item No 849: Half yearly report for 2012/13

CIPFA Treasury Management in the Public Services (updated in November 2009)

Code of Practice and cross sectional guidance notes

Local Government Act 2003

Local Government Investments – Guidance from the former Office of the Deputy Prime Minister

CIPFA Prudential Code in November 2009

Communities and Local Government – Changes in the Capital Finance System

Treasury Management Strategy for 2013/14

1. Background information

1.1 The Fire Authority's treasury management activities are regulated by a variety of professional codes and statutes and guidance:

- a) The Local Government Act 2003 (the Act), which provides the powers to borrow and invest as well as providing controls and limits on this activity;
- b) Statutory Instrument (SI) 3146 2003 develops the controls and powers within the Act;
- c) The SI requires the Fire Authority to undertake any borrowing activity with regard to the Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code for Capital Finance in Local Authorities;
- d) Under the Act the former Office of the Deputy Prime Minister has issued Investment Guidance to structure and regulate the Authority's investment activities.

1.2 The Fire Authority has adopted the CIPFA Code of Practice for Treasury Management in the Public Sector and operates its treasury management service in compliance with this Code and the above requirements. These require that the prime objective of the treasury management activity is the effective management of risk, and that its borrowing activities are undertaken on a prudent, affordable and sustainable basis and its treasury management practices demonstrate a low risk approach.

1.3 The Code requires the regular reporting of treasury management activities to:

- a) Forecast the likely activity for the forthcoming year (in this report on the Annual Treasury Strategy);
- b) Review actual activity for the preceding year (the Stewardship report);
- c) Review actual mid-year activity (the Half Year review) ; and
- d) Report changes to our Strategy (when required).

1.4 The Fire Authority receives a report in February each year (this report) which sets out the proposed strategy for the year ahead. This strategy includes the limits and criteria for organisations to be used for the investment of cash surpluses.

2. Actual Strategy agreed for the current year 2012/13

2.1 At its meeting on 2 February 2012, the Fire Authority agreed its treasury management strategy for 2012/13, taking into account the economic scene, including forecast levels of interest rates. This strategy includes the limits and criteria for organisations to be used for the investment of cash surpluses and has to be approved by the Fire Authority.

- 2.2 The Fire Authority has always adopted a prudent approach on its investment strategy and, in the last few years, there have been regular changes to the list of the approved organisations used for investment of short term surpluses. This list is regularly reviewed to ensure that the Fire Authority is able to invest in the best available rates consistent with low risk; the organisations are regularly monitored to ensure that their financial strength and low risk has been maintained.
- 2.3 When the strategy for 2012/13 was drawn up in February of last year, the money markets were still volatile with banks reluctant to lend to each other. In this climate, ensuring the security of investments continues to be difficult and extreme caution has to be taken on where surplus funds can be invested.
- 2.4 At the same time, the Treasury Management Policy Statement was agreed for 2012/13 as set out below.

East Sussex Fire Authority defines its treasury management activities as:

“The management of the organisation’s cash flows, its banking, money market and capital market transactions, the effective management of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

The Fire Authority regards the successful identification, monitoring and management of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation.

This Authority acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is, therefore, committed to the principles of achieving best value in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management.

Borrowing

- 2.5 The Fire Authority has had a strategy to borrow to support the Capital Programme and lend out other cash (rather than using internal borrowing). Historically, this had meant that the interest rate earned on cash balances was higher than the interest rate paid on loans from the Public Works Loans Board (PWLB). In the current financial climate, this interest rate differential had been removed. In the short term, therefore, it was agreed that, although the limits would allow new borrowing, external borrowing would only take place if the rates available were so low that the long-term benefits significantly exceeded the short term cost. In practice, no new PWLB borrowing had taken place since January 2008.

2.6 Our opportunities to reschedule debt had been monitored, but have not arisen as yet. The PwLB increased all of its lending rates by 1% in October 2010 (the Government's Comprehensive Spending Review). However, it did not increase the rate of interest used for repaying debt so that not only had the cost of our future borrowing increased, but the opportunity to restructure our debt when market conditions allow had been significantly reduced.

Investment

2.7 When the strategy was agreed in February last year, the advice given to us by our advisors, Sector, was that short term rates were expected to remain on hold for a considerable time. Economic forecasting remained troublesome with so many external influences weighing on the UK. There was consensus among analysts that the economy would remain weak and, whilst there was still a broad range of views as to potential performance, they have all been downgraded throughout 2011. Key areas of uncertainty included:

- a worsening of the Eurozone debt crisis and heightened risk of the breakdown of the bloc, or even of the currency itself;
- the impact of the Eurozone crisis on financial markets and the banking sector;
- the impact of the Government's austerity plan on confidence and growth and the need to rebalance the economy from services to exporting manufactured goods;
- the under-performance of the UK economy which could undermine the Government's policies that have been based upon levels of growth that increasingly seem likely to be undershot;
- a continuation of high levels of inflation;
- the economic performance of the UK's trading partners, in particular the EU and US, with some analysts suggesting that recession could return to both;
- stimulus packages failing to stimulate growth;
- elections due in the US, Germany and France in 2012 or 2013;
- potential for protectionism, i.e. an escalation of the currency war/trade dispute between the US and China.

2.8 The overall balance of risks remained weighted to the downside. Lack of economic growth, both domestically and overseas, would impact on confidence, putting upward pressure on unemployment. It would also further knock levels of demand, which would bring the threat of recession back into focus.

- 2.9 Sector believed that the longer run trend was for gilt yields and PWLB rates to rise due to the high volume of gilt issuance in the UK, and the high volume of debt issuance in other major western countries.
- 2.10 Given the weak outlook for economic growth, Sector saw the prospects for any interest rate changes before mid-2013 as very limited. There was potential for the start of Bank Rate increases to be even further delayed if growth disappointed.
- 2.11 The strategy going forward was to continue with the policy of ensuring minimum risk, but will also need to deliver secure investment income of at least bank rate on the Fire Authority's cash balances. (The actual target was bank rate plus 0.4%).
- 2.12 As will be clear from the events globally and nationally over the last three years, it would be impossible in practical terms to eliminate all credit risk. The Fire Authority seeks to be as prudent as possible.

Strategy Agreed for 2012/13

- 2.13 The strategy ensured that, in the economic climate, a prudent approach was maintained. This would be achieved through investing with selected banks and funds which met the Authority's rating criteria. The emphasis would continue on security (protection of the capital sum invested) and liquidity (keeping money readily available for expenditure when needed) rather than yield. The strategy continued with this prudent approach and no change was proposed from the revised strategy for 2011/12.
- 2.14 It was also recognised that movements within the money markets happen with no notice and the Treasurer may have to amend this strategy in order to safeguard Fire Authority funds. As in the past, any such actions will be reported to the next Fire Authority meeting.
- 2.15 It was not expected that any new external borrowing would be undertaken in 2012/13; however, the limits set out in the Authorised Limit allowed such borrowing. External borrowing will only take place if the rates available were so low that the long term benefits will significantly exceed the short term cost.
- 2.16 Opportunities for cost effective repayment of existing debt and restructuring opportunities will be constantly monitored and will be taken if and when they emerge.

2.17 The Fire Authority balances would be invested in line with the following specific policy:

(A) UK Investment Without Government Equity Holding

Up to a maximum of £3m deposited up to a period of up to one year with any of the following:

The then current policy stance was overnight, but the policy allowed changes to reflect market conditions if and when they improved.

<p>Bank / Fund / Local Authority Barclays Santander UK HSBC Nationwide Individual Treasury Type Money Market Funds (AAA rated) which invest in Government Securities only Individual Cash Type Money Market Funds (AAA rated) Another Local Authority (equivalent to the low risk of investing with the Government but not formally rated)</p>

Only banks which meet the following minimum rating criteria for at least two of the designated agencies to be used:

Ratings Agency	Long Term	Short Term
Fitch	AA-	F1+
Moody	AA3	P-1
Standards and Poors	AA-	A-1+

(B) UK Investment With Government Equity Holding of minimum of 30%

30% was taken as a minimum level of significant associated company influence. In practice, it serves as a trigger to formally review our position.

Up to a maximum of £3m deposited up to a period of up to three months with the following:

The then current policy stance was overnight, but the policy allowed changes to reflect market conditions if and when they improved:

<p>Bank Lloyds/HBOS Nat West/RBS</p>

Only banks which met the following minimum rating criteria for at least two of the designated agencies were to be used. The banks would not be used if the UK Sovereign rating falls below AAA:

Ratings Agency	Long Term	Short Term
Fitch	A	F1
Moody	A2	P-1
Standards and Poors	A	A-1

The policy retained the ability to revert to some, or even extensive use of the Government's Debt Management Account Deposit Facility (DMADF) if market risk conditions tightened.

- 2.18 Additional requirements under the Code of Practice require the Fire Authority to supplement credit rating information. Whilst the above criteria relies primarily on the application of credit ratings to provide a pool of appropriate counterparties for officers to use, additional operational market information has been, and will continue to be, applied before making any specific investment decision from the agreed pool of counterparties. This additional market information (for example, Sovereign ratings, Credit Default Swaps, equity prices, the Sector security and liquidity model and the CIPFA National treasury risk model, as well as media updates, etc.) would be assessed when comparing the relative security of differing investment counterparties.

3. **Formulating a Strategy for 2013/14**

The Treasury management activity in the current year (2012/13) to date

Borrowing

- 3.1 The conditions and market for borrowing have not changed in the current year from when the original strategy was drawn up. No restructuring opportunities have arisen.
- 3.2 The Department of Communities and Local Government asked local authorities to complete a return to enable them to benefit from a small reduction in all of the PWLB rates for new loans. The PWLB "certainty rate", as it has been named, has reduced PWLB borrowing rates by 0.20% for most local authorities in November 2012. A return has been submitted and approved but, despite this small reduction, it will be unlikely that the Fire Authority will be borrowing.

Investment

- 3.3 Base interest rate has stayed at 0.5% in 2012/13 to date. The rate is the lowest ever and has remained unchanged for the longest period on record. The last change was on 5th March 2009.

- 3.4 The strategy for 2012/13, agreed in February 2012, continued the prudent approach and ensured that all investments were only to the highest quality rated banks and only up to a period of one year. No changes to this Strategy have been required, but a more prudent approach has been adopted because of the uncertainties in the market as exemplified in paragraph 3.6. Investments in all banks continued to be on call (overnight only).
- 3.5 Additional market information including Sovereign ratings, Credit Default Swaps, equity prices, the Sector security and liquidity model and the CIPFA National treasury risk model, as well as media updates, etc., have been used to assess the relative security of differing investment counterparties.
- 3.6 The return on our investments reduced from June because of the transfer of our investment in Money Market Funds (MMFs) from 'Cash Type' to 'Treasury Type', which has funds in Government Securities only and into the safe haven of the Government's Debt Management Account Deposit Facility (DMADF). The interest rate received on all MMFs has reduced during the year and the 'Treasury Type' MMFs and the DMADF rates received are less than received on 'Cash Type' MMFs. The reason for these changes was the continued major concerns in the market due to the problems with European countries and the Euro. The changes to the investments held comply with our Treasury Management Strategy and this Authority has continued to follow an extremely prudent approach with security and liquidity as the main criteria before yield.

Comment from Sector (our Treasury advisors) on the outlook for 2013/14

Economic Background

- 3.7 The economic growth of most countries in the world economy has been partly depressed by the continuing Eurozone debt crisis. This has impacted on the UK economy which is unlikely to grow significantly in 2012 and is creating a major headwind for recovery in 2013. The Eurozone sovereign debt crisis has abated, somewhat, following the European Central Bank's (ECB) pledge to buy unlimited amounts of bonds of countries which ask for a bailout. Sentiment in financial markets has improved considerably since this ECB action and recent Eurozone renewed commitment to support Greece and to keep the Eurozone intact. However, the foundations to this 'solution' to the Eurozone debt crisis are still weak and events could easily conspire to put this into reverse.
- 3.8 The US economy has only been able to manage weak growth in 2012 despite huge efforts by the Federal Reserve to stimulate the economy by liberal amounts of quantitative easing (QE) combined with a commitment to a continuation of ultra-low interest rates into 2015. Hopes for a broad based recovery have, therefore, focused on the emerging markets. However, there are increasing concerns over flashing warning signs in various parts of the Chinese economy that indicate it may be heading for a hard landing rather than a gradual slow down.

- 3.9 The UK Government's austerity measures, aimed at getting the public sector deficit into order over the next four years, now look as if they will fail to achieve their objectives within the original planned timeframe. Achieving this target is dependent on the UK economy growing at a reasonable pace but recession in the Eurozone, our biggest trading partner, has depressed growth whilst tax receipts have not kept pace with additional welfare benefit payments. It will be important for the Government to retain investor confidence in UK gilts so there is little room for it to change course other than to move back the timeframe. Currently, the UK is enjoying a major financial benefit from some of the lowest sovereign borrowing costs in the world as the UK is seen as a safe haven from Eurozone debt. There is, though, little evidence that consumer confidence level is recovering or that the manufacturing sector is picking up. On the positive side, growth in the services sector has rebounded in the third quarter of 2012 and banks have made huge progress since 2008 in shrinking their balance sheets to more manageable levels and also in reducing their dependency on wholesale funding. However, availability of credit remains tight in the economy and the Funding for Lending scheme, which started in August 2012, has not yet had the time to make a significant impact. Finally, the housing market remains tepid and the outlook is for house prices to be little changed for a prolonged period.
- 3.10 Economic growth has basically flat-lined since the election of 2010 and, worryingly, the economic forecasts for 2012 and beyond were revised substantially lower in the Bank of England Inflation quarterly report for August 2012 and were then further lowered in the November Report. Quantitative Easing (QE) was increased again by £50bn in July 2012 to a total of £375bn. Many forecasters are expecting the Monetary Policy Committee (MPC) to vote for a further round of QE to stimulate economic activity regardless of any near-term optimism. The Government's austerity strategy has resulted in a substantial reduction in employment in the public sector. Despite this, total employment has increased to the highest level for four years as over one million jobs have been created in the private sector in the last two years. Inflation has fallen sharply during 2012 from a peak of 5.2% in September 2011 to 2.2% in September 2012. However, inflation increased back to 2.7% in October, although it is expected to fall back to reach the 2% target level within the two year horizon.
- 3.11 The UK continues to enjoy an AAA sovereign rating. However, the credit rating agencies will be carefully monitoring the rate of growth in the economy as a disappointing performance in that area could lead to a major derailment of the plans to contain the growth in the total amount of Government debt over the next few years.

Forward view

3.12 Economic forecasting remains difficult with so many external influences weighing on the UK. There does, however, appear to be consensus among analysts that the economy remains relatively fragile and, whilst there is still a broad range of views as to potential performance, expectations have all been downgraded during 2012. Key areas of uncertainty include:

- the potential for the Eurozone to withdraw support for Greece at some point if the costs of such support escalate and become prohibitive, so causing a worsening of the Eurozone debt crisis and heightened risk of the breakdown of the bloc or even of the currency itself;
- inter government agreement on how to deal with the overall Eurozone debt crisis could fragment;
- the impact of the Eurozone crisis on financial markets and the banking sector;
- the impact of the Government's austerity plan on confidence and growth and the need to rebalance the economy from services to manufactured goods;
- the under-performance of the UK economy which could undermine the Government's policies that have been based upon levels of growth that are unlikely to be achieved;
- the risk of the UK's main trading partners, in particular the EU and US, falling into recession.

The focus of so many consumers, corporate companies and banks on reducing their borrowings, rather than spending, will continue to act as a major headwind to a return to robust growth in western economies.

Given the weak outlook for economic growth, Sector sees the prospects for any changes in Bank Rate before 2015 as very limited. There is potential for the start of Bank Rate increases to be even further delayed if growth disappoints.

- UK inflation being significantly higher than in the wider EU and US causing an increase in the inflation premium in gilt yields
- Reversal of QE; this could initially be allowing gilts held by the Bank to mature without reinvesting in new purchases, followed later by outright sale of gilts currently held
- Reversal of Sterling's safe haven status on an improvement in financial stresses in the Eurozone
- Investors reverse de-risking by moving money from government bonds into shares in anticipation of a return to worldwide economic growth
- The possibility of a UK credit rating downgrade (Moody's has stated that it will review the UK's AAA rating at the start of 2013).

4. **Proposed Strategy for 2013/14**

- 4.1 In the current economic climate, it is essential that a prudent approach is maintained. This will be achieved through investing with selected banks and funds which meet the Fire Authority's rating criteria. The emphasis will continue on security (protection of the capital sum invested) and liquidity (keeping money readily available for expenditure when needed) rather than yield. The strategy for 2013/14 must continue with this prudent approach and only small changes are proposed to the strategy for 2012/13 agreed by the Fire Authority a year ago. The details of the changes are set out in paragraphs 4.5 and 4.6 below.
- 4.2 It is also important to recognise that movements within the money markets can happen with no notice and the Treasurer may have to amend this strategy in order to safeguard Fire Authority funds. As in the past, any such actions will be reported to the next Fire Authority meeting.
- 4.3 It is not expected that any new external borrowing will be undertaken in the next 15 months.
- 4.4 Opportunities for cost effective repayment of existing debt and restructuring opportunities are constantly monitored and will be taken if and when they emerge.
- 4.5 The UK currently has an AAA sovereign rating, but it is possible that this rating could be downgraded by one, or more, rating agencies in the future if our economy struggles to recover. To ensure that the Fire Authority can continue to invest with UK institutions in the event of this happening, the reference to the sovereign rating criteria of AAA on our UK Investment with Government Equity Holding of minimum of 30% has been removed.
- 4.6 The original strategy for 2012/13 continued with the policy of ensuring minimum risk but will also need to deliver secure investment income of at least bank rate (the actual target was bank base rate plus 0.4%) on the Fire Authority's cash balances. The revised target of bank base rate for 2013/14 reflects the lower rates available in the market on the change to more prudent investments. There has also been a reduction in interest paid as a direct result of the Bank of England and HM Treasury's Funding for Lending scheme which has given additional deposits to banks and cut their demand for funds from other sources (such as local authorities). This has been taken into account in formulating the budget.

4.7 The Fire Authority balances would be invested in line with the following specific policy:

(A) UK Investment Without Government Equity Holding

Up to a maximum of £3m deposited up to a period of up to one year with any of the following:

The then current policy stance was overnight but the policy allowed changes to reflect market conditions if and when they improved.

<p>Bank / Fund / Local Authority Barclays Santander UK HSBC Nationwide Individual Treasury Type Money Market Funds (AAA rated) which invest in Government Securities only Individual Cash Type Money Market Funds (AAA rated) Another Local Authority (Equivalent to the low risk of investing with the Government but not formally rated)</p>

Only banks which meet the following minimum rating criteria for at least two of the designated agencies to be used:

Ratings Agency	Long Term	Short Term
Fitch	AA-	F1+
Moody	AA3	P-1
Standards and Poors	AA-	A-1+

(B) UK Investment With Government Equity Holding of minimum of 30%

30% was taken as a minimum level of significant associated company influence. In practice, it serves as a trigger to formally review our position.

Up to a maximum of £3m deposited up to a period of up to three months with the following:

The then current policy stance was overnight but the policy allowed changes to reflect market conditions if and when they improved.

<p>Bank Lloyds/HBOS Nat West/RBS</p>

Only banks which met the following minimum rating criteria for at least two of the designated agencies were to be used.

Ratings Agency	Long Term	Short Term
Fitch	A	F1
Moody	A2	P-1
Standards and Poors	A	A-1

The policy retained the ability to revert to some, or even extensive, use of the Government's Debt Management Account Deposit Facility (DMADF) if market risk conditions tightened.

- 4.8 Additional requirements under the Code of Practice require the Fire Authority to supplement credit rating information. Whilst the above criteria relies primarily on the application of credit ratings to provide a pool of appropriate counterparties for officers to use, additional operational market information has been, and will continue to be, applied before making any specific investment decision from the agreed pool of counterparties. This additional market information (for example Sovereign ratings, Credit Default Swaps, equity prices, the Sector security and liquidity model and the CIPFA National treasury risk model as well as media updates, etc.) would be assessed when comparing the relative security of differing investment counterparties.
- 4.9 All Money Market Funds used will be monitored and chosen by the size of fund, rating agency recommendation, exposure to other Countries (Sovereign debt), weighted average maturity and weighted average life of fund investment and counterparty quality.
- 4.10 All of the investments will be classified as Specified Investments. These investments are sterling investments of not more than one-year maturity with institutions we deem to be high credit quality or with the UK Government (Debt Management Account Deposit Facility). These are considered low risk assets where the possibility of loss of principal or investment income is small. The Fire Authority does not have any Non Specified Investments which are ones of more than one-year maturity or with institutions which have a lesser credit quality.

5. **Authorised Limit for borrowing in 2013/14**

- 5.1 The Government introduced a new system for capital finance from 1st April 2004. An objective of this new system was to move away from controlling borrowing through the issue of borrowing approvals, towards a system of self-regulation. This is based on a code of practice developed by CIPFA – the Prudential Code.
- 5.2 The Authorised Limit for borrowing determined for 2013/14 will be the statutory limit determined under section 3(1) of the Local Government Act 2003.

5.3 The Prudential Code for Capital Finance allows capital borrowing to be planned over the same timescale as capital spending. The code states:

“In order to ensure that, over the medium term, net borrowing will only be for a capital purpose, the local authority should ensure that net external borrowing does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years”.

5.4 The limits set out later in this report have been based upon the amount of capital spending to be financed through borrowing in 2013/14 and following financial year. Whilst the Prudential Code would allow a higher limit than this (2013/14 and next two financial years) it is considered prudent at this stage to base the limits upon 2 years. This approach was agreed in a previous strategy report to the Fire Authority in June 2004 and has since worked well.

5.5 For 2013/14, it is estimated that the authorised borrowing limit is £13.987m (see table 6.2).

6. Prudential indicators and Treasury Management indicators

6.1 There are self-imposed prudential and Treasury Management indicators that are set on an annual basis and monitored. The indicators which relate to treasury management are included below:

- i Authorised limit for borrowing (see paragraph 6.2, 6.3 6.4 and 6.5 below)
- ii Interest rate exposure (see paragraph 6.6 below)
- iii Maturity structure of debt (see paragraph 6.7 below)
- iv Compliance with the treasury management code of practice (see paragraph 6.8 below)
- v Maturity structure of investments (see paragraph 6.9 below)

6.2 Authorised limit for borrowing

	2012/13 Likely actual £000	2013/14 Estimate £000	2014/15 Estimate £000	2015/16 Estimate £000
Opening CFR	11,059	10,734	11,098	11,099
Capital Investment	2,823	4,699	2,910	1,080
Sources of Finance	(2,149)	(3,906)	(2,465)	(785)
Net financing	674	793	445	295
MRP	(419)	(429)	(444)	(444)
MRP – Finance Leases	(186)	-	-	-
Total MRP	(605)	(429)	(444)	(444)
Closing CFR	11,128	11,098	11,099	10,950
Less Finance lease liability	(394)	-	-	-
Underlying borrowing requirement	10,734	11,098	11,099	10,950
Advance borrowing allowed (net borrowing for next year)		445	295	439
Operational boundary	**11,550	11,543	11,394	11,389
Short term	2,432	2,444	2,456	2,468
Authorised limit	**13,982	13,987	13,850	13,857
Actual borrowing to date	11,123			
Borrowed in advance of need*	389			

*Underlying borrowing requirement less actual borrowing to date

** Operational boundary and Authorised limit agreed in 2012/13 Strategy report

6.3 Borrowing must not exceed the authorised limit in any year and it is below the estimated authorised limit set for 2012/13 and 2013/14.

6.4 The proposed operational boundary for borrowing is based on the same estimates as the authorised limit. It reflects directly the authorised borrowing limit estimate, but without the additional amount for short term borrowing included to allow, for example, for unusual cash movements. The operational boundary represents a key management tool for in-year monitoring and long term borrowing control.

6.5 These authorised limits are consistent with the Fire Authority's current commitments, existing plans and the proposals for capital expenditure and financing, and with its approved treasury management policy statement and practices. They are based on the estimate of most likely, prudent but not worst case scenario, plus sufficient headroom (short term borrowing) over and above this to allow for day to day operational management, for example, unusual cash movements or late receipt of income.

6.6 Interest rate exposure

The Fire Authority will continue the current practice of seeking competitive fixed interest rate exposure for borrowing. It is proposed to continue to set limits on our variable rate exposure in case that becomes a more effective approach. The percentages of the upper and lower limits for fixed and variable rate exposure reflect the unlikely situation that all new borrowing from next year will be at variable rates.

<u>Borrowing</u>	2012/13 Projected Outturn	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate
Fixed Rate Exposure				
Upper Limit	100%	100%	100%	100%
Lower Limit	100%	100%	100%	100%
Variable Rate Exposure				
Upper Limit	0%	0%	0%	0%
Lower Limit	0%	0%	0%	0%

Lending

Fixed Rate Exposure				
Upper Limit	100%	100%	100%	100%
Lower Limit	0%	0%	0%	0%
Variable Rate Exposure				
Upper Limit	0%	100%	100%	100%
Lower Limit	0%	0%	0%	0%

Borrowing and Lending combined

Fixed Rate Exposure				
Upper Limit	100%	100%	100%	100%
Lower Limit	0%	38%	38%	38%
Variable Rate Exposure				
Upper Limit	0%	62%	62%	62%
Lower Limit	0%	0%	0%	0%

6.7 Maturity structure of debt

The Fire Authority has set upper and lower limits for the maturity structure of its borrowings as follows:

	<u>Lower Limit</u>	<u>Upper Limit</u>	<u>Current</u>
Under 12 months	0%	25%	0%
12 months and within 24 months	0%	40%	0%
24 months and within 5 years	0%	60%	3%
5 years and within 10 years	0%	80%	4%
10 years and within 20 years	0%	80%	44%
20 years and within 30 years	0%	80%	17%
30 years and within 40 years	0%	80%	18%
Over 40 years	0%	80%	13%

6.8 Compliance with the Treasury Management Code of Practice

East Sussex Fire Authority has adopted the CIPFA Code of Practice for Treasury Management in the Public Services.

6.9 Maturity structure of investments

The Authority does not intend to invest any sums for more than one year.

7. **Minimum revenue provision statement**

The Fire Authority's Borrowing Need (the Capital Financing Requirement)

7.1 The prudential indicator is the Authority's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Authority's underlying borrowing need. Any capital expenditure above, which has not immediately been paid for, will increase the CFR.

- 7.2 The Fire Authority is asked to approve the Capital Finance Requirement projections below:

£000	2012/13 Revised	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate
Total CFR	10,734	11,098	11,099	10,950
Movement in CFR	-325	364	1	-149

Movement in CFR represented by				
Net financing need for the year (above)	674	793	445	295
MRP and other financing movements	-999	-429	-444	-444
Movement in CFR	-325	364	1	-149

- 7.3 The Authority is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the minimum revenue provision – MRP), although it is also allowed to undertake additional voluntary payments if required (voluntary revenue provision – VRP).

Minimum Revenue Provision (MRP) Statement

- 7.4 The statutory requirement for local authorities to charge the Revenue Account each year with a specific sum for debt repayment has been replaced with a more flexible statutory guidance, which came into effect from 2008/09. A variety of options is provided to authorities to replace the existing Regulations, so long as there is a prudent provision.
- 7.5 The new statutory duty is that a local authority shall determine for the financial year an amount of minimum revenue provision (MRP) that it considers to be prudent. This replaces the previous prescriptive requirement that the minimum sum should be 4% of the Authority's Capital Financing Requirement (CFR).
- 7.6 To support the statutory duty, the Government also issued a guidance which requires that a Statement on the Authority's policy for its annual MRP should be submitted to the full Fire Authority for approval before the start the financial year to which the provision will relate. The Fire Authority is, therefore, legally obliged to have regard to this MRP guidance in the same way as applies to other statutory guidance, such as the CIPFA Prudential Code, the CIPFA Treasury Management Code and the CLG guidance on Investments.

- 7.7 The MRP guidance offers four options under which MRP might be made, with an overriding recommendation that the Fire Authority should make prudent provision to redeem its debt liability over a period which is commensurate with that over which the capital expenditure is estimated to provide benefits (i.e. estimated useful life of the asset being financed).
- 7.8 The guidance also requires an annual review of MRP policy being undertaken and it is appropriate that this is done as part of this Annual Treasury Management Strategy.
- 7.9 The move to International Financial Reporting Standards (IFRS) involved some leases being reclassified as finance leases instead of operating leases and coming onto the Fire Authority Balance Sheet as long term liabilities. This new accounting treatment impacted on the Capital Financing Requirement with the result that an annual MRP provision was required.
- 7.10 To ensure that this change has no overall financial impact on Local Authorities, the Government updated their "Statutory MRP Guidance" which allowed MRP to be equivalent to the existing lease rental payments. The 2012/13 figures include finance lease adjustments, but from 2013/14 the Authority bought out all these finance leases, so there are no MRP or CFR implications.
- 7.11 The policy adopted from 1 April 2012 retained the key elements of the policy previously approved but now incorporates the IFRS changes (re finance leases) and the consequential updated Government Guidance. The policy for 2013/14 is, therefore, as follows:
- 7.12 For capital expenditure incurred before 1 April 2008 or which in the future will be Supported Capital Expenditure, the MRP policy will be:
- Based on based on the non-housing CFR, i.e., The Fire Authority currently sets aside a Minimum Repayment Provision based on basic MRP of 4% each year to pay for past capital expenditure and to reduce its CFR.
- 7.13 From 1 April 2008, for all unsupported borrowing, the MRP policy has been:
- Asset Life Method – MRP will be based on the estimated life of the assets, in accordance with the proposed regulations (this option will be applied for any expenditure capitalised under a Capitalisation Direction).

Under both methods, the Fire Authority has the option to charge more than the statutory MRP each year through a Voluntary Revenue Provision (VRP).

8. Treasury Management Advisers

8.1 The Fire Authority uses Sector as its treasury management consultant through the contract that exists with East Sussex County Council. The company provides a range of services which include:

- Technical support on treasury matters, capital finance issues and advice on reporting;
- Economic and interest rate analysis;
- Debt services which includes advice on the timing of borrowing;
- Debt rescheduling advice surrounding the existing portfolio;
- Generic investment advice on interest rates, timing and investment instruments;
- Credit ratings from the three main credit rating agencies and other market information;
- Assistance with training on treasury matters

Whilst the advisers provide support to the internal treasury function, under current market rules and the CIPFA Code of Practice the final decision on treasury matters remains with the Fire Authority. This service is subject to regular review.

8.2 Sector is the largest provider of Treasury Management advice services to local authorities in the UK and claims to be the market-leading treasury management service provider to their clients. The advice will be monitored regularly to ensure an excellent level of advisory service provided to the Fire Authority.

9. Treasury Management policy statement for 2013/14

It is recommended that the Treasury Management Policy Statement should be unchanged from that already agreed for 2012/13. The statement is set out below:

East Sussex Fire Authority defines its treasury management activities as:

“The management of the organisation’s cash flows; its banking, money market and capital market transactions; the effective management of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

The Fire Authority regards the successful identification, monitoring and management of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation.

This Authority acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving best value in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management.

EAST SUSSEX FIRE AUTHORITY

Date: **7 February 2013**

Title: **Approval of Pay Policy Statement for 2013/14**

By: **Monitoring Officer**

Purpose of Report: **To approve the Fire Authority's Pay Policy statement for the period 1 April 2013 to 31 March 2014.**

RECOMMENDATION: The Fire Authority is asked to approve the Pay Policy Statement set out in Appendix 1.

MAIN ISSUES

1. The Localism Act 2011 imposes a duty on relevant local authorities to prepare pay policy statements for each financial year, beginning with 2012/13. The statement must be approved by 31 March 2013.

Abraham Ghebre-Ghiorghis
MONITORING OFFICER

21 December 2012

Background Papers

No unpublished background papers have been relied on to a material extent in connection with this report.

1. **BACKGROUND**

1.1 In the Coalition Agreement, the Government made a commitment to strengthen councillors' powers to vote on large salary packages for council officers. Additionally, the Government has taken steps to increase transparency about how taxpayers' money is used, including in the pay of public sector staff. On 29 September 2011, the Secretary of State published the Code of Recommended Practice for Local Authorities on Data Transparency. The Code enshrines the principles of transparency and asks public bodies to follow the principles when publishing data; responding to public demand; releasing data in open formats available for re-use and releasing data in a timely way. This includes data on senior salaries and the structure of the workforce. In June 2010, the Government asked Will Hutton to undertake an independent review of Fair Pay in the public sector. His report was published in March 2011 and made several recommendations for promoting pay fairness in the public sector. Chapter 8 of Part 1 of the Localism Act 2011 (the Act) brings those strands together.

1.2 Section 38 of the Act places a requirement on a relevant authority (which term includes a Combined Fire Authority) to prepare a pay policy statement for the financial year 2012-13 and each subsequent financial year. A pay policy statement must set out the authority's policies for the financial year relating to:

- The remuneration of its chief officers
- The remuneration of its lowest paid employees
- The relationship between the remuneration of its chief officers and that of other employees who are not chief officers.

The statement must include the definition of 'lowest paid employees' adopted by the authority for the purposes of the statement, together with the authority's reasons for adopting that definition.

1.3 The statement must include the authority's policies relating to:

- The level and elements of remuneration for each chief officer
- Remuneration of chief officers on recruitment
- Increases and additions to remuneration for each chief officer
- The use of performance-related pay for chief officers
- The use of bonuses for chief officers
- The approach to the payment of chief officers on their ceasing to hold office under or being employed by the authority, and
- The publication of and access to information relating to the remuneration of chief officers.

It may also include the authority's policies for the financial year relating to other terms and conditions applying to its chief officers.

- 1.4 The term remuneration in relation to a chief officer is defined by the Act as:
- The chief officer's salary or, in the case of a chief officer engaged by the authority under a contract for services, payments made by the authority to the chief officer for those services
 - Any bonuses payable by the authority to the chief officer
 - Any charges, fees or allowances payable by the authority to the chief officer
 - Any benefits in kind to which the chief officer is entitled as a result of the chief officer's office or employment
 - Any increase in or enhancement of a chief officer's pension entitlement where the increase is as a result of a resolution of the authority, and
 - Any amounts payable by the authority to the chief officer upon the chief officer ceasing to hold office under or being employed by the authority, other than amounts that may be payable by virtue of any enactment.
- 1.5 The Act prevents approval of a pay policy statement being delegated by the Authority to a Panel. The Fire Authority's first pay statement was approved and published in accordance with the guidance by 31 March 2012.
- 1.6 The Authority is asked to approve the Statement attached as Appendix 1, which has been drawn up with due regard to all relevant guidance and last year's policy.

EAST SUSSEX FIRE AUTHORITY PAY POLICY STATEMENT 2013-14

1. Introduction

- 1.1 In accordance with the Localism Act 2011 (Chapter 8 Sections 38 to 43), East Sussex Fire Authority is required to produce a pay policy for the financial year 2012/13 and each subsequent financial year.
- 1.2 Any decision under powers delegated in the Authority's Constitution with regard to remuneration to be taken in 2013/14 will be bound by, and must comply with, this Statement.
- 1.3 The ACO (POD) must be consulted prior to any decision impacting on remuneration where there is any question regarding compliance with the Statement.
- 1.4 In general terms, the Fire Authority recognises terms and conditions negotiated nationally by the National Employers with the National Employees' bodies for 3 distinct staff groups. These are:
 - 1.4.1 National Joint Council for Brigade Managers (referred to within East Sussex Fire Authority as Principal Officers) of Local Authority Fire and Rescue Services (commonly referred to as 'Gold Book')
 - 1.4.2 National Joint Council for Local Government Services (commonly referred to as 'Green Book')
 - 1.4.3 National Joint Council for Local Authority Fire and Rescue Services (commonly referred to as 'Grey Book')
- 1.5 Under the definitions provided for within the Act, the officers included in this pay statement are the Chief Fire Officer & Chief Executive (CFO&CE), Deputy Chief Fire Officer (DCFO), Assistant Chief Fire Officer and Assistant Chief Officer (People & Organisational Development), collectively referred to as the Principal Officers.
- 1.6 The Monitoring Officer and Treasurer are employees of other Local Authorities and their details are covered by a separate pay policy statement.
- 1.7 The Fire Authority has delegated responsibility for any local terms and conditions, including remuneration for Principal Officers, to the Principal Officer Appointments Panel.
- 1.8 Information relating to Principal Officers' pay and benefits in kind is found in the Fire Authority's Annual Statement of Accounts (relevant table appended to this statement) as set out in this document and on the Authority's website.

2. Objectives of the Policy

- 2.1 To ensure that the Fire Authority creates and sustains a competent, motivated and well-led workforce; to meet current and future organisational needs and to be an employer of choice with improved working practices, work life balance, personal development, health and well-being and fair pay. In its People and Organisational Development Strategy, the Fire Authority has committed to striving to achieve fairness in pay and reward structures across all occupational groups, taking into account all the employment relationships which exist.
- 2.2 Changes from national negotiations generally take place in January of each year (Gold Book), April (Green Book) and July (Grey Book). The Fire Authority's policy is to implement national agreements.
- 2.3 There was a pay increase of 1% in July 2012 for Grey Book staff.
- 2.4 In addition to pay, the national agreements cover other terms and conditions such as annual leave and allowances for use of private vehicles on Authority business. The Authority pays car allowances in accordance with these national scales.
- 2.5 There are three pension schemes in existence: the Firefighters' Pension Scheme (which became closed to new entrants in 2006), the New Firefighters' Pension Scheme and the Local Government Pension Scheme.
- 2.6 All employees may join a pension scheme which is relevant to their occupational group. The operative schemes are statutory schemes with contributions from employers and employees.
- 2.7 The Local Government Pension Scheme provides for flexible retirement which was approved by the Fire Authority in 2011/12. The Firefighters' Pension Scheme allowed for re-engagement; this was introduced as an interim policy in 2008 for a fixed period to meet a specific operational requirement. This policy has now ceased.
- 2.8 There are two job evaluation schemes (Local Government Job Evaluation Scheme and Job Evaluation for Grey Book). These schemes do not apply to the Principal Officers whose salaries were independently evaluated by an HR Consultant in March 2010 and are single point salaries that were approved by the Fire Authority. There are three pay grades for Grey Book staff (trainee, in development and competent); and a spinal column system for Green Book staff, where the policy is to start any appointee on the lowest point of the pay grade, save for where an applicant brings specific skills or experience to a post, to a maximum of 2 points.
- 2.9 A lease car scheme exists on a limited basis for Principal Officers, Directors, Heads of Functions and those support staff who undertake over 4,000 business miles per annum.

- 2.10 Relocation packages are available to staff conditioned to the day crewing system to enable service houses to be vacated by 31st March 2015.
- 2.11 Professional fees and subscriptions are met where the requirement is an essential criterion of the post, irrespective of the staff group.
- 2.12 Delegated powers for the payment of honoraria lie with the CFO&CE. These are for special merit up to the value of £500 (excluding management posts) or for Green Book staff who temporarily undertake the full or partial duties of a higher grade post. None have been paid in the previous financial year.
- 2.13 Recruitment for permanent vacancies is subject to a formal business case which must be approved by the Corporate Management Team.

3. Individual Officers

- 3.1 The CFO&CE is conditioned to the Gold Book terms and conditions of service. Under these national terms, provision is made for an annual uplift which is agreed at national level between the national employers and employees. At a local level, a facility exists for the CFO&CE to present a case to the Panel for a salary increase based on evidence, the overall performance of East Sussex Fire & Rescue Service and an annual appraisal. There has been no local uplift since January 2010.
 - 3.1.1 Under the existing provisions agreed by the Fire Authority, the CFO&CE has access to either a provided car, a fully funded car leased under the ESCC leasing arrangements or a management allowance (12%) from which the post holder would be expected to provide a vehicle. The post holder has elected to receive the management allowance.
 - 3.1.2 The remuneration for this post on recruitment is £134,931.
 - 3.1.3 The CFO&CE was re-engaged in 2009 under the provisions of a Fire Authority policy that was available to all staff in the Firefighters' Pension Scheme who met a certain eligibility criteria. This was an interim policy which had a life of two years and is no longer accessible. The post holder may be eligible to join an alternative pension scheme such as the New Firefighters' Pension Scheme or Local Government Pension Scheme, subject to eligibility requirements of the scheme.
 - 3.1.4 The relationship between the salaries of the CFO&CE and the Principal Officers is as follows: DCFO 80%, ACFO 75% and ACOs 75% (less 20% reflecting the operational element of the salary).
- 3.2 The Deputy Chief Fire Officer (DCFO) is conditioned to the Gold Book terms and conditions of service and is a member of the Firefighters' Pension Scheme. Under these national terms, provision is made for an annual uplift which is agreed at national level between the national employers and employees. At a local level, the CFO&CE can present a case to the Principal Officers' Appointments Panel for salary increase (see paragraph 3.1). There has been no local uplift since January 2010.

- 3.2.1 Under the existing provisions agreed by the Fire Authority, the DCFO has access to either a provided car, a fully funded car leased under the ESCC leasing arrangements or management allowance (12%) from which the post holder would be expected to provide a vehicle. The post holder has elected to receive a provided car.
- 3.2.2 The remuneration for this post on recruitment is £107,943.
- 3.2.3 The provisions for redundancy are the statutory payments for redundancy.
- 3.3 The Assistant Chief Fire Officer (ACFO) is conditioned to the Gold Book terms and conditions of service and is a member of the Firefighters' Pension Scheme. Under these national terms, provision is made for an annual uplift which is agreed at national level between the national employers and employees. At a local level, the CFO&CE can present a case to the Principal Officers' Appointments Panel for salary increase (see paragraph 3.1). There has been no local uplift since January 2010.
 - 3.3.1 Under the existing provisions agreed by the Fire Authority, the ACFO has access to either a provided car, a fully funded car leased under the ESCC leasing arrangements or management allowance (12%) from which the post holder would be expected to provide a vehicle. The post holder has elected to receive a management allowance.
 - 3.3.2 The remuneration for this post on recruitment is £101,199.
 - 3.3.3 The provisions for redundancy are the statutory payments for redundancy.
- 3.4 The Assistant Chief Officer (ACO) People & Organisational Development is conditioned to the Gold Book terms and conditions of service. Under these national terms, provision is made for an annual uplift which is agreed at national level between the national employers and employees. At a local level, the CFO&CE can present a case to the Principal Officers' Appointments Panel for salary increase (see paragraph 3.1). There has been no local uplift since January 2010.
 - 3.4.1 Under the existing provisions agreed by the Fire Authority, the ACO has access to either a fully funded car leased under the ESCC leasing arrangements or management allowance (12%) from which the post holder would be expected to provide a vehicle. The post holder has elected to receive a leased car for which a benefit in kind is applied and paid for by the post holder.
 - 3.4.2 The remuneration for this post on recruitment is £84,330.
 - 3.4.3 The post holder is a member of the Local Government Pension Scheme.

3.4.4 The post holder is entitled to discretionary entitlements in relation to redundancy which include average weekly pay with a multiplier of 1.75 applied and, in exceptional cases, augmentation of pensionable service to the maximum of 3 years. These provisions apply to all staff eligible to join the Local Government Pension Scheme.

4. Pay Floor

4.1 The definition of the 'lowest paid employee' is the post-holder receiving the lowest (FTE) annual salary (exclusive of Employer pension contributions), excluding Retained Firefighters.

4.2 The staff roles which fall into this category are our apprentices (two) who are employed under the national scheme and receive the minimum wage, which equates to £11,697 a year, and is uplifted in accordance with the national minimum wage increases.

4.3 The next pay floor level applies to our cooks, where the annual full time equivalent salary starts at £13,188.

4.4 The median pay for 2011/12 was £28,199 and for 2012/13 it is £28,410.

4.5 The pay of the CFO&CE was 11.46 times the pay of the lowest paid worker (excluding apprentices) for 2011/12 and remains the same for 2012/13.

4.6 The following table provides information about the remuneration of those senior managers who influence the decisions of the Fire Authority as a whole:

Senior Employees' Remuneration

	Year	Salary, Fees and Allowances £	Bonuses £	Expenses Allowances (including Benefit in Kind) £	Compensation of Loss of Employment £	Employer's Pension Contribution £	Total £
Chief Fire Officer & Chief Executive (Note 1)	2011/12	151,123	-	-	-	-	151,123
	2010/11	151,858	-	-	-	-	151,858
Deputy Chief Fire Officer	2011/12	107,791	-	-	-	22,992	130,783
	2010/11	109,238	-	-	-	23,268	132,506
Assistant Chief Fire Officer (Note 2)	2011/12	113,423	-	-	-	24,142	137,565
	2010/11	106,338	-	-	-	22,650	128,988
Assistant Chief Officer	2011/12	83,983	-	5,334	-	16,293	105,610
	2010/11	84,778	-	5,272	-	16,446	106,496

Notes:

1. Pay includes a Management Allowance of 12% of annual salary.
2. Pay includes a Management Allowance of 12% of annual salary only applied in 2011/12
3. 2010/11 pay includes arrears awarded in 2009/10

EAST SUSSEX FIRE AUTHORITY

Date: **7 February 2013**

Title: **Member Allowances – Annual Review**

By: **Chief Fire Officer & Chief Executive**

Purpose of Report: **To consider an annual review of the Member Allowances Scheme.**

RECOMMENDATION: The Fire Authority is asked to consider an annual review of the Member Allowances Scheme and agree to a nil increase in rates with effect from 1 April 2013.

MAIN ISSUES

1. The Fire Authority approved its Member Allowance Scheme at its meeting on 19 January 2006 (Agenda Item Number 975) following consideration of a report of an Independent Remuneration Panel set up for the purposes of reviewing the previous Scheme. The allowances were uprated by an indexation linked to the increases applied to LGS staff for the previous year with effect from 1 April 2007, in accordance with the scheme (Agenda Item 59, Fire Authority 11 December 2006.)
2. Following an independent review of the Member Allowances Scheme by the Independent Remuneration Advisory Group, the Policy & Resources Panel on 18 March 2010 (minute number 641) recommended the Fire Authority to approve revisions to the Scheme. The Fire Authority on 3 June 2010 (minute number 435) subsequently approved a revised Member Allowance Scheme.
3. The current rates are set out as Appendix 1 attached.
4. The approved Member Allowance Scheme gives the Chief Fire Officer & Chief Executive delegated authority to review travel and subsistence rates within the context of relevant national and local rates. The current rates are set out as Appendix 2, alongside proposed rates for implementation with effect from 1 April 2013, and are based upon relevant increases of both relevant national and local rates.
5. The Policy & Resources Panel monitors this and other CFAs' schemes on an annual basis between formal review periods to ensure that it remains equitable and fair, and an appropriate report on increases is presented annually to the Fire Authority for implementation in the following April.

6. As there are no other perceived issues arising from this annual review since the revised Scheme was approved by the Fire Authority in June 2010, and there are no significant financial implications, the report has been brought direct to the Fire Authority for final consideration rather than via the Policy & Resources Panel.

Des Prichard

CHIEF FIRE OFFICER AND CHIEF EXECUTIVE

21 January 2013

Background Papers: Report of the Independent Remuneration Panel 2005/06;
Scheme Annual Review: CFA December 2006, December 2007, P&R Panel March 2010, CFA June 2010, CFA February 2011, P&R Panel November 2012.

1. **BACKGROUND**

- 1.1 At its meeting on 19 January 2006, the Fire Authority approved the recommendations of an Independent Remuneration Panel for an amended Member Allowance Scheme to take effect from 1 April 2006. An Independent Remuneration Advisory Group (IRAG) carried out a further independent review of the scheme and, following consideration by the Policy & Resources Panel on 18 March 2010 (minute number 641), the Fire Authority on 3 June 2010 (minute number 435) approved a revised Member Allowance Scheme to take effect from 1 April 2010.
- 1.2 The scheme provides for the rates of basic, special responsibility and co-optees allowances to be upgraded for the years 2011/12, 2012/13, and 2013/14 by using the national headline increase applied to Local Government Support (LGS) staff. The Fire Authority has previously agreed that no increases should be applied for 2011/12 and 2012/13 (minute number 527 – 3/2/11 and minute number 626 – 2/2/12). The full Member Allowance Scheme is set out in the Members' Handbook, Section G, which is also available on the ESFRS website (www.esfrs.org).
- 1.3 As an indexation has been applied, the Authority is required to review the Scheme after a 4-year period. Consequently, an amended Scheme will need to be brought into operation with effect from 1 April 2014. The Policy & Resources Panel, on 15 November 2012, agreed to the establishment of an Independent Remuneration Advisory Group to carry out this review which will be starting this spring. In the meantime, Members need to consider an annual review of the Scheme to take effect from 1 April 2013.

2. **RECOMMENDATIONS**

2.1 **Nil Increase**

The IRAG had recommended that the Scheme should be up-rated annually from 1 April, based on the headline increase of the previous year's national pay award for LGS staff. There has been a nil pay award for LGS staff and, therefore, it is recommended that there should be a nil increase applied to the Member Allowances Scheme with effect from 1 April 2013. The current rates are set out as Appendix 1 attached.

2.2 **Travel and Subsistence allowances**

The approved Member Allowance Scheme gives the Chief Fire Officer & Chief Executive delegated authority to review travel and subsistence rates within the context of relevant national and local rates. The current rates are set out as Appendix 2 attached, alongside proposed rates for implementation with effect from 1 April 2013, based upon relevant increases of both relevant national and local rates.

3. **CONCLUSION**

- 3.1 As there are no other perceived issues arising from this annual review since the revised Scheme was approved by the Fire Authority in June 2010, and there are no significant financial implications, the report has been brought direct to the Fire Authority for final consideration, rather than via the Policy & Resources Panel.

MEMBER ALLOWANCE SCHEME

Rates of Basic, Special Responsibility and Co-optees' Allowances

	Effective from 1 April 2011 and to remain effective from 1 April 2013
	£
Basic Member Allowance	2,400
Additional Special Responsibilities:	
Chairman of CFA (presuming also Chairman of Policy & Resources and/or Scrutiny & Audit Panels)	10,500
Vice-Chairman of CFA (presuming also Chairman of Scrutiny & Audit Panel)	5,250
Leader of a Political Group (except where the Group includes either or both the Chairman or Vice-Chairman of the Fire Authority)	2,420
Chairman of other Panels if not Chairman of CFA	1,936
Panel membership for Policy & Resources, Scrutiny & Audit and their respective Working Groups, Standards and Urgency Panels excluding those members in receipt of special responsibility allowances for Chairman, Vice Chairman and leader of other political groups	835
Co-optees Allowance	1,608

N.B. No Member can be paid more than one Special Responsibility Allowance.

Travel Allowances

Car, motorcycle and bicycle allowances to be paid in accordance with HMRC approved mileage rates, currently:

Car Mileage Allowances	45.0p per mile on 1 April 2012
Cycle Allowance	20.0p per mile on 1 April 2012
Motorcycle Allowance	24.0p per mile on 1 April 2012

Subsistence Allowance

Day subsistence

The latest rates that are applied to LGS support staff shall also apply to Members. The amounts below are the maximum that can be claimed; receipts should be produced for all subsistence claimed. Eligibility is based on the time of day meals are taken and time away from home as follows:

		2012/13	2013/14
Breakfast allowance	More than 4 hours absence before 11.00 a.m.	£6.13	£6.13
Lunch allowance	More than 4 hours absence including 12 noon – 2.00 p.m.	£8.47	£8.47
Tea allowance	More than 4 hours absence including 3 p.m. – 6 p.m.	£3.34	£3.34
Evening meal allowance	More than 4 hours absence ending after 7 p.m.	£10.49	£10.49

Overnight Subsistence

Where an overnight stay is required, overnight subsistence for bed and breakfast may be claimed up to a maximum of:

		2012/13	2013/14
London/conference rate	Not exceeding	£180.00	£180.00
Standard Rate	Not exceeding	£90.00	£90.00

In addition, for overnight stays, up to £21.62 can be claimed for an evening meal.

Receipts should be produced for all subsistence claimed.

EAST SUSSEX FIRE AUTHORITY

Date: **7 February 2013**

Title: **Fire & Rescue Service Efficiencies Review**

By: **Chief Fire Officer & Chief Executive**

Purpose of Report: **To note that Sir Ken Knight will be undertaking a Fire & Rescue Service Efficiencies Review.**

RECOMMENDATION: The Fire Authority note the information contained within Appendix 1 of the report.

MAIN ISSUES

1. Sir Ken Knight has recently communicated with Fire & Rescue Services that he has been commissioned by the Fire Minister with undertaking a review of efficiencies and operational improvements in the delivery of fire & rescue services in England.
2. The main areas for discussion were included within his letter which is attached as a separate document Appendix 1 for Members' information. Officers will provide a draft of their response to Members for their consideration in due course.

Des Prichard
CHIEF FIRE OFFICER & CHIEF EXECUTIVE

29 January 2013

Background Papers

None

AMENDED REPORT

EAST SUSSEX FIRE AUTHORITY

Date: 7 February 2013

Title: Preparations for the future delivery of financial services for East Sussex Fire Authority (ESFA)

By: Chief Fire Officer & Chief Executive

Title: To seek the Fire Authority's approval to delegate responsibility for the approval of appropriate inter-authority co-operation agreements for a range of financial services for the Fire Authority with effect from 1 April 2013.

RECOMMENDATION: The Fire Authority is asked to:

- i. delegate responsibility for the approval of appropriate inter-authority co-operation agreements for a range of financial services for ESFA with effect from 1 April 2013 to the Chief Fire Officer & Chief Executive and consultation with the Chairman and Treasurer following any further legal advice, and the satisfactory completion of terms; and
- ii. approve the waiver of Contract Standing Orders 13 to 23 which will then allow for inter-authority co-operation agreements to be progressed.

MAIN ISSUES

1. At its meeting in January 2013, the Policy & Resources Panel considered a report advising on the need to secure new arrangements for financial services with effect from 1 April 2013 (Agenda Item 870 - copy in the Minute Book). An oral update on progress was also given to the Fire Authority at its last meeting by the Treasurer.
2. In essence, currently, the Treasurer to the Fire Authority is an appointment, but as part of larger financial management and exchequer services contract with East Sussex County Council (ESCC) which has been in existence since 1 April 2006. In turn, ESCC has a contract with SERCO for the provision of all exchequer services including those for the Fire Authority. The Fire Authority has no direct contractual relationship with SERCO. These collective contract arrangements expire on 31 March 2013.
3. Negotiations on replacement arrangements have not been able to take place until after ESCC formally agreed its future financial management arrangements. These were agreed in principle at a recent Cabinet meeting and have now been publicly agreed by Surrey County Council (Surrey CC). In effect, ESCC and Surrey CC will create a financial services partnership taking in exchequer services currently provided by SERCO. In a similar way to the Section 16 Agreement for the Sussex Control Centre, an appropriate legal vehicle was needed to create this partnership that complies with EU procurement law – both parties have now agreed a delegation

- of function from ESCC to Surrey CC.
4. It was proposed, in principle, but subject to further detailed legal consideration and advice, that the following route would be adopted for East Sussex Fire Authority to secure its financial services for the foreseeable future, following this decision:
 - Appointment of Treasurer –that the Fire Authority makes its own direct appointment to the Treasurer role for a fixed period contract, subject to review;
 - ESFA financial management services including internal audit, treasury management, financial management, VAT and client & statutory governance of exchequer services – partnership contract likely to be via a delegation of function from ESFA to ESCC (ESCC full council would have had to agree to this – so timings are crucial prior to 31 March); and
 - ESFA exchequer services – either delegation of function to ESCC or delegation of function to Surrey CC (again this would have had to have either been agreed by ESCC or Surrey CC full councils).
 5. However, further legal advice was sought from Brighton & Hove City Council’s lawyers, acting on our behalf, as well as East Sussex County Council lawyers and their external legal advisers Eversheds and a Q.C, on how the financial services functions for ESFA could be fulfilled with effect from 31 March 2013, to comply with EU procurement law.
 6. Following the consideration of all legal advice, it has been determined that it is not possible to use the ‘delegation of function’ route due to the implications of corporate governance statute across local authorities with specific regard to executive functions. Hence, it is now proposed to use inter-authority co-operation agreements which have been advised as the appropriate vehicles to meet both EU procurement rules and the ESFA’s requirements in the circumstances.
 7. ESCC and/or Surrey CC are entitled to supply services to ESFA under powers set out in the Localism Act 2011 and other enabling powers. ESFA is entitled to enter into arrangements for receipt of these services under section 5A of the Fire & Rescue Services Act 2004. The inter-authority co-operation agreements proposed fall outside of the scope of the European procurement rules provided they demonstrate that there is a genuine co-operation between the participating authorities aimed at carrying out jointly their public service tasks and involving mutual rights and obligations of the parties. Recent case law provides guidance on these types of arrangements and what conditions should be fulfilled in order for them to fall outside the ambit of the European procurement rules. It is important that this guidance is followed as otherwise the arrangements (provided their value is over threshold) may be viewed as public service contract(s) and subject to challenge under the Public Contracts Regulations 2006.

8. It will take time to draft the necessary form of Agreement(s). It is most likely that the following arrangements will be progressed:
- Appointment of Treasurer – that a direct appointment to the Treasurer role is made for a fixed period contract, subject to review;
 - For ESFA financial management services including treasury management, financial and accountancy services management, VAT and client & statutory governance of exchequer services – that an inter-authority co-operation agreement be entered into with ESCC
 - For ESFA internal audit requirements; that a separate inter-authority co-operation agreement be entered into with ESCC which may be subject to an earlier termination date;
 - For ESFA exchequer services that an inter-authority co-operation agreement be entered into with Surrey CC.
 - That a tri-partite partnership agreement between ESCC, Surrey and ESFA is approved to underpin the inter-authority co-operation agreements detailing the practical governance and mutual working arrangements.
9. These agreements will not only involve the professional services, but also our SAP financial system. The intention will be for ESCC and Surrey CC (as well as ESFRS) to prepare a mutually agreed set of specifications for our financial management systems and approach the market.
10. The current size of the ESFA/ESCC contract including all of its functions is £327,000 p.a. The proposed new arrangements for ESCC and Surrey CC have already been through a detailed Business Case, and the principles and benefits to be gained from their arrangements will have a direct benefit to ESFA, albeit to be provided through a different legal vehicle. The key benefits to ESFRS will include:
- a) The continued achievement of Best Value through collaboration in economy; efficiency and effectiveness benefits;
 - b) The professional financial services currently provided by ESCC below Treasurer level across a range of functions will be able to be sustained with no loss of continuity;
 - c) Expected shared financial savings will be achieved initially when the exchequer services are taken in-house by Surrey CC; followed in due course by mutual consolidation of joint needs and rationalisations along with a shared vision for the development of partnership provided services which will realise further benefits in due course;
 - d) Developing the future requirements for ESFRS can be considered alongside the future requirements for Surrey Fire & Rescue Services and as such offer additional economies of scale in spreading any specific FRS service needs;
 - e) The lack of any cheaper alternative courses of action for ESFA bearing in mind the restricted timescales now available and the importance of maintaining service delivery once the ESFRS contract ceases on 31 March 2013.

11. As it is proposed to enter into arrangements with East Sussex CC and Surrey CC without seeking competitive tenders or quotes, a waiver of Contract Standing Order (CSO) 13 (Quotation or formal Tender process) is required. Although the inter-authority co-operation agreements proposed by this report are not contracts for the purposes of the EU procurement rules, they are "contracts" for the purposes of the Authority's CSOs. There is no legal restriction on waiving this Standing Order, and indeed a waiver appears appropriate in order to maintain service delivery and to secure savings. There is also insufficient time to make alternative arrangements. The successive Contract Standing Orders from 14 onwards should be waived for consistency.
12. East Sussex County Council has advised that any approval processes required from its perspective can be achieved by the 31 March 2013 deadline. However, at the time of writing this report, officers are still awaiting further advice from Surrey County Council officers about any specific approvals it may require to be made and when. Should there be any issues of principle or unforeseen delays in any decisions, it would be necessary for ESFRS to seek to continue temporarily with current arrangements, as amended for all practical purposes, until new arrangements for the Fire Authority could be secured - at the earliest this would be likely to take nine months to achieve, with a significant risk factor being the impact upon ESFRS Exchequer Services including payroll, pensions, debtors and creditor payments.
13. Members will be updated on any new information at the meeting.
14. Accordingly, it is requested that the Fire Authority is asked to delegate responsibility for the approval of the intended inter-authority co-operation agreement(s) for a range of financial services for ESFA with effect from 1 April 2013 to the Chief Fire Officer & Chief Executive in consultation with the Chairman and Treasurer following any further legal advice, and the satisfactory completion of terms.

Des Prichard
CHIEF FIRE OFFICER & CHIEF EXECUTIVE
6 February 2013

ADDITIONAL PART B TO AGENDA ITEM 711

Agenda Item No. 711 b

EAST SUSSEX FIRE AUTHORITY

Date: 7 February 2013

Title: Role of Treasurer

By: Chief Fire Officer & Chief Executive and Monitoring Officer

Purpose of Report: To seek the Fire Authority's approval to the appointment of Mo Hemsley to the role of Treasurer and Section 151 Officer until the Authority makes a direct appointment to both roles and to authorise the Chief Fire Officer & Chief Executive, after consultation with the Chairman and Monitoring Officer, to make that direct appointment for a period not exceeding 18 months.

RECOMMENDATION: The Fire Authority is asked to:

- i) formally approve the appointment of Mo Hemsley to the role of Treasurer and Section 151 Officer to the Fire Authority until the Authority makes a direct appointment to both roles, and
- ii) authorise the Chief Fire Officer & Chief Executive, after consultation with the Chairman and Monitoring Officer, to appoint a Treasurer and Section 151 Officer for a period not exceeding 18 months.

MAIN ISSUES

1. The role of Treasurer to the Fire Authority is part of the larger financial and exchequer services contract with East Sussex County Council, which is due to come to an end on 31 March 2013. In May 2012, Duncan Savage was formally appointed to the role of Treasurer and Section 151 Officer. On 1 February 2013, the Authority was formally notified that he will be leaving the County Council on 8 February 2013. Therefore, it is necessary to put in place interim arrangements until such time as a Treasurer is formally appointed to East Sussex Fire Authority.
2. It is proposed that, as an interim measure, Mo Hemsley, East Sussex County Council's Assistant Director Service Finance be appointed to the position of Treasurer to the Fire Authority and Section 151 Officer.
3. The East Sussex Fire Service's Combination Scheme requires the Authority to appoint a Treasurer, and Section 151 of the Local Government Act 1972 requires every local authority to secure that one of their officers is responsible for the proper administration of their financial affairs.
4. Mo Hemsley is an experienced CCAB qualified accountant and has previously served as Deputy Treasurer to the South Downs Joint Committee.
5. The Authority is now requested to formally approve these appointments.

6. The necessary adjustments to formal Treasurer signatories are being undertaken.
7. As indicated in item 711 (as amended), preparations for the future delivery of financial services for East Sussex Fire Authority, it is proposed in the near future that the Authority will make its own direct appointment to the role of Treasurer and Section 151 Officer for a fixed period not exceeding 18 months. The Fire Authority is recommended to authorise the Chief Fire Officer & Chief Executive, after consultation with the Chairman and Monitoring Officer, to make those appointments.

Des Prichard
CHIEF FIRE OFFICER & CHIEF EXECUTIVE

Abraham Ghebre-Ghiorghis
MONITORING OFFICER

6 February 2013

EAST SUSSEX FIRE AUTHORITY

Date: **7 February 2013**

Title: **Quarterly Report for October to December 2012**

By: **Chief Fire Officer & Chief Executive**

Purpose of Report: **To consider the quarterly results for the period October to December 2012**

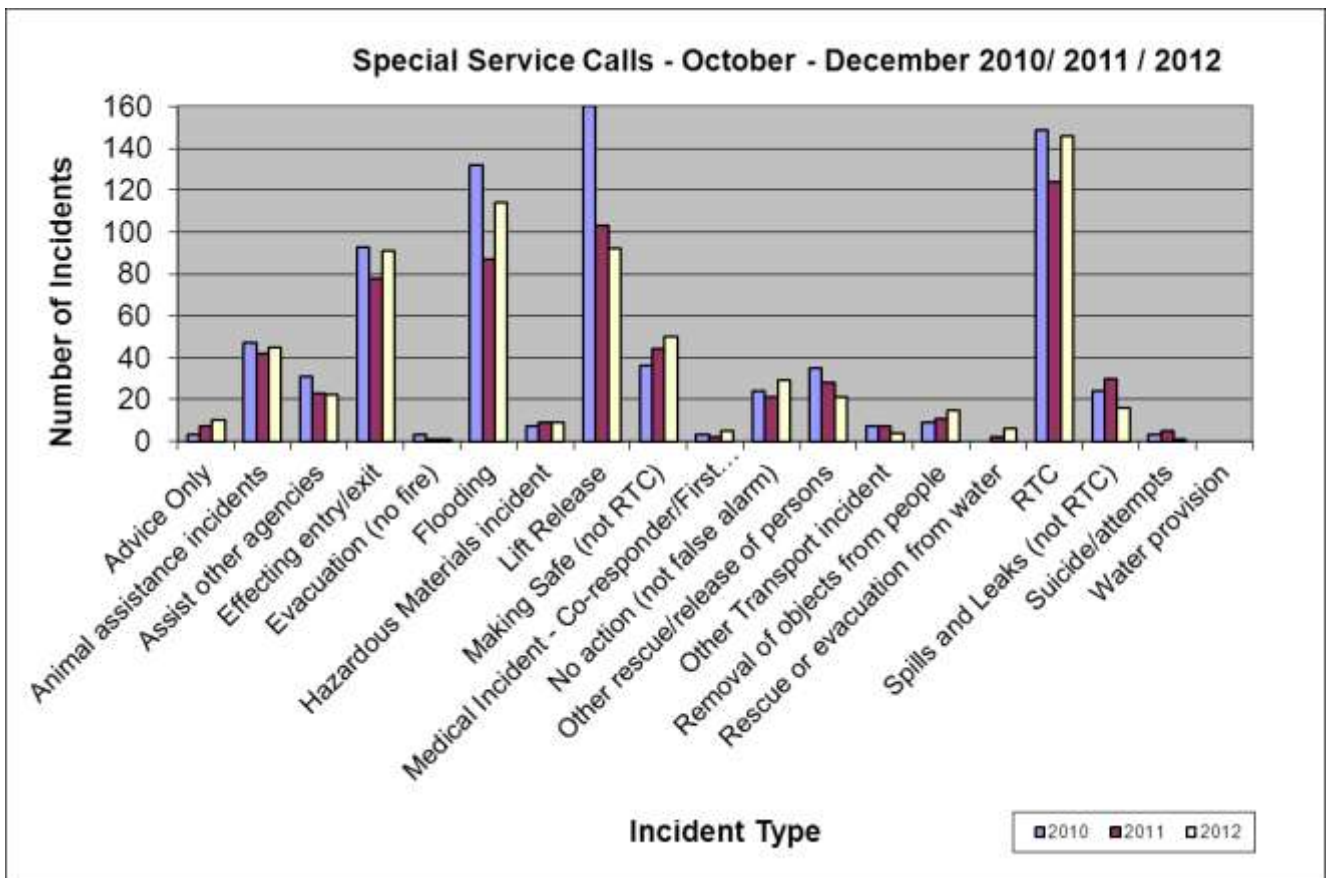
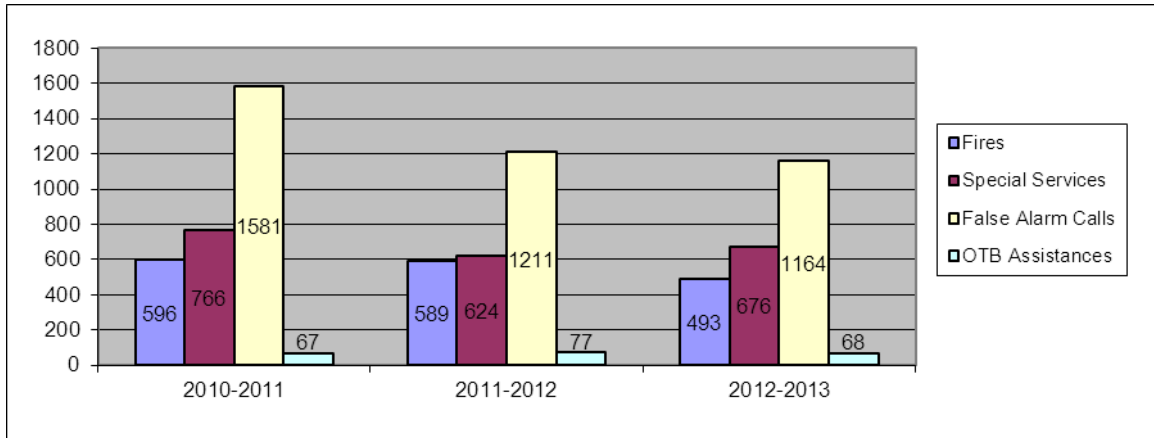
RECOMMENDATION: The Fire Authority is asked to note the report.

1 FIRES AND OTHER OCCURRENCES

1.1 Number of Calls

1.1.1 During the period **1 October to 31 December 2012**, East Sussex Fire & Rescue Service responded to **2,335** calls, compared with **2,424** in the same period for **2011/12** and **2,943** for the same period in **2010/11**.

	2010/11	2011/12	2012/13
<u>Incidents attended</u>			
Fires including small fires and chimney fires	596	589	493
Special Services including road traffic accidents	766	624	676
False Alarm calls including malicious, good intent, accidental operation and mechanical/electrical	1,581	1,211	1,164
Other	0	0	2
	2,943	2,424	2,335
<u>Over the Border Calls assistance</u>			
to West Sussex	22	19	22
to Kent	14	32	14
	2,979	2,475	2,371
In addition, the following assistance was received from neighbouring Fire & Rescue Services:			
from West Sussex	20	17	19
from Kent	11	9	13
	3,010	2,501	2,403



Fires and other occurrences – Third Quarter

1.2 Fatalities in Fire 2012/13

1.2.1 There was 1 person who lost their life in fire during this period 2010/11.

There were 4 fatalities in fires during the same period in 2011/12.

There were no fatalities in fires during this quarter in 2012/13.

1.3 Persons Rescued – 2012/13

	FIRE			NON FIRE INCIDENTS			TOTAL		
	2010/11	2011/12	2012/13	2010/11	2011/12	2012/13	2010/11	2011/12	2012/13
1 st QTR	9	10	8	188	176	149	197	186	157
2 nd QTR	6	6	6	165	157	151	171	163	157
3 rd QTR	7	8	5	185	150	169	192	158	174
4 th QTR	16	12		153	114		169	126	
Annual	38	36		691	597		729	633	

Figures for the latest quarter are provisional as all incidents may not have been completed

* Rescues and deaths for the third quarter are provisional

2. INCIDENTS OF SPECIAL INTEREST

2.1 There were no Incidents of Special Interest during this quarter.

3. **PERSONNEL MATTERS**

3.1 The Service's strength and financial provision at 31 December 2012, against the previously approved Establishment Scheme, was as follows:

	Establishment	Financial Provision 2012/13	Actual Strength
<u>Wholetime Members</u>			
Specialist and Supervisory Staff, (including Station Managers)	74	74	67
Operational Staff on Stations	347	347	341
Total:	421	421	408
*includes previously approved 4 Station Managers on the Operational Improvement Scheme, added to the Establishment			
Add:			
Mobilising & Communications Staff	26	26	32
Total Wholetime	447	447	440
** includes temporary appointments and secondees returning from the RCC project now closed. Not added to Establishment.			
<u>Part-time Members</u>			
Whole Unit equivalent	294	242	236
TOTAL	741	689	676

3.2 **Medals and Other Awards**

3.2.1 There was one Long Service and Good Conduct medal awarded during this quarter:

Norton S Crew Manager Control.

3.3 **Appointments, Examination Results, Promotions, Resignations and Retirements**

3.3.1 **Appointments**

3.3.1.1 Wholetime

There were no Wholetime appointments during this quarter.

3.3.1.2 Retained

There were seven Retained appointments during this quarter:

Barker G	Firefighter	Training Centre
Brown P	Firefighter	Training Centre
Cacciatore L	Watch Manager	Battle
Constant B	Firefighter	Training Centre
Dinning G	Firefighter	Training Centre
Levett S	Firefighter	Herstmonceux
Oakman S	Crew Manager	Lewes

3.3.1.3 Support Staff

There was one Support Staff appointed this quarter:

Portnell J	Non Operational Inspecting Officer	Bohemia Road
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3.3.2 Promotions

There were eight promotions during this quarter:

Atkins T	Temporary Retained Crew Manager – Retained Crew Manager	Forest Row
Charman S	Retained Firefighter – Retained Crew Manager	Uckfield
Deakin S	Retained Firefighter – Retained Crew Manager	Lewes
Epstein C	Temporary Retained Crew Manager – Retained Crew Manager	Mayfield
Holloway M	Retained Firefighter – Retained Crew Manager	Hailsham
Holmes M	Temporary Retained Crew Manager – Retained Crew Manager	Forest Row
Peel S	Retained Firefighter – Retained Crew Manager	Hailsham
Saunders M	Temporary Retained Crew Manager – Retained Crew Manager	Uckfield

3.3.3 **Resignations**

3.3.3.1 Wholetime

There were three Wholetime resignations during this quarter:

Portnell J	Firefighter	8 Years 9 Months
Carson D	Station Manager	2 Years 3 Months
Vajrasiddhi	Watch Manager	2 Years 2 Months

FWatch Manager Vajrasiddhi had been re-engaged, having retired in July 2010 after a total of 33 Years and 11 Months service.

3.3.3.2 Retained

There were nine Retained resignations during this quarter:

Bere D	Firefighter	6 Years 9 Months
Brooks G	Firefighter	3 Years 2 Months
Cook N	Firefighter	1 Year 3 Months
Copeland G	Firefighter	8 Years 9 Months
Funnell T	Crew Manager	6 Years 11 Months
Marriott B	Firefighter	10 Years 3 Months
Mepham L	Crew Manager	5 Months
Vockins J	Firefighter	3 Months
Wilson J	Firefighter	10 Months

3.3.3.3 Support Staff

There were seven Support Staff resignations during this quarter:

Carrick A	Mobile Data Support Operator	3 Months
Feather M	Equality & Diversity Manager	7 Years 7 Months
Fleetwood-Jones M	Mobile Data Support Operator	3 Months
Holden M	Cook	2 Years
Rose S G	Communications & Marketing Manager	2 Years 4 Months
Taylor D	Cook	5 Years 11 Months
Waugh T	Temporary Workforce Development Manager	1 Year 8 Months

3.3.4 **Retirements**

3.3.4.1 Operational Staff

There was one operational member of personnel who retired from East Sussex Fire & Rescue Services in the last quarter:

Smith D	Crew Manager	Bexhill	30 Years
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3.3.4.2 Support Staff

There was one member of the Support Staff who retired from East Sussex Fire & Rescue Service in the last quarter:

Curl K	Fireground Technician	43 Years 7 Months
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4. **FIRE AUTHORITY EVENTS**

- 4.1 Members of the Fire Authority have attended a number of Fire & Rescue events during this quarter.
- 4.2 Councillors Heaps and Sparks attended Safe Drive Stay Alive presentations at Cavendish School and Uckfield Community Technology College on 9th and 12th October.
- 4.3 Councillors Howson, Livings and Sparks attended the Combined Fire Authorities Conference at Wyboston Lakes on 17th October, and Councillor Sparks attended the Spirit of Fire Awards in London on 19th October. Councillors Livings and Sparks also visited Uckfield Fire Station's Fun Day and Children in Need Challenge on 29th October.
- 4.4 Councillor Thomas attended a Westminster Policy & Practice Briefing on Meeting Equality Duties & Improving Diversity in the Emergency Services on 24th October and Councillor Theobald attended the Fire Sector Federation Parliamentary Seminar – Fire Safety Enforcement – Fit for Purpose – on 27th November.
- 4.5 Councillors Livings, Sparks and Thomas also attended the Retained Duty System Core Skills Pass Out at the Training Centre on 23rd November.
- 4.6 Members are encouraged to complete and return feedback forms whenever possible to help monitor the events organised by East Sussex Fire & Rescue Service.

5. **SERVICE DELIVERY – PREVENTION AND PROTECTION**

5.1 **Technical Fire Safety**

5.1.1 **Enforcement Activity**

During the last quarter, ESFRS has completed 119 fire safety audits as part of its enforcement activity under the Regulatory Reform (Fire Safety) Order 2005. Of these, 35 were broadly compliant with only minimal enforcement action required. The remaining 84 required either informal or formal enforcement action by the Service to address significant inadequate fire safety standards within the premises.

A number of formal Notices were issued in the last quarter. These were:

2 Prohibition Notices

One was issued on a residential care home in the Lewes Borough and the other on a restaurant with a flat above in the City of Brighton & Hove.

Six Enforcement Notices

- 1 on a nursing home in Eastbourne
- 1 on a licensed premises in Eastbourne
- 1 on a residential care home in the Lewes Borough
- 1 on a licensed premises in the City of Brighton & Hove
- 1 on a hotel in Wealden
- 1 on industrial premises in Hastings

5.1.2 Prosecutions

17 Palmeira Square/Western Road, Hove – Article 27 Conviction Appeal

In respect of a previous case (see previous quarterly report), the defendants have subsequently appealed to the Court regarding their conviction. The defendants will be out of the country until 18 March 2013 and the appeal hearing will therefore take place in the Crown Court after this date.

Hotel 19, Brighton

In the previous quarterly report, it was reported that a prosecution was pending in respect of these premises and the case is due to come before the court in January 2013. The defendant has previously pleaded guilty to 1 offence (failure to comply with an Enforcement Notice) and not guilty to 3 further offences. The trial date has been moved forward to 24 January 2013.

When premises are successfully prosecuted in respect of serious fire safety contraventions, the Protection Department will always seek to publicise the case in order to highlight the potential consequences of failing to adequately attend to all relevant fire safety matters.

5.1.3 Informal Cautions

Three informal cautions were issued in the quarter:

89 High Street, Rye

Conditions of serious and imminent danger were discovered in the two-storey maisonette above a shop. The need to issue a Prohibition Notice was avoided by fitting smoke detectors in the escape route. An informal caution was issued to the responsible person on 8 October 2012.

Leonardo's Restaurant, Hove

The premises were found to be the subject of building works that materially affected the escape routes from the restaurant areas. A Prohibition Notice was issued to restrict the use of some sleeping accommodation above the restaurant, pending improvements to the fire safety measures. An informal caution was issued on 19 October 2012.

Flackley Ash Hotel, Peasmarsh, Rye

Following a complaint received from a member of the public, it was discovered that the hotel had been letting rooms with no working fire detection. On further investigation, it was discovered that the hotel management had been aware of this situation for some months and not taken any action. In consideration of all relevant matters it was decided to issue an informal caution in this instance. The informal caution was issued on 16 December 2012.

5.1.4 Judicial Review – Watson Wild & Baker Ltd v East Sussex Fire Authority

An application for permission for Judicial Review was submitted to the High Court by the company some months ago. This relates to a challenge as to the correct application of the law in respect of fire safety legislation in residential premises. The applicant claimed that the fire service was applying the law incorrectly and wished for the High Court to rule on this. The matter concluded when the Administrative Court refused to grant the claimant permission for judicial review, by notice served on 1 October 2012. There was no appeal against that refusal.

5.1.5 Fire Engineering Projects

Sanctuary Housing in Hastings

The conversion of two neighbouring properties in Hastings into a care facility by Sanctuary Housing required an engineered strategy incorporating water suppression to ensure the protection of its occupants.

The Lego Store, Churchill Square, Brighton

The move of the Lego store from an outside to an inside unit required additional smoke control measures to maintain the engineering strategy for the centre. Both the above projects were finally completed in December.

District General Hospital, Eastbourne

The Fire Engineering Section is supporting the Eastbourne fire safety office with two major projects at the Eastbourne DGH. The building of a new extension is in progress to house the endoscopy suite and day surgery unit and a major evaluation is in progress of the compartmentation provisions in the whole building, which is sub-standard in several areas. This is expected to be a long-term project.

Other On-going Fire Engineering Projects

These include the arrival of ASDA at the Quintins Shopping Centre in Hailsham and its impact on the centre strategy as a whole; and the Avalon Nursing Home in Eastbourne, following a fire where several fire safety deficiencies were found.

British Standards Committee

The Fire Engineer has attended her second meeting in London as a member of the British Standards Committee responsible for sprinklers and water mist standards. At this meeting she was accepted onto the Working Group which is reviewing the British Standard for residential and domestic sprinkler systems. This is a key piece of work for the fire and rescue service nationally and vital to progressing the case for sprinklers in the home.

5.1.6 Proactive Initiatives

Christmas Fire Safety Letters

The Wealden Borough has used Service volunteers to hand-deliver Christmas letters to businesses and at the same time gather data from the occupiers. This has provided the Service with up-to-date information regarding these premises, enabling the fire safety database to be updated with current information.

5.1.7 Implementation of the CRM Database

On 26 November 2012, the Protection Department went live with a new fire safety computer system. The system has been custom built to meet the needs of the department and is based on the Microsoft Dynamics CRM application. This system replaces the 'Saffire' system, which was introduced in 1999. The new system is a web-based application and provides access to a far greater level of intelligence than its predecessor. The new system is flexible and can be customised to meet the changing needs of a modern Service. All fire safety staff have been trained on the new system and initial feedback from staff is extremely positive.

5.1.8 Fire Investigation

The fire investigation team undertook 24 level 2 fire investigations during this period, including one fatal fire in a disused community centre in Brighton. Enquiries regarding this fire are continuing and a full report will be prepared for the Coroner in due course.

5.1.9 Inquests

Cleeve Cottage, West End, Herstmonceux

The Inquest into the fire death which occurred on 22 February 2012, took place on 1 November 2012 in Eastbourne Magistrates' Court. The Service's investigating officer gave evidence to the Inquest and the Coroner subsequently found that the deceased, who was suffering from dementia, had set fire to a basket of logs in an attempt to light a log-burning fire. A verdict of accidental death was recorded by the Coroner.

5.1.10 Wider Outcome of Fire Investigations

Serial Arsonist Convicted

A man pleaded guilty in Kent to three counts of arson with intent to endanger life (two of these were in Kent hospitals), two of burglary and one of attempted burglary. 8 other offences were taken into consideration, including fires at Brighton Museum, the Sealife Centre and the Royal Albion Hotel in Brighton. The three fires in Brighton occurred on 26 and 27 August 2012 and were all subject to level 2 fire investigations. The man was remanded in custody and was sentenced on 14 January 2013 to 8 years in prison.

Fires at Northumberland Court, Eastbourne

A woman has been charged with arson following three fires in June, July and October 2012. A level 2 fire investigation was carried out following each fire. A 'plea and case management' hearing is due to take place in Lewes Crown Court on 22 February 2013.

Fire in Uckfield High Street

On 2 September 2012 at 22.53 hours, a fire occurred in Uckfield High Street. The fire spread rapidly to involve a number of adjacent business premises, and other residential properties nearby were evacuated as a precaution. A level 2 fire investigation was carried out and the fire was found to have been started deliberately. Three youths were subsequently arrested by the Police and charged with arson. All three were due to attend a 'plea and direction' hearing on 25 January 2013. Several businesses were destroyed in the fire and are currently unable to trade.

Fire in Wilton Avenue, Eastbourne

On 15 December 2012 at 22.54 hours, a fire occurred in a first floor bedroom of the property. A joint investigation was carried out with Sussex Police and the fire was found to have been started deliberately. A man was subsequently arrested by the Police and charged with arson.

Fire in Allington Crescent, Newick

On 27 December 2012 at 07.28 hours, a fire occurred outside this property and spread into the roof void. When the fire broke out, the family were at home but managed to escape to a place of safety. A joint investigation was carried out with the Police and the fire was found to have been started deliberately. A man was subsequently arrested.

5.1.11 Liaison with Lewes Prison

Fire Advisors from Lewes Prison attended the quarterly fire investigation training day in December and gave a presentation on prison procedures in the event of a fire. Both prison staff and ESFRS Fire Investigation Officers found it useful to exchange ideas and gain further insight into prison fires.

5.1.12 Fire Investigation Search Dog Team

The Team attended two fire investigations during the quarter, one in Hampshire and one in Brighton.

Fire in Bedhampton, Hampshire

The Team attended an address in Bedhampton in October to search the storage and living accommodation of a horsebox and the remains of a carpet, following a fire. The dog made a positive indication of ignitable liquid in both the horsebox and the carpet.

Fire in Upper Bedford Street, Brighton

The Team attended following a fatal fire in November. The dog made no indication of ignitable liquid during the search.

5.2 **Arson & Incident Reduction Team**

5.2.1 Fire Setter Advisors' Scheme

Number of referrals this quarter: 13
Number of outstanding cases: Juvenile = 27 Adult = 6
Number of available FIS Advisors:
We now have 50 trained advisors available for Fire setter Interventions.

5.2.2 Road Safety

A new DVD has been produced to support the Roadside Education and Enforcement activities for Eastbourne. This enables the crews to deliver standard messages around the 'fatal four' – speeding, drink-driving, mobile phones and seatbelts.

Work-streams from partners under the Sussex Safer Roads Partnership (SSRP) initiatives range from the formation of education workshops across all age ranges, for example the Drink OR Drive programs, and delivered throughout the year. This will also be delivered through Dave Amiet and his contacts with Brighton & Hove Albion Football Club.

New Driver Awareness training is to be provided by the Police Roads Policing Unit (RPU) to Boroughs that have responded to an expression of interest request. This will allow target groups to be given Driving Awareness training at local fire stations through partner referrals.

The Theatre in Education group is touring Secondary Schools. There are currently 32 settings booked with the possibility of another 40 being delivered.

10 Appliances have now been marked up with advertisements of Operation Crackdown or Crimestoppers details. Reporting across the board is generally on the increase for most, if not all, agencies according to the Operation Crackdown website.

The new Safe Drive Stay Alive (SDSA) was presented to approximately 3,000 year 11 students over 15 different settings this year. The feedback from schools has been 100% positive. We will be looking to move the SDSA to a slightly higher age range next year for established drivers and use the Theatre in Education delivered through the SSRP for the year 10 and 11 age groups from now on. This will fit better with the Association of Chief Police Officers strategy for Children and Young People

Roadside Education and Enforcement events in partnership with the Police have been held across Hastings, Rother, Lewes and Wealden.

The FireBike strategy for East and West Sussex Fire & Rescue Services delivery is being progressed. We will be looking at a joint methodology for delivery and a sustainable future funding process through the SSRP.

5.3 **Children's Services & Education Team**

5.3.1 **Overview**

We are looking to link the SSRP road safety aspects of Safer Programmes (on-line resources) to delivery at KS3/4 level. We can prioritise establishments by risk profile and deliver interventions at the higher risk sites and sign post to the new on-line resources for lower risk areas.

5.3.2 **Primary School Education**

Total Key Stage 1 : 3,087
Total Key Stage 2: 2,725

Total: 5,812

Number of schools visited: 76

5.3.3 Secondary School Education

Total Key Stage 3: 663

Total Key Stage 5 : 5

Total: 668

Number of schools visited: 2

5.4 **LIFE**

5.4.1 Overview

The Uckfield course has now been cancelled due to the lack of funded referrals. The future of the LIFE course in its present form will be the subject of a report to February's Corporate Management Team meeting.

Contact has been established with Dave Pillings from Devon & Cornwall FRS regarding the Phoenix project. This is a project similar to LIFE and is being delivered through flexible grant funding by the Department for Work & Pensions (DWP) in various different formats with formally accredited awards and signposting to work opportunities. Grant funding applications via Job Centre Plus (JCP) to the DWP are currently being explored across Sussex and the City of Brighton & Hove to explore the possibility of a pilot program.

Other holistic approaches around whole family interventions are being explored where ESFRS could enhance and work alongside agencies like Crime Reduction Initiatives (CRI) for example.

5.5 **Community Fire Safety Team**

5.5.1 Overview

We are progressing trials of the Stove Guard safety device which will involve a second trial of the unit in partnership with Eastbourne Homes. The first test produced a number of questions and recommendations which have been forwarded to the manufacturers; most of the questions and concerns have now been addressed. We will shortly be receiving a second Stove Guard kit which we intend to install in the home of a volunteer Eastbourne Homes resident to trial the unit under everyday cooking conditions.

Two awareness sessions have now been completed to raise awareness of the Care Providers scheme with Volunteers. 12 Volunteers attended the sessions with the aim that they will visit Care and Support organisations in their areas to encourage partnership through the scheme.

5.5.2 Campaigns

During this quarter, the CFS department supported the DCLG Monthly Campaigns (Candle Safety, Smoke Alarm Testing and Christmas Safety). The full DCLG Briefing pack and press release was sent to all Boroughs and Stations to encourage support for the Campaign.

A number of our volunteers across the County and the City of Brighton & Hove assisted with delivering Firework Safety leaflets to appropriate venues to raise awareness of safety issues around the use of Fireworks and a radio advertisement was produced to also raise awareness.

5.5.3 Home Safety Visits

	Oct	Nov	Dec
Cube referrals	155	58	114
Total visits	1,090	1,083	464
Sensory E/Sussex	6	4	0
Sensory City	13	9	6

HSV Monthly target: 826
HSV Annual target: 10,000
HSV Total Visit YTD: 7,154

5.5.4 Vulnerable Persons

The Care Providers' Scheme is still receiving new partnerships for vulnerable referrals and our vulnerability target is now at 87%.

	Oct	Nov	Dec
New schemes	3	1	0
Referrals from C/P	195	170	107
Training Sessions	6	10	1

5.6 Volunteering

The volunteers have contributed over 490 hours of time in support of ESFRS. These include the winter Airwalk and Quality Street initiatives, plus support for Christmas fundraising, such as supporting Rye and Preston Circus with their charity collections.

A lot of work is going on behind the scenes to develop the Health and Wellbeing Visit scheme, with 18 volunteers going forward to undertake the necessary training to be able to undertake the visits. It is envisaged that the training will take place in January/February for visits to begin in late March.

15 volunteers have received a briefing on the Care Providers' Scheme and are going out in their local communities to approach agencies who could potentially join the Scheme. Each volunteer has been given a geographical area to visit and was due to commence the visits in January 2013.

5.7 **Coaching For a Safer Community**

During this quarter, 10 activities took place where 280 children were present, along with a number of special projects which the Team supported such as Community events, station open days, a Christmas Road Safety Awareness at the Amex Community Stadium at Brighton & Hove Albion's home match against Millwall. The players wore 'Drink or Drive' T-Shirts promoting Sussex Safer Roads and Crimestoppers for their warm up, which was seen by over 35,000 people. During this quarter, other projects involved us seeing over 2,000 people.

The Project Manager, Dave Amiet, passed the UEFA B Diploma in football coaching and, along with three of the senior coaches, attended and passed the FA Youth Module 2 Coaching Course. Two of the Coaches have attended the FA Level 2 Diploma in football to assist with the coaching in the Boroughs of Hastings and Rother. They have delivered a Fire & Road Safety talk to the Brighton & Hove Albion Youth team in partnership with the Arson Incident Reduction Team. Coaches supported a community event at Uckfield Fire Station with a small shootout goal and attended numerous meetings seeking external funding.

Project manager Dave Amiet has won the Barclays Community Sports Award for the month of December 2012. The project will receive a cheque for £1,000 and will be entered into the end of season award pool for £5,000 in March 2013.

6. **SERVICE DELIVERY – RESPONSE & RESILIENCE**

6.1 **Mobilising & Communications Centre**

6.1.1 **Systems**

3TC, our current mobilising systems provider, has now re-enabled Automatic Vehicle Location Systems (AVLS) allowing M&CC to track appliances. WiFi installation on stations, rather than the previous communication system called Paknet, has made turnouts more reliable.

6.2 **Inter-agency Activities**

ESFRS is working with Sussex Police and others to provide an appropriate response to issues that may arise during the construction phase of the Bexhill-Hastings link road.

Des Prichard
CHIEF FIRE OFFICER & CHIEF EXECUTIVE
22 January 2013