



EAST SUSSEX FIRE AUTHORITY

Thursday, 14 February 2019 at 10:30 Hours

Members

East Sussex County Council (12)

Councillors Barnes, Dowling, Earl-Williams, Elford, Galley, Lambert, Osborne, Scott, Sheppard, Smith, Taylor and Tutt.

Brighton & Hove City Council (6)

Councillors Deane, Morris, O'Quinn, Peltzer Dunn, Platts and Theobald.

You are required to attend this meeting to be held at Brighton Town Hall, Bartholomew Square, Brighton, BN1 1JA at 10:30 hours.

Members are asked to note the alternative venue for this meeting

AGENDA

| Item No. | Page No. | |
|----------|----------|--|
| 76 | 1 | In relation to matters on the agenda, seek declarations of interest from Members, in accordance with the provisions of the Fire Authority's Code of Conduct for Members |
| 77 | 1 | Apologies for Absence |
| 78 | 1 | Notification of items which the Chairman considers urgent and proposes to take at the end of the agenda/Chairman's business items <i>(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)</i> |
| 79 | 1 | To consider any public questions |
| 80 | 1 | To receive any petitions |

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| 81 | 3 | <u>Non-confidential Minutes of the meeting held on 6 December 2018</u> (copy attached) |
| 82 | 2 | Callover |
| | | <i>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</i> |
| 83 | 11 | <u>Safer Communities Strategy 2018-2021 – Report of the Assistant Director Safer Communities</u> (copy attached) |
| 84 | 39 | <u>Fire Authority Service Planning Processes for 2019/20 & beyond – Revenue Budget 2019/20 & Capital Strategy 2019/20-2022/23 – Report of the Chief Fire Officer and Assistant Director Resources/Treasurer</u> (copy attached) |
| 85 | 93 | <u>Treasury Management Strategy 2019/20 – Report of the Assistant Director Resources/Treasurer</u> (copy attached) |
| 86 | 127 | <u>Fairer Funding Review – Report of the Assistant Director Resources/Treasurer</u> (copy attached) |
| 87 | 151 | <u>Estates Strategy – Report of the Assistant Director Resources/Treasurer</u> (copy attached) |
| 88 | 2 | Exclusion of the Press and Public |
| | | <i>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.</i> |
| | | <i>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.</i> |
| 89 | 211 | <u>Confidential Minutes of the meeting held on 6 December 2018</u> (copy attached) (Exempt category under paragraph 3 of the Local Government Act 1972) |

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

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| <p>For further details and general enquiries about this meeting contact Abigail Blanshard, Senior Democratic Services Officer, 01323 462069 or email democraticservices@esfrs.org</p> |
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EAST SUSSEX FIRE AUTHORITY

NON-CONFIDENTIAL Minutes of the meeting of the EAST SUSSEX FIRE AUTHORITY held at County Hall, St Anne's Crescent, Lewes BN7 1UE at 10:30 hours on Thursday, 6 December 2018.

Present: Councillors Barnes (Chairman), Deane, Dowling, Elford, Galley, Lambert, Morris, O'Quinn, Osborne, Peltzer Dunn, Smith, Taylor, Theobald and Tutt.

Also present:

D Whittaker (Chief Fire Officer), M O'Brien (Deputy Chief Fire Officer), M Andrews (Assistant Chief Fire Officer), A Ghebre-Ghiorghis (Monitoring Officer), D Savage (Assistant Director Resources/Treasurer), L Ridley (Assistant Director Planning & Improvement), M Matthews (Assistant Director Safer Communities), H Scott-Youldon (Assistant Director Training & Assurance), E Curtis (Communications & Marketing Manager), S Milner (Planning & Intelligence Manager), E Simpkin (Democratic Services Officer) and A Blanshard (Senior Democratic Services Officer).

62 TRIBUTE & MINUTES SILENCE

62.1 The Chairman invited Members and Officers to join him in a moment of reflection following the sad death of Councillor Stuart Earl on 18 October 2018 after a short illness. Councillor Earl had been appointed as a Member of the Fire Authority in June 2013 following his election to East Sussex County Council as the Independent Member for Bexhill West.

62.2 Councillor Earl was a popular, well respected and hardworking Member of the Fire Authority and the Pension Board and worked closely with Officers and Members alike, particularly in his role as Member Lead for Health and Safety. The Chairman told the Authority his abiding memory of Councillor Earl would be of his optimism and sense of humour. The Fire Authority would miss him both personally and for his dedication to the work of the Authority.

62.3 Councillor Elford then spoke to the Authority to share his memories of Councillor Earl. He remembered meeting Councillor Earl before their time together on the Authority, and told Members that he was so well known to those in his local area that you could not live in Bexhill and not know of Councillor Earl or his tireless work for local charities especially the hospital. He explained that Councillor Earl had helped to raise enough money for the Bexhill hospital to be able to buy two scanners, one of which would now be dedicated to him in his memory.

62.4 Councillor Lambert echoed those sentiments already expressed and took the opportunity to highlight what a compassionate man Councillor Earl had been with his good sense of humour and calming presence.

62.5 Those present then stood for a minutes silence to allow everyone the opportunity to remember Councillor Earl in their own way.

63 INTERESTS

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

64 **APOLOGIES FOR ABSENCE**

64.1 Apologies had been received from Councillors Penn, Scott and Sheppard.

65 **URGENT ITEMS & CHAIRMAN'S BUSINESS**

65.1 The Chairman agreed to take an oral update from the Chief Fire Officer under the exempt part of the Agenda. This item was deemed to be exempt under paragraph 1 of Schedule 12A to the Local Government Act 1972 as amended by the Local Government (Access to Information) (Variation) Order 2006 and accordingly was not open to the public on the following grounds: Information relating to a particular employee, former employee or applicant to become an employee of, or a particular officeholder, former office-holder or applicant to become an office-holder under, the authority.

66 **TO CONSIDER PUBLIC QUESTIONS, IF ANY**

66.1 There were none.

67 **TO CONSIDER PUBLIC PETITIONS, IF ANY**

67.1 There were none.

68 **MINUTES OF THE MEETING HELD ON 6 SEPTEMBER 2018**

68.1 **RESOLVED** – That the minutes of the meeting held on 6 September 2018 be approved and signed by the Chairman. (*Copy in Minute Book*)

68.2 The Assistant Director Resources/Treasurer provided an update with regard to Minute 56: Provision of Insurance, informing Members that since the last meeting ESFRS had been accepted as a member by the Fire and Rescue Indemnity Company (FRIC). As a result the Authority would begin to utilise the pooling arrangements for its corporate property, liability, motor and miscellaneous insurance requirement from 1 April 2019.

69 **CALLOVER**

69.1 Members reserved the following items for debate:

70 Provision of Monitoring Officer, Deputy Monitoring Officer & Legal Services

71 Collaboration Framework & Priorities (2018-2021)

72 Independent Review of Fire Authority Governance – Outcome Report

70 **PROVISION OF MONITORING OFFICER, DEPUTY MONITORING OFFICER & LEGAL SERVICES**

The Monitoring Officer left the room for the duration of this item.

70.1 The Fire Authority received the report of the Chief Fire Officer (CFO) setting out and seeking approval for the arrangements for the provision of Legal Services and Monitoring Officer support from 1 April 2019. (*Copy in Minute Book*)

- 70.2 The Authority were informed that the Legal Services agreement between East Sussex Fire Authority and Brighton & Hove City Council (BHCC) was due to expire on 31 March 2019. The Authority was responsible for the appointment of the Monitoring and Deputy Monitoring Officer and the report outlined the current position recommending a course of action which would suit business need and secured best value.
- 70.3 Members were interested in more detail regarding the financial assessment included in paragraph 4.1 of the Report. They asked the Assistant Director Resources/Treasurer (ADR/T) to explain why there appeared to be regular significant overspends.
- 70.4 They were informed that there had been more legal issues to deal with over the past 4 years than could have been anticipated and this was likely to be ongoing. The day-to-day provision of legal support, namely the two days per week provided by the Deputy Monitoring Officer, amounted to almost half the budget allocation. The costs of this, and other regular service provision had been consistent and as expected. The overspends were linked to additional legal work including conveyancing for the sale of service houses, the St Michaels Hospice case and matters arising from the Sussex Control Centre and the contract with Remsdaq for the provision of a mobilising system.
- 70.5 The ADR/T explained that these extra cases had required the instruction of QCs, extensive legal advice throughout negotiations and commercial arrangements. It was therefore these external legal advice costs that added to actual spend. It was anticipated that the continued situation regarding SCC would mean additional legal work and the associated costs would be incurred.
- 70.6 The ADR/T added that the rates charged by BHCC had been benchmarked and compared favourably, demonstrating that the Authority was getting good value for money. Going externally had been evaluated, but the service provided by BHCC through Orbis had added value areas including:
- out of hours response, invaluable bearing in mind the 24/7 nature of ESFRS work;
 - specialist lawyers across all fields;
 - consistency with the public sector partnership and collaboration aims; and
 - a high level of understanding of the Fire sector and our specific working practices.
- 70.7 The ADR/T added that the Senior Leadership Team (SLT) had noted an improvement over the past 18 months in the performance monitoring and profile of the experts at BHCC.
- 70.8 **RESOLVED** – That the Fire Authority:
- a) agreed that the Monitoring Officer of Brighton & Hove City Council continues to be the appointed Monitoring Officer for the Authority;
 - b) agreed that the provision of Legal Services, Monitoring Officer, appointment and deputising arrangements are to be provided by BHCC for a three-year period with an option to extend for two further years;

- c) delegated authority to the AD Resources/Treasurer to agree the detail of the new agreement with BHCC; and
- d) noted that, in accordance with ESFA Contract Standing Orders (CSOs) 7.2, the Treasurer after consultation with the Monitoring Officer, Procurement Manager and Chairman has approved a waiver of CSO 13.7-13.8.

71 COLLABORATION FRAMEWORK & PRIORITIES (2018-2021)

- 71.1 The Fire Authority received the Report of the Assistant Director Training & Assurance (ADT&A) presenting Members with the ESFRS Collaboration Framework & Priorities (2018-2021) document. (*Copy in Minute Book*)
- 71.2 This report provided the Authority with an oversight on current work being undertaken in relation to collaborations. Members were informed that the intention was to provide one document in which the principles of collaboration and the areas of work were captured together.
- 71.3 Members thanked officers for the document and felt it highlighted the way in which ESFRS was driving collaboration as hard as it could and looking for new opportunities where possible.
- 71.4 Members were pleased with progress and felt that the move to the shared Headquarters and the collaboration with Sussex Police was a good example of collaboration working well.
- 71.5 **RESOLVED** – That the Authority approved the adoption of the ESFRS Collaboration Framework & Priorities (2018-2021) document and that the progress of the priority collaborations would be reported to the Scrutiny & Audit Panel on a quarterly basis.

72 INDEPENDENT REVIEW OF THE FIRE AUTHORITY GOVERNANCE – OUTCOME REPORT

- 72.1 The Fire Authority considered the Report of the Chief Fire Officer (CFO) which provided Members with an update on the outcomes and recommendations following the independent review of the governance of the Authority, as undertaken by the Good Governance Institute. It also required Members to agree to proposed responses to the recommendations made. (*Copy in Minute Book*)
- 72.2 Members were reminded that in December 2017 East Sussex Fire Authority became the first in the country to commission an independent review into the political and organisational governance arrangements in place across the Authority and in relation to East Sussex Fire & Rescue Service.
- 72.3 The Authority recognised that good governance was essential to address the challenges that the public sector face and to ensure public engagement and transparency in service delivery.
- 72.4 The CFO explained that following the early inspections, the HMICFRS had now included governance as part of the inspection regime having originally stated that it would not be included.

- 72.5 The Deputy Chief Fire Officer (DCFO) informed the Authority that the final report of the Good Governance Institute (GGI) had been shared with the Member Reference Group (MRG) and that the report in front of the Authority had been created out of these discussions and included MRG recommendations.
- 72.6 The DCFO added that since the despatch of this report, he had been in contact with the GGI and taken them through the MRG recommendations and they felt them to be sensible and pragmatic
- 72.7 Before working through the recommendations as set out in the report, some Members expressed disappointment that GGI had not fully addressed the size of the Fire Authority, the work of the Panels and how the Panels worked together.
- 72.8 Whilst overall Members were not of the opinion that there needed to be an immediate change to the size of the Authority it was acknowledged that there was some evidence that smaller boards could be more effective. But the Authority must also be cognisant of the need to ensure that its size of membership allowed for appropriate political proportionality.
- 72.9 The Monitoring Officer (MO) explained that the GGI had used benchmarking figures created by his office to make their recommendation. He reassured the Authority that this showed that whilst the recommendation was to consider a reduction, the figures showed that ESFA was of average size. The Combination Order required proportionality to be calculated on the electoral figures of both ESCC and BHCC, if there had been a substantial change in either authority then a review would be required automatically. The Senior Democratic Services Officer was working with colleagues at the constituent Authorities to establish whether this may be required.
- 72.10 They also felt that there could be value in Members having access to all Panel papers. Members were reminded that all Panel papers are published on the Service website, but were only posted to the members of the relevant panel. They were informed that a report would be presented to the December meeting of the Senior Leadership Team (SLT) presenting an outline business case for the purchase and implementation of committee management software. If agreed, this system would allow greater accessibility to papers for both Members and the public. Members expressed their support for such a system being introduced.
- 72.11 With some discussion, the Authority took a decision on each recommendation detailed in the Report. All twelve of the recommendations that had been made by the MRG were agreed by the Authority. Particular attention was paid to the recommendations referenced below.
- 72.12 Recommendation 5: Members were keen for the induction programme to be refreshed and felt it would be helpful for both new and existing Members to attend. There was also support for prospective Members to be given more information on the requirements of being a Member of the Fire Authority from their relevant Constituent Authority, either BHCC or ESCC as applicable.
- 72.13 Recommendation 10: Members welcomed the proposal of an improved "Expectation of Members" document, it was generally felt that there was a feeling that attendance at events outside of meetings were "extra-curricular" where actually they formed an integral part of the role of Member of the Fire Authority. Officers confirmed that all staff appreciated it when Members attended these

events. It was agreed that measuring and sharing attendance at these events was important. Members were urged by the Chairman to form and build relationships with their local stations.

72.14 **RESOLVED** – That the Fire Authority:

- a) considered and discussed the contents of the report;
- b) considered the Member Reference Group's response in relation to the twelve recommendations presented in the full report and agreed each of them; and
- c) directed officers to progress on the basis of the recommendations outlined in the report.

73 EXCLUSION OF THE PRESS AND PUBLIC

73.1 That items no. 74, 75 and an oral update, agreed to be taken by the Chairman as an urgent item, be exempt under paragraphs 1 and 3 of Schedule 12A to the Local Government Act 1972 as amended by the Local Government (Access to Information) (Variation) Order 2006 and accordingly is not open for public inspection on the following grounds: Information relating to any individual, and it contains information relating to the financial or business affairs of any particular person (including the authority holding that information).

76 URGENT CONFIDENTIAL ITEM: FIRE BRIGADES UNION UPDATE

76.1 The Authority conducted a discussion under confidential session regarding a press release issued by the Fire Brigades Union which had declared that a vote of no confidence had been taken by its membership in the Senior Leadership Team of East Sussex Fire & Rescue Service. Members discussed this in depth and were keen to express their full support in the SLT and were keen to issue a response as a united Authority. It was agreed therefore that the resolution of this confidential discussion would be made public.

76.2 **RESOLVED** – That the Fire Authority agreed to:

- a) record its full confidence in the Senior Leadership Team of East Sussex Fire & Rescue Service;
- b) record its disappointment that the Fire Brigades Union chose not to submit its notice of a no-confidence vote through the agreed channels; and
- c) That it be further recorded that the matter raised by the Fire Brigades Union as its basis of a no-confidence vote, namely the potential introduction of appliances of differing size, is one which was set in process in 2014 and is being investigated in accordance with declared policy of the Fire Authority. It will be carried out, as always, in accordance with the relevant policies and procedures and will be subject to full consultation before a decision on any changes is reached and implemented.

The meeting concluded at 11.52 hours.

Signed

Chairman

Dated this

day of

2019

EAST SUSSEX FIRE AND RESCUE SERVICE

Meeting Fire Authority
Date 14 February 2019
Title of Report Safer Communities Strategy 2018–21
By Mark Matthews, Assistant Director Safer Communities
Lead Officer Andrew Gausden, Group Manager

Background Papers Safety Communities Strategy 2018–21

Appendices Appendix A - Revised Safety Communities Strategy 2018–21
 Appendix B - EIA

Implications

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

PURPOSE OF REPORT To introduce the revised Safer Communities Strategy 2018–21 to support the delivery of both Community and Business Safety.

The report proposes the approval of the revised Safer Communities Strategy 2018–21, which now covers both Community and Business Safety.

EXECUTIVE SUMMARY This report supports ESFRS purpose to make our communities safer. Appendix A presents the updated Safer Communities Strategy 2018-21.

The current Community Safety Strategy has been reviewed and the strategic approach to prevention and protection provision have been more closely aligned around an annual assessment of risk that drives locally based resources, with critical support being provided by centrally based specialist teams. This has led to the effective amalgamation of the prevention and protection strategies in to a combined Safer Communities Strategy.

The Business Safety Priorities 2018–21 are detailed on page 24 and 25 of the revised Strategy. The document now outlines the future delivery design of ESFRS Protection and Prevention services over the next three years to support the delivery of interventions under the proposed five themed Prevention/Protection Strands contained within the Strategy.

RECOMMENDATIONS

That the Fire Authority:

- a) approve the revisions to the current Community Safety Strategy and the strategic approach to prevention and protection provision being more closely aligned around an annual assessment of risk that drives locally based resources with critical support being provided by centrally based specialist teams; and
 - b) approve the adoption of the Safer Communities Strategy 2018-21
-

1 INTRODUCTION

- 1.1 The Strategy ensures the statutory requirements of the Authority under the Fire and Rescue Services Act 2004 and the Regulatory Reform (Fire Safety) Order 2005 are complied with, including providing a commitment to improve delivery of regulation in line with the statutory principles of good regulation being good business. These principles are that regulation should be transparent, accountable, proportionate, consistent and targeted.
- 1.2 That the 'Duty to collaborate' is demonstrated through the engagement based approach to identifying risk and deploying locally based protection and prevention resources.
- 1.3 There is a clear link to the Service business planning cycle with the local assessment of risk complementing the overarching integrated risk management planning methodology.
- 1.4 There is a synergy with the Engagement and Communication Strategy and the new Service strategy template has been followed to ensure consistency of approach.

2 SAFER COMMUNITIES STRATEGY

- 2.1 The Strategy has been developed through engagement with staff and partners and on the principle of an annual collaborative assessment of local risk to ensure an effective response through initiatives that are evaluated, reviewed, consulted on and translated into local plans allowing effective performance management.
- 2.2 The Strategy is people centric, focussing on those most vulnerable and at risk, complemented by the five thematic action plans (Home/Fire, Road, Water, Business and Health action plans) which deliver effective performance monitoring and ensures staff can see how they contribute to the wider Strategy.

- 2.3 The Strategy and associated Thematic Plans empowers local delivery teams to respond dynamically to the changing local risk in their local communities, encouraging creativity and innovation by allowing teams to develop new initiatives with critical support being provided by centrally based specialist teams.
- 2.4 The Service Delivery Review proposals seek to place resources at the point of contact where they are responsive to the needs of local communities.
- 2.5 The Strategy will be complemented with a reviewed Response and Resilience Strategy.

3 BUSINESS SAFETY PRIORITIES 2018–21

- 3.1 The Business Safety department will deliver against statutory duties through a blended approach of community engagement, inspection and enforcement, based on the annual assessment of risk.
- 3.2 The local Business Safety teams will deliver reactive based audits in response to fire incidents, complaints and intelligence from partners.
- 3.3 Through improved efficiencies the Business Safety department will increase audits from 500 to 1,500 through specialist teams and the introduction of station based audits undertaken by operational crews.
- 3.4 The locally based teams with the support of the central specialist team will ensure the Service responds to statutory consultations in a professional and timely manner as detailed in the Service charter.
- 3.5 The local teams will deliver risk based themed activities locally, that will be supported by the centrally based specialist team through the creation and maintenance of an initiatives library, effective evaluation, the use of equality impact tools and administration of a competency and quality assurance framework.

4 DELIVERY MODEL

- 4.1 Business Safety are developing an Assurance Framework to ensure a consistent and fair approach to enforcement activities in line with the Regulators Code, reducing any unnecessary burdens on business.
- 4.2 Services will be delivered by professional staff supported through a competency framework informed by best practice and responsive to the requirements of the National Framework.
- 4.3 The Services regulatory functions will be delivered through a sustainable and adaptive structure that enables effective provision of competent staff at all times of day.
- 4.4 Staff will respond to local risk through thematic based planning supported by exploiting new information technologies such as the rollout of agile working and new functionality offered through the upgraded Business Safety recording and operating system (CRM).
- 4.5 The Service will support economic growth and resilience of our local business communities by raising awareness of fire and life risk and engaging with responsible

persons through a variety of initiatives such as Primary Authority Partnerships and the Safer Business Training program.

- 4.6 The centrally based specialist team will develop “Safer Living” and “Safer Care” initiatives in partnership with the Care Quality Commission, to support the elderly and vulnerable to secure safe and secure homes through a 'Person Centred Approach' to risk, the installation of sprinklers and promotion of new technology such as social alarms.
- 4.7 We will continue to support the MHCLG Independent Review of Building Regulations and Fire Safety, through the NFCC and implement the recommendations of Government’s Building Safety Program in a timely manner.
- 4.8 The centrally based specialist teams will continue to build on the Business Safety engagement and initiatives library, providing critical specialist advice and guidance on property types, engineered solutions, fire investigation, current best practice, and enforcement cases and implement, maintain and review an effective competency and assurance framework to further support local teams.
- 4.9 Business Safety will continue to promote the provision of sprinklers and new emerging technologies in both domestic and business premises, including considering match funding projects with partners in higher risk residential buildings.
- 4.10 The Service will use its powers to investigate the cause of fire to reduce the frequency and impact of fire by supporting police investigations into deliberate fires.

5 BUSINESS SAFETY THEMATIC PLAN

- 5.1 The Business Safety Thematic Plan has already been drafted and prioritises our activities based on risk and encompasses the learning and best practice identified locally, from other Fire & Rescue Services and through the NFCC work streams, to inform and influence the delivery of our protection activities.
- 5.2 The higher level activities of the Thematic Plan will be translated through the annual assessment of risk, into specific initiatives and targeted inspections underpinned by the Support and Delivery Framework and monitored through the end of monthly returns of local teams.
- 5.3 The Business Safety Central Support team are developing a robust Assurance Framework to ensure the findings of the recently completed External Audit are delivered in a timely manner, providing the Fire Authority with confidence and reassurance in the Services Regulatory responsibilities, ensuring compliance with best practice and evidence ensuring our enforcement activities fully align with the Regulators Code.

6 CONCLUSIONS

- 6.1 That the Fire Authority approve the revisions to the current Community Safety Strategy and the strategic approach to prevention and protection provision being more closely aligned through an annual assessment of risk, that drives locally based resources with critical support being provided by centrally based specialist teams.

Safer Communities Strategy

Community and Business
Safety Priorities

2018-2021



East Sussex
Fire & Rescue Service



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The Fire Authority is proud to continue its work to make our communities safer by delivering high performing services and making effective use of our resources. The Authority has always worked hard to ensure the communities it serves benefit from collaboration and partnerships with other organisations, with the most recent being a collaboration agreement formally establishing closer working between Surrey, East and West Sussex fire and rescues services. We recognise that in these austere times that collaboration is key and continually look at new ways of working and improving what we do to maximise resources.

The Authority will continue to seek further opportunities to collaborate, where improved effectiveness and efficiency can be achieved. In a complex environment, with changing demands, we recognise that the public rightly expects a continued delivery of professionalism and value for money from emergency services. In order for us to continue to meet these expectations we must relentlessly seek to improve our ways of working.

There will be a continued commitment to providing an effective and efficient prevention, protection and response service to the communities we serve. Further spending will be made on match-funding the installation of sprinkler systems in local high risk / high-rise residential buildings which will help prevent fires, protect our residents and improve the safety of our firefighters

We will continue to work closely with partners in delivering life-saving services and we are working hard to improve safety within businesses, as well as reducing accidental dwelling fires and false alarms in our area. The Authority is now planning for the additional requirements of growth in the county. We anticipate a significant amount of new housing with more people living in the area and also an increase of vehicles on the roads. Therefore, community safety planning is essential for safeguarding the community.

John Barnes
Chairman



The effectiveness of the work we do as an emergency service is totally dependent on having a balanced Community Safety Strategy of Prevention work, Protection (our business safety and regulatory role) and of course Response (attendance at incidents).

Our commitment to the safety of our community is shown in the Service's five prevention streams: Home and Fire Safety, Road Safety, Water Safety, Business Safety and Health Safety. Proactive community safety work has had a significant impact on the safety of our community, as increased awareness helps reduce the number of incidents.

Community Safety work is vital to achieving our objectives of sustainably improving services to the public, increasing resilience and responding to changes in risk and local demands.

Our organisation operates in a complex environment of changing demand where the public justifiably expects delivery of professional and value for money emergency services. Increased collaboration between local services is one of the ways we can achieve the continuous improvement we strive for and in addition, common sense opportunities to work closer together will be fully explored and implemented when it is in the best of interests of our residents to do so.

We are proud of the service that our staff and volunteers provide to the public and use our resources to meet the needs of the communities we serve. This is challenging given the significant reductions in public sector funding and we regularly review and update our savings plans as the financial situation around us changes

By 2020, we aim to demonstrate that we have transformed our service providing effective and efficient prevention, protection and response services, which are sustainable. We hope this document helps to outline our approach to the service we provide to you.

Dawn Whittaker
Chief Fire Officer

Strategic Context

The Fire and Rescue Services Act (2004) Part 2 Section 6 places a statutory duty on East Sussex Fire Authority to promote fire safety in its area. Fire and Rescue Authorities are encouraged to develop, in collaboration as appropriate, a wide range of local community safety initiatives to reduce risk to people living, working and visiting local areas and improve community safety outcomes in the long term. In particular East Sussex Fire and Rescue Service will profile the community through its own and Partner's systems on an ongoing basis to identify and reach those most vulnerable from/to fire as well as other causes of injury or death and to assess the effectiveness of our wider community safety activities. The fulfilment of our Civil Contingency responsibilities, as defined in Statute, is also supported through this strand of the Safer Communities Strategy.

The overarching Safer Communities strategy along with the additional complimenting Service strategies are critical to the success of our Purpose of 'Making our communities safer'. The Community and Business Safety principles set

out in this document gives direction to our risk based approach to prevention as well as specific fire safety, to be delivered in East Sussex and the City of Brighton & Hove by ESFRS staff and volunteers and in particular, from the local community fire stations in the East Sussex Fire & Rescue Service's area.

The 'Fire Authority Commitments' that underpin the above 'Purpose' and help the Authority to discharge its legal duties and respond to the needs of the diverse community are:

- Delivering high performing services
- Educating our communities
- Developing a multi-skilled, safe and valued workforce
- Making effective use of our resources

These commitments flow through and are intrinsic in steering the strategy and are translated through the resulting action plans that secures tangible delivery and added value to the public the Authority serves.



Scope

– Overarching Community Safety Priorities/Objectives

Our priorities and objectives are to reduce fires and fire related incidents and injury and death associated with fire, water, road and health through collaborative working and an effective support and performance management framework.

The following objectives / priorities will be reviewed and delivered on an annual basis.

Following a series of staff engagement events the following priorities/objectives were identified:

- **Identify and annually review the key community safety prevention and protection strands.** Currently the five strands are: Home/Fire Safety, Business Safety, Road Safety, Water Safety & Health and Wellbeing.
- **Undertake an Annual assessment of risk** for each locality in keeping with the principles of integrated risk management approach. We will consider and assess vulnerability through a holistic engagement and collaborative approach including protection of life, property and business. The annual assessment will:
 - Include partners such as town and parish councils, East Sussex County Council and B&H Unitary Authority, the wider community and staff through an annual multi-agency workshop with the objective to identify shared risks. This will be held in late autumn in preparation for the annual assessment report to be published for the start of the following performance year.
 - Utilise fire incident data, risk data identified through education links, local intelligence such as Firewise, communication analysis and predictive software.
 - Utilise commercial available fire loss databases including RISCAuthority and Experian to inform our risk based inspection approach.

- Include collision data from the Sussex Safer Roads Partnership, health data from NHS, CCGs, CQC and Public Health, drowning data from the Water Incident database (WAID), crime data from Sussex Police and fire loss data
- Include learned outcomes from the Fatal Fire and Serious Fire Related Incident review process and wider operational assurance outcomes including Fire investigation and operational debriefs.
- **We will identify key initiatives** through the annual assessment process for the Safer Communities team to deliver collaborative and outcome focused support to those in most need tailoring initiatives designed to reduce risk, linked to the five key identified areas (Fire/Home, Road, Water, Health and Business). Resources will then be deployed in the delivery of the specific initiatives identified against the risk that is present within the six geographical areas of Brighton & Hove, Eastbourne, Hastings, Rother, Lewes and Wealden
- **We will provide a library of resources:** Initiative libraries will be developed and updated on a continuing basis by both the Business Safety and Community Safety teams who will become the gatekeepers for the BS Engagement Events and CS/BS Initiatives Library for access by all staff and volunteers (i.e. the Open Day resource pack). Each initiative will have a defined scope, evaluation criteria and be reviewed with representatives from the target group to ensure the greatest chance of success and be subjected to an EIA and communications guide to provide appropriate resources to practitioners. The central team's function will be to provide critical expertise and support the delivery of person/community/premises centric prevention/protection services that deliver tangible impacts and added value based on local risk.



- **Deliver Home Safety & Safe & Well visits:** We will continue to widen the scope and impact of the HSV as we introduce Safe & Well visits to support those most vulnerable in a structured way to support independent living and promote health, safety and wellbeing. We will ensure that sufficient budget arrangements are in place to support the provision of additional equipment necessary to effectively deliver the service.
- **Business Safety Inspections and Visits:** Business Safety inspectors will continue to use a risk based approach to carrying out programmed inspections of higher risk business premises, including reactive inspections post incident and following receipt of complaints and intelligence from our partners. Operational crews will support Business Safety activities through the role out of the Operational Business Safety Visits as part of risk-based inspection approach.
- **Provide a Support and Delivery Framework:** The framework will define the key areas of work identified through the annual assessment of risk within a performance management framework that will ensure teams receive the necessary training and support to effectively undertake prevention activities. The Safer Communities Management Team will monitor outcomes through exception reporting on a monthly basis to ensure the effective delivery of the prevention initiatives across the six geographical areas.
- **Provide an environment for staff to develop their work streams and themselves:** Through a mutual understanding of the work of other's and how these all interact and build in resilience by effective use of training, IT and appropriate resource packs (tip sheets and role related handbooks).
- **Provide central support to front line staff including volunteers:** The annual assessment of risk will provide a focus for the areas of prevention and protection activities that local staff will prioritise. Each local hierarchy of risk will be made available to community/business safety and communications staff to ensure that prevention and protection activities are supported at the appropriate level and are consistent throughout the organisation
- **Effectively collaborate with partners:** Continue to develop theme based collaborative work streams to achieve greater outcomes for the public by removing barriers and focusing on enabling staff to deliver locally in collaboration. This will provide the community with a level of prevention and protection activity that provides protection from fires and other emergencies, with a workforce that is appropriately trained and equipped.
- **Provision of an internal meeting structure:** A revised meeting structure that ensures effective reporting against the priorities within

the five thematic action plans. Identically structured performance management meetings will take place in each of the localities which feed into the Safer Communities performance management framework.

Through an **annual consultation process** we will identify our **key prevention and protection strands** and will develop a process by which community **risk is assessed annually** at local level providing local interventions through an **Initiatives Library** supported by a **Support and Delivery framework** that ensures that staff and volunteers have the training and resources to deliver the outcomes to reduce risk within the community.

By delivering these aims the Service will seek to achieve the follow community benefits/objectives

- ✓ A reduction in the number of people killed or injured in fires (Fire/Home Safety prevention strand)
- ✓ A reduction in accidental dwelling fires and the extent of fire in the home by confining the fire to the room of origin (Fire/Home Safety Prevention Strand)
- ✓ 12,000 home safety visits each year, of which at least 90% of visits will be to vulnerable people (Fire/Home Safety Prevention Strand)
- ✓ 1,500 inspections/visits of premises falling within the Regulatory Reform (Fire Safety) Order 2005 (Business Safety Protection Strand)
- ✓ A reduction in the number of people killed and seriously injured in road traffic collisions (Road Safety Prevention Strand)
- ✓ A reduction in the number of people killed and seriously injured in water related incidents (Water Safety Prevention Strand)
- ✓ Broadening our involvement with the health sector through the 'Fire as a Health Asset' programme to reduce health related harm (Health & Wellbeing)
- ✓ Engagement with children, young people and vulnerable adults (Cross Cutting all Prevention Strands)
- ✓ Continued development of the community volunteer programme to support delivery

through the five Prevention and Protection strands.

Additionally, the Service will continue to work collaboratively in order to:

- ✓ Contribute to a reduction in the number of road traffic collisions (Road Prevention Strand)
- ✓ Contribute to a reduction in the number of people killed or seriously injured in water related incidents (Water Prevention Strand)
- ✓ Contribute to a reduction in the number of drowning related incidents (Water Prevention Strand)
- ✓ Reduce the number of fires in buildings other than domestic dwellings (Business Safety Protection Strand)
- ✓ Reduce the number of anti-social deliberate fires and arson (Business Safety/Fire/Home Prevention and Protection Strands)
- ✓ Reduce the cost to the community of fires (Business Safety/Fire/Home Prevention Protection Strands)
- ✓ Reduce the number of malicious calls and false alarms (Cross Cutting all Prevention Strands)
- ✓ Contribute to the reduction of crime, disorder and anti-social behaviour (Health Prevention Strand)
- ✓ Contribute towards safeguarding and the welfare of children, young people and vulnerable adults (Health & Wellbeing)
- ✓ Contribute to a reduction in the number of public admissions to A&E and to hospital (Health & Wellbeing)
- ✓ Contribute to a reduction in the number of falls in the home requiring ambulance mobilisation, A&E submission and hospitalisation (Health & Wellbeing)
- ✓ Contribute to a reduction in the need for specialist care and the support of independent living through working in collaboration with partners to develop preventative measures reducing risk to a manageable level (Health & Wellbeing)

- ✓ Increase risk critical referrals by raising awareness of staff and developing simple systems of referral on to key organisations to further reduce the risk to highly vulnerable members of the public (cross cutting all strands)
- ✓ Increase youth engagement and mentoring activities targeting areas where austerity is leading to removal of schemes and initiatives (cross cutting across all strands)
- ✓ Encourage and support to develop and embed community resilience initiatives
- ✓ Promote Safer Living and Safer Care in partnership with the Care Quality Commission, to ensure the elderly and vulnerable are afforded safe and secure homes, housing and care environment (Business Safety Protection Strand).
- ✓ Work with our partners to support growth and resilience in our local business communities including the promotion of the benefits of engaging with businesses through Primary Authority Partnerships (Business Safety Protection Strand)

Prevention & Protection Delivery Process

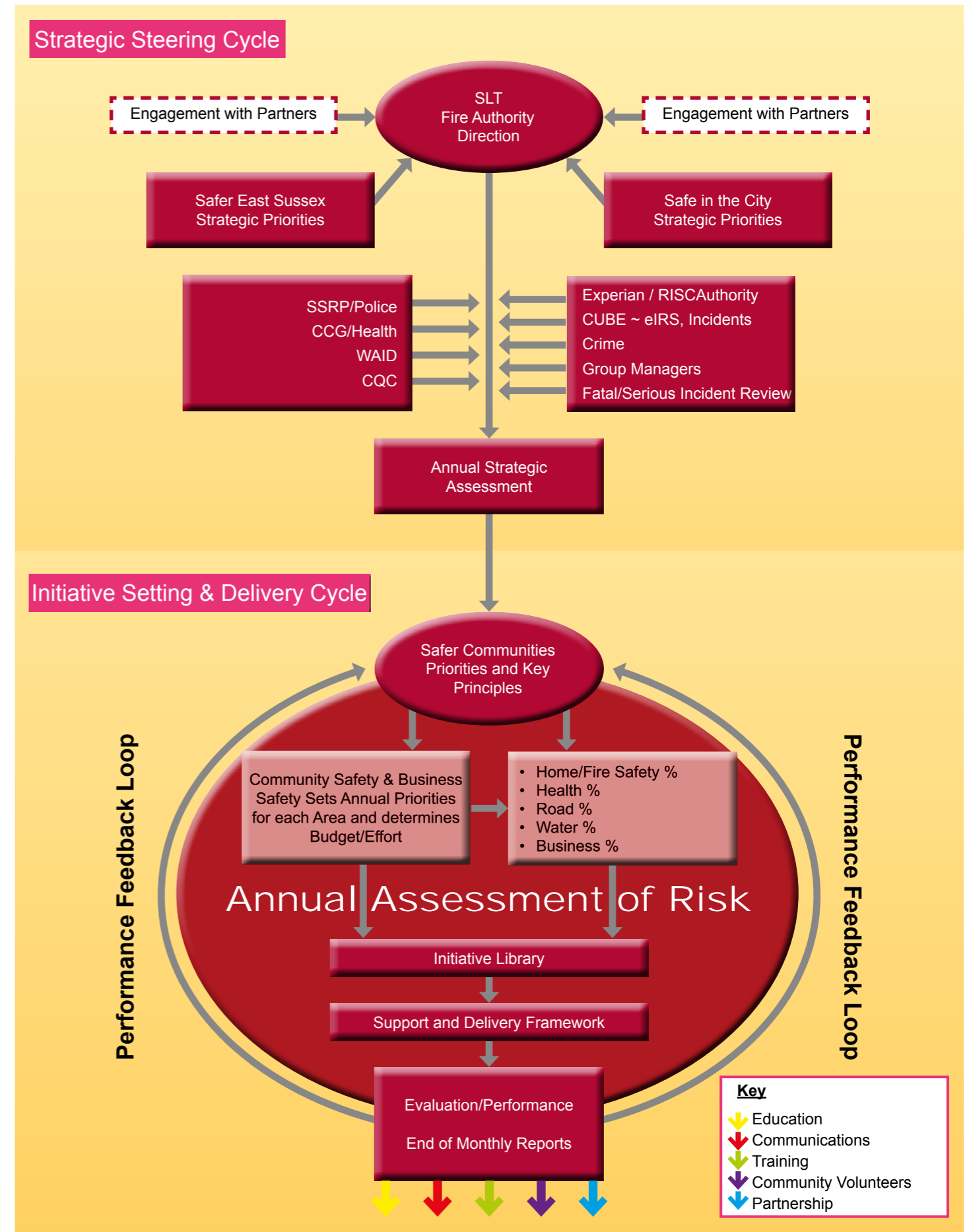


Figure 1: Defines the process through which collaborative intelligence on risk drives the local allocation of resource in the form of intervention and community based initiatives. The process includes an evaluation and quality assurance element to ensure organisational learning through the promotion of a culture of trial and error to secure continual improvement.



Delivery through effective engagement and collaboration

Collaborative working is essential to achieve all that we have set out to do and plan to do in the future. This is a key area of work where we know real improvements to people's lives can be made through working effectively with other organisations.

In addition to existing partnerships, East Sussex Fire & Rescue Service will actively seek out new collaboration to benefit the community and so that we can provide the community with a level of protection from fires and other emergencies that is second to none with a workforce that is appropriately trained and equipped.

The Senior Leadership Team provides annual corporate validation of the community, prevention and protection requirements, through an annual assessment of risk process that will deliver local prevention and protection in collaboration with our wider partners to maximise the impact of our activities.

The resulting activities will initially focus on the five prevention and protection strands: Fire/Home, Road, Water, Business and Health that

will be further shaped by considering community intelligence from:

- The community safety plans from Safe in the City (Brighton & Hove) and the Safer East Sussex Team (SEST)
- The national, regional and local harm reduction priorities for NHS and Public Health; and
- Appropriate casualty reduction action plans for water and road related harm.
- Business engagement activities and initiatives delivered through working with Sussex Chamber of Commerce, Local Growth Hub and Better Business for All.

An **annual multi-agency Partnership Engagement workshop** will be organised as part of the assessment process to validate the outcome of the internal assessment and be used to approve or modify the prevention and protection strands and will ensure that the resulting activities are targeted at those most at risk in the most effective way. The engagement event will review our strategic collaboration to



ensure consistency of approach, and revisit the key collaborative principles with partners.

The current collaborative principles agreed through the engagement workshop are:

- **Making Every Contact Count (MECC)**, a process to ensure that every contact opportunity is maximised regardless of what partner makes the initial contact.
- **People centric** (person centered risk assessment), putting people rather than a process first; identifying the wider risks individuals may be vulnerable to and offering a tailored response through collaborative response.
- **Reviewing collaboration** at least once a year to ensure that it is effective
- Adopting a **three tier approach to collaborative delivery**,
 - **Strategy** (Has support and is legitimised by corporate buy-in by partners)
 - **Place** (Intervention/activity appropriate to location/environment)

- **Practitioner** (Awareness of outcomes being sought, can influence and provide evidence on impact)

to ensure that there is an **effective relationship** between the **strategic direction & tactical delivery**. It is acknowledged by partners that the fostering of this approach is critical to ensure the effectiveness of a collaborative based approach.

- **Resisting the temptation to start something new** if there is already an existing framework, meeting structure, process or solution that could be utilised or adapted.
- Reviewing our **information sharing protocols** to ensure that they are compliant, fit for purpose and effective, whilst accepting there is good practice examples and that barriers to exchanging critical intelligence can be appropriately overcome.

Community/Business intelligence will feed into the Annual Assessment of Risk; a process that will identify and prioritise prevention and protection activity by area based on risk.



Supporting Structure

The Central Community/Business Safety function provides the following support to assist the delivery of safety initiatives by staff and volunteers:

- **Initiatives Library** – Manage the resources necessary to deliver a particular outcome (i.e. The open day pack, behavioral insights tools)
- Support colleagues by reviewing initiatives specifically in respect to
 - Effectiveness by the area in which initiative was undertaken
 - Effectiveness of the evaluation criteria
 - Effectiveness of engagement with target group in developing initiative through evaluating EIA and seeking support from I&D.
- **Provide feedback at annual assessment of risk** – The focus being on the effectiveness of the initiatives employed.
- **Best practice** – Provide advice and guidance to staff and volunteers by pulling together best practice nationally and locally from Government, other FRS', partner organisations and the third sector.
- **Evaluation** – Determine the effectiveness of activities and provide advice and support to secure better outcomes.
- **Safeguarding** – Manage the statutory safeguarding obligations.
- **Annual assessment of risk** – Co-ordinate the delivery of the identification of risk from fire and other harm through an inter-agency approach at District and Borough level.
- **Fatal Fire and Serious Fire Related Incident Coordination** - Coordinate the review process and feedback on collective process at Safer Communities performance management meeting.
- **Fire Investigation** - Improved sharing of knowledge and understanding of causes of fire and wider outcomes to inform prevention

and protection activities, including cross service work with the police to reduce the instances of arson.

- **Continual development of collaborative practice** - Identify further opportunities to reduce risk of harm within, the SLT agreed, prevention and protection work streams prioritised by the findings of the 'Annual Assessment of Risk' findings
- **Initiative Support** - Provide critical central support in enhancing performance in high priority areas (i.e. Accidental Dwelling Fire (ADF) Action Plan and associated ADF action learning set).
- **Support development of and delivery of the thematic action plans** – The plans assist in mobilising the strategy.
- **Statements of Intent** – Develop and review statements of intent which deliver against specific high priority areas of improvement

Delivery of the strategy is defined through the **resulting thematic prevention and protection action plans (Home/Fire, Water, Road, Business and Health) and the overarching directorate plans** that are shaped by the **annual assessment of risk process**. The annual assessment actively ensures effective staff and partner influence when setting priorities and also allows the initiatives to be **monitored and evaluated through the support and delivery framework**.

The central Community and Business Safety functions will require specialist role holders, who will provide support in the construction and delivery of the widening prevention and protection activity strands. The service has developed an **agile structure** to ensure that emerging trends in the community and collaboration opportunities are responded to instinctively.

Delivering Efficiency

The full implementation of this strategy and the investment in prevention and protection aims to reduce the number of serious injuries and fatalities and financial loss in our communities. It is envisaged that there will be a return in respect to non-cashable savings due to this reduction in incidents and reactive services provided by ESFRS but also partner organisations.

Measuring the benefit of prevention and protection can be challenging but there are examples of good practice. The Community and Business Safety central functions will continue to consider each initiative in turn and provide a suitable evaluation to include both cashable/non cashable savings.

It is intended additional non-cashable savings will also be made through:

- Delivering better targeted initiatives to those most vulnerable and therefore achieve a greater reduction in risk across the five prevention strands.
- Reducing wasted effort by engaging with the community and local businesses to ensure the effective development and evaluation of risk reduction initiatives thus improving the public return on the same resource investment.





Measuring Success

Operating through a **Support and Delivery framework** will enable staff and volunteers to deliver effective and timely prevention and protection interventions with performance measures set locally following the **'Area annual assessment of risk'** to determine the activities necessary to reduce the risk in local communities. Performance will be monitored through **'Exception Reports'** through the Safer Communities Management Team – Performance Management meeting (SC-PM) and support provided by all Safer Communities departments and Service directorates to deliver the interventions and activities that will reduce the risk associated with those identified as being most vulnerable.

The majority of objectives are monitored using the Service Performance Targets for community and business safety and are agreed and set internally and approved by the Senior Leadership Team.

Intelligence led delivery through 'Annual Assessment of Risk'

Fire & Rescue Services are required to develop an annual Integrated Risk Management Profile (IRMP) for its service area. ESFRS is compliant with this requirement and the plan is refreshed and revised periodically.

The annual assessment of risk mimics the IRMP at a local level and takes into account the risks associated with the wider community therefore examines, in detail, data and intelligence from the following sources:

- Incident data from eIRS (the FRS incident recording database).
- Previous incident and demographic data through the ESFRS CUBE analytical reporting tool and commercially available data sets.
- Crime data from Sussex Police. (Including arson and deliberate fires, fraud – particularly crime involving scams involving vulnerable people, anti-social behaviour).
- Killed and seriously injured in road traffic collisions (KSI) through Sussex Safer Roads Partnership (SSRP) utilising stats 19 collision data collected by the Police.
- Fatalities associated with water through the Water Incident Database (WAID) supplied through the National Water Safety Forum
- Fatal Fire and Serious Fire Related Incident reports, an internal ESFRS review process that identifies the causes and drivers for serious and fatal fires
- The outcomes of fire investigations including sharing of knowledge and understanding of the causes of fire
- Group Manager input; influenced by staff and local partners.
- Health data from Public Health and NHS sources; including falls & frailty, suicides, obesity, smoking prevalence, excess winter deaths and other relevant data.

This data is processed and a league table of risk will be created for each area and presented as a percentage against each prevention and protection activity for that area, which will dictate the expectations in terms of Community and Business Safety output for the locality.

Local areas will then use relevant resources to manage the risk through the engagement and initiatives library, a bank of resources maintained by the central Community and Business Safety teams to cater for every risk profile, from water safety to arson reduction. Every library resource contains a communications tool to assist local and central communications staff and an evaluation tool to assist in determining the effectiveness of the engagement. The outcomes are recorded in the End of Month returns and collated through the Performance Team for reporting and provide oversight at the monthly Safer Communities Management Team performance meetings.

Support and Delivery Framework

Engagement events with staff identified a need to provide clarity against each key role, support in delivering objectives and a framework that identified what success looked like

The Support & Delivery framework addresses this by providing clarity of role and suitable and effective training for each of the levels of delivery.

End of Month Reports

Key deliverables have been identified and agreed by those now responsible for delivery. For a number of roles these are generic and similar in nature but where staff members have specialised roles, their End of Month return will contain reporting criteria specific to that role.

Continuous analysis of these reports will provide effective monitoring of performance by measuring what really counts so we can identify where interventions can be made, including where an objective has been achieved so that effort is not expended unnecessarily.

Evaluation and Performance framework

The Planning and Intelligence Team are responsible for drawing together the internally and externally collated intelligence for the Annual Assessment of Risk, collating the End of Month returns and associated exception reports and determining the effectiveness of the interventions set against the ranked risk factors for each local area.

Evidence from the annual assessment of risk and evaluation from previous years will inform the professional judgment of Safer Communities Leads in the application of resources.



Safer Communities Key Prevention & Protection Strands

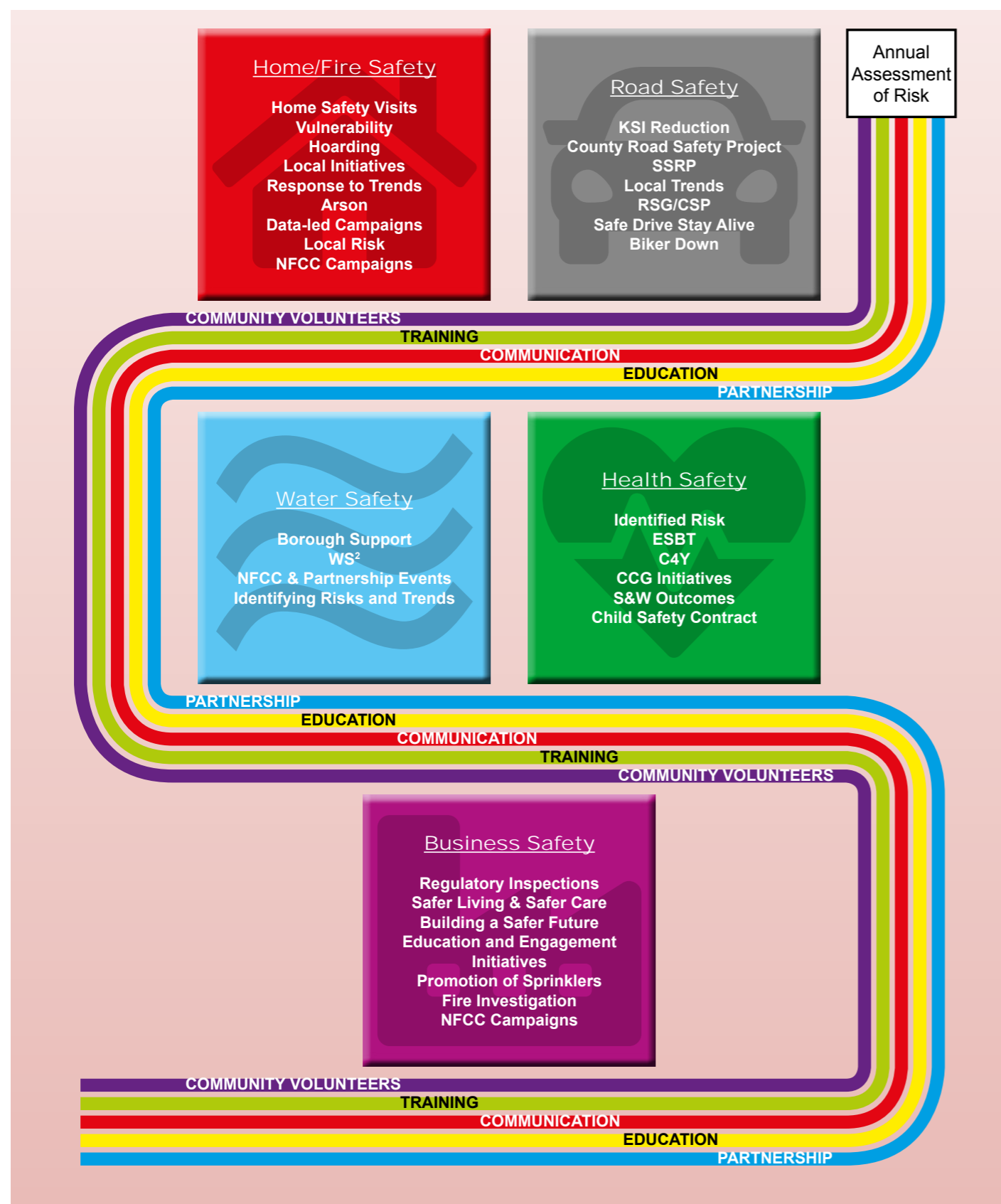


Figure 2 provides an illustration of how risk based initiatives are grouped and delivered through defined prevention strands and the generic approach adopted in supporting all initiatives through ensuring the training, communication, volunteer support and collaborative requirements have been identified and delivered against

Thematic Action Plans



Home/Fire: Home Safety Visits - The target of 12,000 Home Safety Visits is based on risk profiling and capacity for the service to deliver and is currently divided equally between the Safe & Well Advisers (SWA) and operational crews across the Boroughs.

Appointments are made with clients through the central team and a screening process identifies clients with more complicated or complex needs and these are passed to SWAs to deliver.

Ops crews will undertake 7,000 visits a year and whilst these are usually more straight forward clients can be referred for a further visit by SWAs should additional assistance be required, such as the provision of sensory equipment. SWA's will continue to undertake a minimum of 5,000 visits.

The scope of the HSV has expanded over time and now includes a wider range of hazard identification within the home

In addition to its Safe & Well Advisers ESFRS also employs two Safe & Well (S&W) Practitioners who support delivery of our GP referral scheme.

A monitoring framework is necessary for training and Quality Assuring HSVs by operational crews. The Support and Delivery framework will address this and provide the basis for continuous improvement.

The Care Act 2014 identified neglect and self-neglect as areas that Safeguarding procedures should be applied to. This is particularly relevant to the Fire & Rescue Service in respect to hoarding as it presents a significant fire risk. A multi-agency Hoarding framework Memorandum of Understanding has been developed for both the City and East Sussex to ensure a consistent approach and reduce risk.

Research and learning from other Fire & Rescue Services and the NFCC will continue to inform and influence the delivery of our prevention

services. For instance; the NFCC Prevention Coordination Committee's report (April 2018) on reducing injuries and deaths by fitting additional smoke alarms in rooms that pose a higher fire risk due to the circumstances of the occupant. Whilst not yet fully supported nationally, the concept has been fully embraced within ESFRS and additional advice provided to staff undertaking home safety visits supports the fitting of additional smoke alarms where appropriate.

The **ESFRS thematic Fire/Home Safety Action Plan** will encompass the work being undertaken by the ADF action learning set and associated behavioral insights focus to ensure a holistic and connected plan designed to achieve the objectives of this strategy.



Road Safety - The Sussex Safer Roads Partnership (SSRP) brings together teams from Sussex Police, East and West Sussex County Councils, East and West Sussex Fire

and Rescue Services, Brighton and Hove City Council, Brighton and Sussex University Hospital NHS Trust and Highways England. We believe that, together, we can continue to create a safer environment for all road users, significantly reducing life-changing injuries and fatalities.

Using the knowledge and experience within the partnership, we aim to provide advice and support to all road users across Sussex. We refine and develop strategies to promote road safety and to encourage everyone to consider how they use the roads and how everyone can become safer. Recommendations and guidance are offered to urge everyone to share the roads and to foster an attitude of safety for all on our roads.

ESFRS undertakes a range of preventative activities across the area, based on the road risk, both collaboratively through road safety partnerships (Wealden and Rother) and through single agency activities.

The **ESFRS thematic Road Safety Action Plan** identifies the road risks through location and road user type and identify the tactics available to staff and volunteers that are available through the ESFRS initiatives library as well as through the SSRP.

Road Safety prevention is overseen by our (Water &) Road Safety coordinator based in the central Community Safety Team who is also the subject lead on the SSRP Programme Delivery Groups.



Health - ESFRS has embraced the principles of 'Fire as a Health Asset', a national consensus between the National Fire Chief's Council, Public Health England and National Health England to utilise the Fire Service in the support of the delivery of health outcomes.

ESFRS has developed consensus statements with Public Health and NHS in East Sussex and Brighton & Hove identifying a number of themes for the service to support. These include smoking cessation, obesity, falls and frailty, dementia, suicide prevention.

Making every contact count will be supported across the service through the enhancement of the Home Safety Visit to be known as the Safe & Well Visit.

In addition to the fire safety elements of Home Safety Visit effective delivery of Safe & Well visits depends on the quality and range of health elements that are incorporated into the client engagement.

It is essential that the quality and range of the health element of the S&W visit is monitored for both accuracy and effectiveness. It is intended that this will initially will be achieved through a coordinated approach provided by the central team. S&W visits will incorporate a number of elements, which will be reviewed annually, or as advice from health partners dictate.

The focus will continue to be on those groups below but the intention will be to further explore the possibilities to reduce risk in related health areas following consultation with partners and trade unions:

- Falls and frailty
- Disability, including dementia
- Obesity
- Smoking cessation

An initial coordinated approach from the central team will ensure that:

- Suitable and sufficient training is provided taking into account the target audience of fire fighters
- Resources are readily available in a number of formats. These will include up to date information that relates to the appropriate geographical area
- A single point of contact is available for advice, guidance and referrals as teams achieve confidence and competence

In addition, the central team will ensure that there are consistent links with health partners to ensure that the health element of the S&W visit is matched to the work of wider health partners and that evaluation of outcomes from the visits are recorded and shared with the relevant partners. The **ESFRS thematic Health Action Plan** identifies fire related health risks developed in collaboration with health partners and delivered by Ops crews, staff and volunteers.



Water Safety - East Sussex Fire and Rescue Service regularly deals with the consequences of water related emergencies which has a significant impact on our local communities.

ESFRS has a statutory duty to identify risk under its obligation to undertake an Integrated Risk Management Plan and has identified a number of areas where the Service can work collaboratively with other agencies to implement our own initiatives to reduce risk as well as keeping the people who reside and visit East Sussex, Brighton and Hove safer.

The **ESFRS 2016 – 19 thematic Drowning Prevention Action Plan** identifies our key water safety principles that will reduce the number of water related injuries and deaths.

The delivery of our Water Safety Principles is overseen by the Water (& Road) Safety Coordinator whose role is to promote, train and encourage staff and volunteers to deliver preventative activities, represent ESFRS both nationally and regionally within the Fire & Rescue Service and with other water safety partners.





Business Safety –

The Service will use a blended risk-based approach in delivering against our statutory duties under the Regulatory Reform (Fire Safety) Order 2005 as we strive to

further reduce fire incidents and resulting life risk in the built environment. This blended approach will include community engagement, inspection and enforcement.

The Business Safety department will continue to build capacity and improve efficiency to deliver by 2021 the target of 1,500 proactive and reactive regulatory inspections at premises identified through the comprehensive annual assessment of risk.

These inspections will be completed by combining a variety of data and intelligence and by continuing to carryout reactive inspections following incidents, receipt of a complaint and sound intelligence from our partners. These inspections will be delivered by both specialist inspectors and operational crews.

We will also seek to deliver risk based themed activities locally which target specific high life risk environments, such specialised housing and care homes. These will be supported by the Business Safety Support Team through the creation and maintenance of an initiatives library, effective evaluation, the use of equality impact tools and the administration of a competency and quality assurance framework.

The annual assessment of risk will include combining occupancy type and vulnerability with incident data, partner intelligence and fire loss history which will ultimately result in the creation of local risk profiles through the use of commercially available databases such as Experian.

The service is a statutory consultee under a range of legislation and the Business Safety teams will continue to ensure they respond to consultations in a positive and timely manner as detailed in the Service response charter. Through an Assurance framework that is supported

through engagement with partners and the public supported by the internal communications team we will safeguard the fairness of approach to our enforcement activities in line with the Concordat and Regulators Code reducing any unnecessary burdens on business owners whilst safeguarding those using those buildings.

The Business Safety functions will be delivered through a sustainable and adaptive structure that enables effective provision at all times of day. Services will be delivered by professional staff supported through a competency framework informed by best practice and responsive to the requirements of the National Framework. Staff will respond to local risk through thematic based planning supported by exploiting new information technologies such as the rollout of agile working and new functionality offered through the upgraded Business Safety recording and operating system (CRM).

We will collaborate with our partners including supporting intelligence led thematic inspections and multiagency operations targeting immigration and modern slavery, to ensure the most vulnerable in our community are protected from exploitation. We will support economic growth and resilience of our local business communities by raising awareness of fire risk and engaging with responsible persons through a variety of initiatives including the development of Primary Authority Partnerships and delivery of Business Safety thematic engagement events.

In addition we will seek to develop Safer Living and Safer Care initiatives in partnership with the Care Quality Commission, to support the elderly and vulnerable to secure safe and secure homes within a caring environment. This will be achieved through both inspection of premises and engagement with duty holders promoting the Person Centered Approach to risk, the installation of sprinklers and promotion of new technology such as social alarms.

The service will continue to support the Independent Review of Building Regulations and Fire Safety through the NFCC and implement the recommendations of Government’s Building Safety Program.

The Business Safety Support Team will continue to build on the Business Safety engagement and initiatives library to enable local teams to deliver proactive and reactive business engagement activities increasing knowledge and understanding of fire safety in the business community. The Business Safety Support Team will offer critical specialist advice and guidance on property types, engineered solutions, fire investigation, current best practice, and enforcement cases. They will implement, maintain and review an effective competency and assurance framework to further support local teams.

The Business Safety Support Team will also continue to promote the provision of sprinklers and new emerging technologies in both domestic and business premises, including considering match funding projects with partners in higher risk residential buildings.

We will adopt a regional collaborative approach to fire investigation seeking out best practice and new innovative ways of working in partnership.

The service will use its powers to investigate the cause of fire to reduce the frequency and impact of fire, Automatic Fire Alarms and Unwanted Fire

Alarm Signals by supporting police investigations into deliberate fires whilst reducing the risk to both the public and our staff by supporting the wider prevention agenda.

The Service will seek to distinguish between Automatic Fire Alarms (AFA’s) and Unwanted Fire Alarm Signals (UFAS) in order to target both appropriately. The Service will seek to reduce UFAS through awareness, engagement with the responsible person and finally policy review. Responding appropriately to AFA’s through a more inquisitive approach can often detect failings in the responsible person’s risk assessment ensuring early intervention and the prevention of more serious incidents.

The **ESFRS Business Safety Thematic Plan** will detail and prioritise our activities based on risk and encompass the learning and best practice identified locally, from other Fire & Rescue Services and through the NFCC work streams to inform and influence the delivery of our protection activities. The higher level activities of the thematic plan will then be translated using the annual assessment of risk into specific initiatives and targeted inspections captured through end of monthly returns for local teams.





Youth engagement

Youth engagement is undertaken across the service, often by Ops Crews, through locally organised activities such as football coaching and mentoring young people. Our Safety in Action programme is a collaborative approach providing the opportunity for young people aged 10 to 11 years to experience risky scenarios in a safe environment.

Road safety interventions such as Safe Drive, Stay Alive, and Water Savvy, Water Safe WS² are delivered by the Water & Road Safety Coordinator alongside Ops Crews and community volunteers.

The three dedicated Education Team staff members within the central Community Safety team undertake the majority of the school and college engagements. A number of further engagements are undertaken by staff members from Ops Crews.

The Education Team undertake the provision of the Juvenile firesetters scheme known as Firewise, work with partner agencies under the Troubled Families agenda and support the delivery of the developing 'Watch' schemes, activities within fire stations targeting challenging young people.

The ESFRS Strategic Aims of the Education Team are:

- Equip Children & Young People (CYP) with the knowledge, understanding and skills to keep themselves, their families and their communities' safe, supporting ESFRS achieve its aim of 'safer communities.'
- Explore new opportunities to engage with all CYP to minimise loss of life, injuries and damage to property in our communities.
- Ensure an innovative and high quality of service by encouraging feedback from partners to allow evaluation and improvement of our resources and practice.
- Widen the scope of our provision, to respond to the changing needs of the Service, and to develop innovative schemes of working to increase the opportunities for engagement with CYP.
- Fully integrate the Education Team within all areas of the Service to encourage and support staff and volunteer interaction with CYP

These strategic aims are delivered through the **Education Team thematic action plan.**

Community Volunteers

ESFRS started its community volunteer scheme in 2009 and currently has over 100 volunteers from across the service area. Management of the scheme is undertaken by Coordinators working within the central Community Safety team.

Our key community volunteering priorities are:

- To ensure volunteering is an integral part of ESFRS and that volunteer activities contribute to ESFRS reaching more members of the community and making ES and B&H a safer place
- To ensure volunteering is a worthwhile, rewarding activity for our volunteers and that volunteers are involved in the decision making process.
- To be inclusive and open, enabling as many people as possible to access our volunteering opportunities.

- To work in partnership with other organisations who also have a community safety ethos.
- To be creative and imaginative in our approach to volunteering, to best serve the needs of promoting community safety.
- To ensure we have the necessary systems and resources in place to best support our community volunteers and the communities we serve

An **ESFRS Volunteer Action Plan** provides a focus to teams and illustrates the value volunteers bring to the community and ESFRS.



Partnership Engagement

Fire Authority has adopted the following definition of partnerships:

“Any joint arrangement, where the partners:

- Are other public and third sector organisations, supply partners, independent organisations or groups
- Agree to co-operate, share, or agree or contract or deliver commissioned services with the Fire Authority or ESFRS to deliver defined outputs that achieve clearly defined outcomes
- Accept the joint managerial arrangements to oversee their effective delivery
- Plan and implement commensurately in relation to scale and to an agreed programme which may or may not involve joint staff or resources
- Create new organisational structures or processes to achieve joint goals, separate from their own organisations
- Identify and mitigate, where possible against risks of achieving successful outcomes and identify and maximise possible benefits
- Ensure effective evaluation takes place to monitor overall and relative resource inputs, and outcomes
- Have agreed in advance effective arrangements and criteria for ending the arrangements including the implications on staff involved, services affected and beneficiaries of the partnerships.

Partnerships and integrated working require a culture of shared ownership and common working arrangements across organisational and professional boundaries. In so doing, the Fire Authority has endorsed ESFRS to take a full and active role in:

- Strategic, regional, function partnerships provided, in each case, the agreed business case/evaluation process has been followed and the appropriate manager has signed it off as an effective, viable, and appropriately resourced partnership;
- Shared services partnerships provided they have been the subject of appropriately Member approved business cases and contractual arrangements; and supply partnerships that follow the requirements set out in Contract Standing Orders, Financial Regulations, the Procurement Strategy and related ESFRS policy guidance.

Once the annual Assessment of risk is embedded and the resulting targeted initiatives are being undertaken across Brighton & Hove and East Sussex the intention is to **develop a partnership review framework** that will seek to ensure a consistent community benefit approach in evaluating which partnerships to resource and how.

Definition of vulnerability

ESFRS recognises that other organisations and services have developed their own definition of vulnerability that is appropriate to their area of business. ESFRS recognises this and has refined its own definition of vulnerability with this in mind:

Vulnerability in this context refers specifically to those most likely to be killed if a fire occurs and those most at risk of having a fire. It is fully acknowledged that very often the characteristics, circumstances or social factors that lead to an individual being more at risk than others are interrelated, which places a wider role on public services as a collective. To tackle and address the source issues around vulnerability the Service will be engaging and supporting partners in other areas of prevention such as public health and community support activities.

Vulnerability can vary significantly from place to place for many reasons and therefore it is accepted that local risk is often better identified through local engagement with the local community and partners and the local structure serves to ensure this local understanding of vulnerability is secured and in doing so allow the prioritised allocation of resource against the local risk. This risk based approach being fully embedded within the integrated risk management and annual assessment of risk process. The Initiatives library resource is available to provide essential support in providing specific detail against this local picture allowing for tailored approaches and targeted initiatives. The central teams will set out the Community and Business Safety principles which will allow effective local interpretation and delivery. In addition, the central resources will be used to address local barriers through exercising strategic influence and allocation of additional resource.

The key Service-wide risk factors that will be used to identify vulnerability will include:

- The absence of an appropriate smoke alarm in a domestic premises
- Individuals with a debilitating condition,
- The substantiated risk of arson
- Poor access to services
- Where a particular lifestyle or behaviour significantly increases risk
- Those living in specialised housing and care environments.

Local campaigns and local discretion provides flexibility to include other factors depending on context; examples would include:

- Recently arrived migrants,
- Single parent households in deprived areas,
- HMOs and specialised housing
- Intelligence from within the service, partners or from the community demonstrates an increased risk

It is acknowledged that although an individual may fall into one of these or an equally locally relevant category they may not necessarily be classified as vulnerable and the local context will need to be considered.

Where the circumstances of an individual provides concern for their well-being or safety this in itself may make that person vulnerable.

We recognise that vulnerability may be transient; for example a temporary loss of mobility or the temporary use of prescription medication.

Communications

The **Communications & Engagement Strategy 2018 – 2021** provides detail of the Service's wider direction of the future direction for communications, consultations and engagement.

The Communications Team will continue to undertake crucial public awareness and safety campaigns, which are evaluated in order to be able to learn from successes and from campaigns, which did not have the expected results.

The key communication focus areas to assist in delivering the Community Safety Strategy are:

- Home/Fire Safety - Accidental dwelling fire
- False alarm reduction
- Drowning prevention
- Road Safety
- Business Safety
- Health

The Communications Team works alongside Safer Communities to deliver bespoke campaigns and action plans on these topics and provide permanent attendee at the Safer Communities – Arriving at the priorities meeting.



Inclusion, Equality and Diversity

We know that understanding inclusion, equality and diversity are an integral part of keeping our communities safer, stronger and healthier.

We will work to achieve the aims of the East Sussex Fire and Rescue Service Inclusion, Equality and Diversity Strategy 2017-2021.

The Inclusion, Equality and Diversity strategy has five performance areas;

- Knowing your communities
- Leadership, partnership and service commitment
- Community engagement and satisfaction
- Responsive services
- A skilled and committed workforce

Everything within this community safety strategy support the Inclusion, Equality and Diversity strategy.

Priorities – Years 1-3

There are a series of priorities which appear in the Corporate plan (TBC) which are linked to Safer Communities Directorate. Year 1

| Reference | What will we do | Key milestones including final completed | Performance targets/success measures |
|--|---|--|--|
| 1 Design and trial a local assessment of risk that compliments the wider IRMP and Business planning cycle | <p>1.1 Implement the annual review of the key community safety prevention strands</p> <p>1.2 Design and trial an annual assessment of risk dependent on development of supporting IT</p> <p>1.3 Provide a library of resources that are evaluated and reviewed through meaningful engagement with the community and partners</p> <p>1.4 Deliver against increased inspections/visits of premises</p> <p>1.5 Deliver against increased Home Safety visit target & Safe & Well visits</p> | <p>1. Draft version for February – confirmed for March in order to brief stations</p> <p>2. Design by March 2019</p> <p>3. Phase 1 – high priority initiatives to be available by March 2019</p> <p>1.4 March 2019 completion date – to be supported by monthly performance reports</p> <p>1.5 March 2019 completion date – to be supported by monthly performance reports</p> | <p>Effective and efficient allocation of local resources against the agreed community safety prevention themes, Business Safety and response priorities.</p> <p>Measured through evaluation and performance monitoring.</p> <p>Delivered on time</p> |

| | | | |
|--|---|--|---|
| 2 Facilitate and encourage a multi-disciplined approach to Service delivery | <p>2.1 Provide a Support and Delivery Framework (local intelligence, effective processes, appropriate training IT/estate solutions to facilitate greater community return and improve staff wellbeing).</p> <p>2.2 Develop Safer Communities involvement in Programme Management Office to support flatter matrix structure approach to delivery.</p> <p>2.3 To provide strategic input as senior user for the Customer Relationship Management system project</p> <p>2.4 Implement the outcomes of the Service Delivery Review</p> | <p>2.1 Phase 1 by March 2019, dependent on progress of supporting project e.g. Performance Management system.</p> <p>2.2 Identify members of Safer Community to be involved as required.</p> <p>2.3 Milestones to be defined by project board</p> <p>2.4 Milestones to be defined by project board</p> | <p>Removal of directorate barriers, moving further away from silo activity – evidence provided by feedback and evaluation.</p> <p>Identifying collective shared responsibility of key corporate priority projects – evaluation reports</p> <p>Monitor against shared ownership through a revised performance management approach.</p> |
|--|---|--|---|

| | | | |
|---|---|--|-----------------------|
| <p>3 Development of an empowering culture where authority and associated decision making is devolved to the lowest appropriate level within the organisation.</p> | <p>3.1 Provide tailored and focused support from the central teams to front line staff including volunteers.</p> <p>3.2 Provide an environment for staff to develop their work streams and themselves (empowerment culture that significantly improves capacity of Service and attracts, secures and retains motivated creative innovative applicants). Engagement days, Training on fostering an empowering environment etc.</p> <p>3.3 Provision of an internal meeting structure to allow effective exception reporting against the identified initiatives and priorities within the five Prevention work stream action plans and wider Business Safety and response requirements.</p> | <p>3.1 Implementation of the support and delivery framework by March 2019</p> <p>3.2 Annual programme of team development events to be confirmed by March 2019</p> <p>3.3. Confirmation of meeting structure by March 2019</p> | <p>Staff feedback</p> |
|---|---|--|-----------------------|

Due to the nature of the Safer Communities work, years 1-3, will follow the same pattern however each year's plan may differ, depending on the annual assessment of risk. These may need additional resources as they develop. These plans are available on request enquiries@esfrs.org

| Reference | What will we do | Key milestones including final completed | Performance targets/success measures |
|-----------|---|--|---|
| 1 | End of Month Reports | Delivered on a monthly basis | Improved performance and reporting |
| 2 | Annual multi-agency Partnership Engagement workshop | Event takes place each year | Revisions to Partnership Engagement plans |
| 3 | Annual Assessment of Risk | Delivered on an annual basis | Improved performance and reporting |
| 4 | Fire/Home Safety thematic Plan | Delivered on an annual basis | Improved performance and reporting |
| 5 | Road Safety thematic Plan | Delivered on an annual basis | Improved performance and reporting |
| 6 | Drowning Prevention thematic Plan | Delivered on an annual basis | Improved performance and reporting |
| 7 | Health thematic plan | Delivered on an annual basis | Improved performance and reporting |
| 8 | ESFRS Volunteer thematic plan | Delivered on an annual basis | Improved performance and reporting |
| 9 | Business Safety thematic plan | Delivered on an annual basis | Improved performance and reporting |



East Sussex
Fire & Rescue Service

Equality Impact Analysis Record (Inclusion Risk and Benefits)

This form should be completed in conjunction with EIA Tip Sheet and Key EIA Considerations

Part 1 – The Document

| | | | | |
|----|---|---|---------------------------------------|---|
| 1. | Name of Policy, Procedure, Activity, Decision or Service: | Safer Communities Strategy 2018-21 | | |
| | Status of PPADS (please tick) | <input checked="" type="checkbox"/> NEW | <input type="checkbox"/> UNDER REVIEW | <input type="checkbox"/> CHANGING <input type="checkbox"/> EXISTING |
| 2. | a. Main purpose of PPADS: | The three year strategic direction for Community & Business Safety | b. Project Manager and Process owner: | Head of Community Safety: AD SC |
| | c. Project/processes this PPADS is linked to: | Service strategies, action plans and risk assessments | | |
| 3 | List the information, data or evidence used in this analysis: | Regulatory Reform Order 2005 The Fire and Rescue Services Act 2004 Ops(P) | | |

Part 2 - Analysis

| Characteristics | Neutral Impact (x) | Negative Impact* (Risk Assess & score) | Positive Impact (x) | Narrative Section, detail below why and how you scored impact, you should consider: What are the risks &/or negatives, benefits and or opportunities to that Protected Characteristic? You <u>will</u> need evidence to support your Analysis. |
|--|-------------------------------------|---|-------------------------------------|--|
| A person of a particular age | <input checked="" type="checkbox"/> | | <input type="checkbox"/> | Nothing within this process would disadvantage a person on the basis of age. The strategy includes the 5 key prevention strands; home, fire, water, road & health which each incorporate a thematic action plan. The action plans identify their key risk groups, a number of which are based on age. For instance young people are at higher risk of death and injury in relation to road and water related activities whereas vulnerability to fire risk tends to increase with age, therefore a number of specific actions will relate to older people. |
| A disabled person | <input type="checkbox"/> | | <input checked="" type="checkbox"/> | People living with disabilities are at increased risk of death and injury through a variety of community risks including fire. The strategy and associated thematic action plans identify this cohort of people in order to target appropriate risk mitigation. |
| A person of a particular sex, male or female | <input checked="" type="checkbox"/> | | <input type="checkbox"/> | Whilst the strategy itself does not identify people as a result of their gender a number |

| | | | | |
|---|-------------------------------------|--|--------------------------|---|
| | | | | of individual actions within the thematic action plans identify certain groups as a higher risk of injury or death; for instance young males are at higher risk in relation to water and road related activities. Otherwise there is no gender bias. |
| Pregnancy, Maternity, Marriage or Civil Partnership | <input checked="" type="checkbox"/> | | <input type="checkbox"/> | Nothing within the strategy or associated thematic action plans would impact any persons identifying with these characteristics. |
| A person of a gay, lesbian or bisexual sexual orientation | <input checked="" type="checkbox"/> | | <input type="checkbox"/> | Nothing within the strategy or associated thematic action plans would impact any persons identifying with these characteristics. |
| A person of a particular race | <input checked="" type="checkbox"/> | | <input type="checkbox"/> | Nothing within the strategy or associated thematic action plans would impact any persons identifying with these characteristics. |
| A person of a particular religion or belief | <input checked="" type="checkbox"/> | | <input type="checkbox"/> | Nothing within the strategy or associated thematic action plans would impact any persons identifying with these characteristics. |

| | | | | |
|---|-------------------------------------|--|-------------------------------------|--|
| Transgender a person whose gender identity/expression does not make their assigned sex | <input checked="" type="checkbox"/> | | <input type="checkbox"/> | Nothing within the strategy or associated thematic action plans would impact any persons identifying with these characteristics. |
| Community considerations Application across communities or associated with socio-economic factors considering the 10 dimensions of Equality | <input type="checkbox"/> | | <input checked="" type="checkbox"/> | The strategy and associated thematic action plans identifies a range of opportunities where ESFRS can help build community resilience and reduce the risk associated with the five key prevention strands |
| Criminal convictions | <input checked="" type="checkbox"/> | | <input type="checkbox"/> | Broadly, criminal convictions are not an influencing factor within the community safety strategy. The caveat would be where there was a potential risk to staff safety. In this instance a management decision would be taken on the way to proceed. |
| Rural living | <input type="checkbox"/> | | <input checked="" type="checkbox"/> | Rural communities are often at increased risk as a result of distance from services and isolation. The thematic action plans identify where these apply and include actions that help to mitigate the particular risk. |
| Human rights | <input checked="" type="checkbox"/> | | <input type="checkbox"/> | Nothing within the strategy or associated thematic action plans negatively impacts individual's human rights. |

Part 3 – The results

| | Yes | No | |
|--|-------------------------------------|-------------------------------------|--|
| Are there negative scores in Low ? (see guidance) | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <i>If Yes, list any actions required to adjust the activity and any mitigation you will implement in the action plan below in section 6</i> |
| Were positive impacts identified? | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <i>If No, I & D will contact you about this</i> |

| | | | |
|---|-------------------------------------|-------------------------------------|---|
| Are some people benefiting more than others? If so explain who and why. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | The strategy associated thematic action plans and associated action plans seek to enhance engagement with people within rural communities and with the disabled due to their increased risk associated with any of the five prevention strands including fire, isolation, fuel poverty, access to services. |
| Are one or more negative scores in Medium or High ? (See guidance) | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <i>If Yes, Contact I & D for further consultation</i> |

Part 4 - Consultation, decisions and actions

| |
|--|
| If medium or high range results were identified who was consulted and what recommendations were given? |
| |

| |
|--|
| Describe the overall decision on this Policy, Procedure, Activity, Service or Decision: |
| The aims contained within the review process will provide benefit to the community as a whole and enhances our reputation and the ability to fairly reduce risk across all sections of the community |

| |
|---|
| List all actions identified to address/mitigate negative risk or promote positively |
|---|

| Action | Responsible person | Completion due date |
|--|---|---------------------|
| Annual review of the strategy and periodic review of the thematic action plans to ensure that they reflect the appropriate risks within the community. | Head of Community Safety Group Manager Business Safety | May 2019 |

| |
|---|
| When, how and by whom will these actions be monitored? |
| Annual review of the strategy and periodic review of the thematic action plans. |

Part 5 – Sign Off

| | |
|---|------------------------------|
| Created by (Print Name): David Kemp | Department: Community Safety |
| Signature**David Kemp | Date: 8/5/18 |
| To be completed by Equalities Team | |
| Signature** | EIA number: |
| Assessment date: | Review date: |

**** Please type your signature to allow forms to be sent electronically****

Part 6 - Equality Improvement Plan

| Issues Area of adverse impact and Reasons | Solution Action What can be done to mitigate impact, what can be done to obtain further information | Responsibility/Lead Manager Who will be responsible for this action | Target Timescales When will this be completed Financial factors | Comments Corporate Risk Factors |
|--|--|--|--|--|
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Agenda Item No. 84

EAST SUSSEX FIRE AUTHORITY

Meeting Fire Authority

Date 14 February 2019

Title of Report Fire Authority Service Planning processes for 2019/20 and beyond – Revenue Budget 2019/20 and Capital Strategy 2019/20 to 2023/24

By Chief Fire Officer and Assistant Director Resources / Treasurer

Lead Officer Warren Tricker, Finance Manager

Background Papers Fire Authority Service Planning processes for 2018/19 and beyond, Revenue Budget 2018/19 and Capital Strategy 2018/19 to 2022/23: Fire Authority 15 February 2018.
2019/20 Strategic Service Planning and Medium Term Financial Plan: Fire Authority 6 September 2018.
Policy & Resources Panel 1 November 2018 – Efficiency Strategy Update
Economic and Fiscal Outlook, March 2018 and October 2018; Office of Budget Responsibility.

Appendices

- A – Medium Term Finance Plan 2019/20 – 2023/24
- B – Revenue Budget Summary 2019/20
- C – Fees and Charges
- D – Capital Strategy 2019/20 – 2023/24
- E – Reserves and Balances Policy
- F – Precept for 2019/20
- G – Establishment 2019/20
- H – Local Government Financial Settlement Core Spending Power of Combined Fire Authorities

Implications

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

PURPOSE OF REPORT To present the Fire Authority’s Revenue Budget 2019/20, Capital Strategy 2019/20 – 2023/24 and Medium Term Finance Plan for 2019/20 – 2023/24 for approval.

EXECUTIVE SUMMARY

The Authority's budget proposals for 2019/20 and its five year Medium Term Finance Plan (MTFP) were considered by the Policy and Resources Panel on 18 January 2018. Since that meeting the report has been updated to reflect final council tax and business rates information, collection fund positions and revised information from central government on business rates funding. The Local Government Finance Settlement (LGFS) is expected to be finalised when the Local Government Finance Report (England) 2019/20 is debated by Parliament on 5 February 2019.

The Authority has continued to make good progress in identifying and agreeing savings proposals over the last 12 months. The latest version of the MTFP shows that the Authority has already identified £0.413m of savings in 2019/20 and a total of £0.529m savings in total over the life of the MTFP.

This report outlines proposals for setting a balanced revenue budget for 2019/20, including commitments, growth bids and new savings. The Government has confirmed the increase in the Council Tax Referendum Threshold to 3% for a further year and this report models a 2.94% increase in line with steer given by Policy and Resources Panel.

There remains significant uncertainty for fire funding beyond the current multi-year funding offer that ends in 2019/20. For 2020/21 and beyond there are potentially significant risks as a result of proposals to change the Business Rates Retention regime, the Fairer Funding Review and a Comprehensive Spending Review covering the last two years of this Parliament. In addition there is no decision on the funding of increased employer's pension costs after 2019/20 and locally the impact of West Sussex CC's withdrawal from the Sussex Control Centre from February 2020 is still to be fully evaluated.

As a consequence of this uncertainty the MTFP forecasts overall central support in two scenarios, 5% annual decrease and 7.5% annual decrease in Settlement Funding Assessment. The revised MTFP under the 5% option shows a need to deliver further savings of £2.837m by 2023/24. In the 7.5% scenario this increases to £3.727m by 2023/24.

Officers will continue to explore the potential for further savings to meet the identified target by 2023/24 through the activities set out in the Efficiency Strategy approved by the Authority in September 2017. In the short term the focus will be on identifying options for balancing the budget for 2020/21 well in advance of the announcement of the funding settlement. The Senior Leadership Team has committed to carrying out further work to identify and deliver a greater return on planned investments and specifically an increase in the level of cashable efficiencies delivered.

The Capital Strategy reflects the Authority's identified capital investment requirements for the next five years and has been updated significantly to reflect the new Estates Strategy and the re-profiling of the Fleet Strategy. With an overall increase in spend over the life of the Strategy and the receipts from the sale of the old HQ supporting the investment in the existing property portfolio the Authority must now plan to enter into new borrowing over the life of the Strategy and the Treasury Management Strategy will carefully consider the

options available. The Revenue impacts of new borrowing is reflected in the MTFP from 2021/22 onwards.

The Capital Strategy reflects the Authority's identified capital investment requirements for the next five years and has been updated significantly to reflect the new Estates Strategy and the re-profiling of the Fleet Strategy. With an overall increase in spend over the life of the Strategy and the receipts from the sale of the old HQ supporting the investment in the existing property portfolio the Authority must now plan to enter into new borrowing over the life of the Strategy and the Treasury Management Strategy will carefully consider the options available. The Revenue impacts of new borrowing is reflected in the MTFP from 2021/22 onwards.

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

At its meeting on the 17 January 2019 the Policy and Resources Panel discussed the Revenue Budget and Capital Programme. The Panel agreed to recommend that the Fire Authority should agree a council tax increase of 2.94% in 2019/20 and plan on the basis of a 1.94% rise in subsequent years.

At the time of writing not all the Business Rate returns from billing authorities had been received and the analysis of the impact of the Business Rates Retention pilot could not be completed. As a result the budget remains based on the original Pilot estimate of £550,000.

RECOMMENDATION The Authority is recommended to approve:

- a) an increase in council tax of 2.94% and thus approves:
 - (i) the budget proposals set out in this Report and the net budget requirement of £39.037m for 2019/20;
 - (ii) the council tax requirement of £27.215m; and
 - (iii) the council tax and precepts as set out in Appendix F
- b) the capital programme for the next five years and the capital budget of £6.728m for 2019/20 and the plans to use capital grant, capital receipts and revenue contributions to finance capital expenditure;
- c) the reduction in the minimum level of General Reserves to 6% of the net revenue budget;
- d) the fees and charges set out in Appendix C; and

- e) that the Chief Fire Officer, in consultation with the Chairman and Treasurer, be authorised to make any adjustments to the presentation of the budget to reflect the final Local Government Finance Settlement.
-

1 INTRODUCTION

- 1.1 The report sets out the proposed Revenue Budget for 2019/20, a revised MTFP for 2019/20 to 2023/24 as well as the proposed Capital Strategy and Capital Programme for the Authority for the period 2019/20 to 2023/24 for the Authority to consider. The report is based on the latest information available, but Members should note that the Final Local Government Finance Settlement for 2019/20 will not be formally approved until 5 February.
- 1.2 The Local Government Finance Settlement confirmed the council tax referendum threshold of 3% for 2019/20. The Government's continued support for council tax flexibility indicates that this may continue and this report gives an indication of the extra yield available should the option be extended. On current tax base each 1% increase yields circa £264,000 in 2020/21.
- 1.3 The Authority had its four year efficiency plan approved by the Home Office and this has provided certainty in central Government funding for the period to 2019/20. Beyond that a number of assumptions have been made as to the level of funding in the Medium Term Financial Plan (MTFP).
- 1.4 The Authority has continued to make good progress in identifying and delivering savings proposals over the last 12 months. The latest version of the MTFP considers the roll-forward of the existing Plan to include 2023/24, including the unachieved saving on the Grey Book pay award and savings from the senior management restructure as well as a number of new savings identified as part of the budget setting process. It includes other changes to spending plans, the provisional Local Government Finance Settlement (LGFS) and latest information on council tax and business rates. Taken together these show that the Authority has already identified £0.413m of savings for delivery in 2019/20 to deliver a balanced budget along with flexibilities in the Corporate Contingency and revenue contributions to fund the cost of the Capital Programme.
- 1.5 The level of savings required post 2019/20 will depend heavily on the Comprehensive Spending Review and the associated fairer funding review, proposals for business rates retention and council tax increase flexibility. In the scenario of an overall 5% reduction in central support the savings target is £0.761m in 2020/21 increasing to £2.837m by 2023/24. In the 7.5% scenario the targets increase to £1.031m in 2020/21 and £3.727m in 2023/24.
- 1.6 There remain several uncertainties for funding in 2020/21 and beyond and the Authority will need to remain flexible in its approach to its financial planning. The acknowledgement of the Authority's four year efficiency plan and the multi-year funding figures for the period to 2019/20 have provided a welcome level of certainty and have supported our strategic and financial planning over the period. However, there remains uncertainty after this end of this period. The

Government has now committed that by the end of the Parliament local government will retain 75% of business rates revenues to fund local services in return for the loss of a number of existing grants such as Revenue Support Grant. It has been confirmed by the Home Office that the fire service will remain part of the Business Rates Retention system at least in the short term. In addition there is a national Fairer Funding Review which will change the basis for the distribution of resources across the fire service and a Comprehensive Spending Review which will determine the total funding available for the fire service for the last two years of this parliament, both of these are due for implementation in 2020/21.

2 ECONOMIC OUTLOOK

- 2.1 The general state of the economy is an important factor in setting the Authority's revenue budget and MTFP over the next five years. The UK economy has slowed this year as inflation has decreased households' real incomes. The Office of Budget Responsibility (OBR) has reflected low productivity growth and better than expected level of national deficit in their revised forecasts. Growth is forecast to average 1.5 per cent a year over the next five years, starting at a better than expected 1.6% for 2019 before dipping to 1.4% and climbing back to 1.6% by 2023 as public spending cuts and Brexit-related uncertainty weigh on the economy.
- 2.2 The Government's stated fiscal mandate is to maintain the structural deficit as less than 2% of GDP. The OBR continue to expect this will be achieved in 2018/19 when they forecast it to be 1.3%, then 1.6%, 1.3%, 1.1% and 0.9% in the following financial years. For the purposes of the MTFP it is important to note that this estimate is based on falling government spending.
- 2.3 The official UK bank interest rate increased from 0.50% to 0.75% in August 2018 and the OBR expect it to continue to rise to 1.5% by the end of 2023.
- 2.4 The Government continue to set the target for CPI at 2%. The December 2018 figure was 2.1% down from 2.3% in November 2018 and the OBR expect it to continue to move toward the target of 2.0% by early 2020.

3 NATIONAL FUNDING

- 3.1 The provisional LGFS was announced on the 13 December 2018. As expected it reflected the accepted four year settlement. The timing of policy decisions on the funding of local government and fire services have been affected by Government focus on the Brexit negotiations and there is a high degree of uncertainty on funding beyond the end of the four year settlement. The assumptions used to predict funding have drawn on various models and announcements from bodies such as the Local Government Association, and Local Government Futures along with other professional and sector groups.
- 3.2 As part of the 2011 Localism Act, council tax capping in England was abolished and has been replaced by powers for residents to approve or veto excessive council tax increases through a local referendum. Any decision to trigger a

referendum would incur a significant cost in actually carrying out the vote, and thereby acts as a disincentive to break the referendum ceiling. The LGFS (provisional) has extended the referendum threshold of 3% for another year. The Revenue Budget has been prepared on the basis of a 2.94% increase for 2019/20. Our current assumption beyond this is that it will return to 2%, however the report illustrates the impact should Government extend the 3% threshold for the following four years.

- 3.3 The Local Government Finance Report (England) 2019/20 is due to be debated on 5 February 2019 when, if as expected it is approved, the LGFS will become final. It is recommended that power is delegated to the Chief Fire Officer, in consultation with the Chairman and the Treasurer, to make any presentational changes to the budget that may be required as a result. This will not impact on the agreed precept or level of council tax.
- 3.4 2019/20 is the final year of the multi-year settlement and the LGFS does not address the period beyond. There is a significant degree of uncertainty given that there will be changes to the business rates system and potentially a change of Government. At this stage we have modelled on the basis that overall government funding will continue to decrease by 5% with the scenario of a 7.5% reduction also illustrated.
- 3.5 The provisional LGFS indicates that losses from central Government policy changing business rates yield will be compensated for by a Section 31 (S31) grant. The provisional LGFS relies on government core spending figures and these are used in the MTFP as the actual figures from the billing authorities (form NNDR1) are not available at the time of writing. There is no commitment to provide S31 grant to compensate local authorities for losses due to the early move to CPI indexation and Small Business Rates Relief, and it is not yet clear how this will operate under 75% BRR. At this stage we have assumed that this S31 grant will not continue beyond 2019/20.
- 3.6 HM Treasury announced changes to the discount rate for unfunded public sector pensions (including fire) on 6 September 2018. This, combined with the earlier announcement at Budget 2016, has resulted in a reduction to the discount rate, used to calculate the future liabilities of the scheme, from 3% to 2.4%. This has the effect of increasing the average employer contributions (to include ill-health costs) from 17.6% to 30.2% from April 2019. There are four firefighter pension schemes each with its own employer contribution rate and the individual scheme rates for 2019/20 have not yet been announced. The Government Actuary's Department has estimated that the additional cost to fire as a result will be around £107m per annum. Additional funding will be provided to public sector bodies in 2019/20 in order to mitigate most of this increase, with the sector paying £10m of the additional costs in 2019/20. The funding will be resolved as part of the 2020/21 Comprehensive Spending Review (CSR) although there are no details at present. In our modelling we have assumed that the net impact of this pressure (£1.4m) will be addressed through CSR for 2020/21 onwards whether through Government grant or council tax flexibility.

3.7 There has been no announcement on the value of specific grants for the fire and rescue service to date. Our current assumption is that both FireLink and New Dimensions grants will be reduced by 10% p.a. for the duration of the MTFP.

4 MEDIUM TERM FINANCIAL PLAN

4.1 The MTFP (Appendix A) reflects the provisional LGFS and models two scenarios where central support is reduced at 5% and 7.5% per year. It includes the latest information on business rates and council tax. The risks set out in paragraph 4.8 below and the potential for further reductions in public spending and proposed changes to the way local government is supported centrally makes forecasting the position for the last four years of the rolled forward MTFP very difficult (i.e. beyond the current multi-year funding agreement). For that reason the forecast within the MTFP for 2020/21 to 2023/24 should be regarded only as indicative at this stage.

4.2 The MTFP reflects our initial modelling of these factors and includes the following key assumptions:

- From 2020/21 it is assumed that in line with continued austerity the overall level of government funding will continue to decrease at the same rate as the remainder of the current settlement (either 5.0% or 7.5% pa)
- any changes to the distribution of business rates under the Government's localisation proposals for business rates will have a net nil impact on the Authority
- S31 grant to compensate authorities for the loss of income as a result of the capping of the multiplier and various reliefs is assumed to end after 2019/20.
- Growth in council tax base of 0.96% for 2019/20 and 1.1% thereafter;
- Increases of 2.94% in council tax in 2019/20 and 1.94% thereafter;
- Net provision for pay increases of 2.0% for all staff in 2019/20 and in subsequent years;
- Provision for price increases of 2.5% for the duration of the MTFP;
- Delivery of savings in line with agreed plans and identification of further savings through the Efficiency Strategy;
- That additional employer's pension contributions for the Firefighter's Pension Scheme are funded through CSR at the same level as in 2019/20 (i.e. the net cost to the Authority is unchanged from 2019/20).

4.3 The Authority is part of a successful bid to establish a Business Rate Pilot in East Sussex and Urgency Panel on 3 January 2019 approved the Authority's participation. The gains to the Authority are in 2019/20 only and are estimated at £0.550m which will be transferred to an earmarked reserve for spending in accordance with the arrangements of the pilot. This estimate will be updated in

mid-February once all the returns (NNDR1) from the billing authorities have been received and the analysis of the impact of the BRR pilot have been calculated.

- 4.4 Overall, current forecasts for Collection Funds indicate an expected deficit on the business rates collection fund of £69,000 and a surplus on the council tax collection fund of £170,000, meaning an overall estimated net surplus of £101,000.
- 4.5 For 2019/20 pay inflation for all terms and conditions is 2.0% which equates to £623,000.
- 4.6 The assumption for price inflation in the 2019/20 revenue budget and the remainder of the MTFP is 2.5%. Forecasts of CPI are moving more quickly to 2.0% in 2019/20 however with other risks and uncertainties it is considered that the 2.5% assumption remains appropriate.
- 4.7 The MTFP uses the 2.94% council tax increase for 2019/20. Net expenditure increases of 2.4% in 2019/20 and then 0.1%, 2.6%, 2.6% and 2.9% in subsequent years. If this flexibility is continued for the term of the MTFP the additional income is £0.273m in 2020/21 rising to £1.217m by 2023/24 using the existing forecast growth in the council tax base.
- 4.8 There is a range of risks that have the potential to impact on the Authority's ability to deliver its budget plans over the medium term to which Members must give consideration, primarily:
- Our ability to identify and deliver the savings required to balance the budget over the medium term through the Efficiency Strategy and the Integrated Risk Management Plan (IRMP)
 - Higher than planned for pay awards as a result of the relaxation of the Government's 1% pay cap and the ongoing national pay negotiations with the Fire Brigades Union (FBU)
 - Any failure to agree permanent funding for the increase in employer's contributions to the FPS as part of CSR
 - Any financial impact of the withdrawal of West Sussex County Council from the Sussex Control Centre project
 - The impact of the delays in the Emergency Services Communication project
 - Uncertainty about future governance and funding including:
 - o Proposals for the further (75%) localisation of business rates from 2020/21
 - o The impact of the Fairer Funding Review beyond the current multi-year settlement
 - o A Comprehensive Spending Review covering 2020/21 and 2021/22
 - o The potential impact of the UK's decision to leave the EU
 - o The impact of local growth development plans and additional housing, road and commercial risks
 - o Development of local devolution proposals

- Any further business case by the Police and Crime Commissioner for changes in fire service governance in Sussex
- Potential changes to the role of the Authority resulting from the Hackitt and Moore-Bick inquiries

The Authority has made provision to manage financial risks and in year pressures through both the Reserves Strategy and a contingency within the Revenue Budget of £563,700 in 2019/20 decreasing to £208,300 by 2023/24.

- 4.9 In overall terms the assumptions set out in the report mean that the revised MTFP shows a balanced budget in 2019/20 and then a need to deliver further savings of £2.837m by 2023/24. In addition, given the uncertainty surrounding Business Rates Retention after 2019/20 and the outcome of the fairer funding review, it is recommended that the Authority plan for additional savings of £0.890m by 2023/24 (the annual reduction increasing to 7.5%). This gives a total savings target of £3.727m by 2023/24.

5 PROJECTED REVENUE POSITION 2018/19

- 5.1 The Service Revenue Budget for 2018/19 is £38.140m. Based on figures to the end of November 2018 the revenue budget is forecast to overspend by £130,000.
- 5.2 Efforts are being made to recover the overspend in-year and if that is not possible it is likely that the revenue contribution to capital from the revenue account will be reduced, bringing forward the need to borrow.

6 REVENUE BUDGET 2019/20

6.1 Impact of national funding changes on local position

- 6.1.1 The Revenue Budget Summary for 2019/20 and the MTFP have been updated to reflect the LGFS and the final information advised by the billing authorities on council tax base, business rates base and Collection Fund surpluses and deficits. The position is summarised below in Table 1.

Table 1 – Summary of Impact of Local Government Finance Settlement

| | 2019/20 £'000 |
|--|--------------------------|
| Locally Retained Business Rates | 7,931 |
| Top Up Grant | 2,865 |
| Business Rates Baseline | 10,796 |
| Revenue Support Grant | 0 |
| Settlement Funding Assessment | 10,796 |
| Estimated value of Business Rates Pool | 550 |
| S31 Grant - Business Rates Adjustment | 375 |

| | |
|--|---------------|
| Total for comparative purposes | 11,721 |
| As reported to Fire Authority 6 September 2018 | 11,180 |
| Increase/(decrease) in funding | 541 |

- 6.1.2 The East Sussex Business Rates Pool has stopped for 2019/20 to allow the participation in a retained business rates pilot which was approved at Urgency Panel on 3 January 2019. At this stage an estimated £550,000 has been included as income from the pilot in the 2019/20 budget to be transferred into an earmarked reserve to be spent in accordance with the terms of the pilot. This is a change from the September update to the Authority.
- 6.1.3 The Authority's council tax base for 2019/20 is calculated as 290,540.50, an increase of 1.02% on 2018/19. The increased taxbase combined with a council tax increase of 2.94% yields additional income of £1.042m. The unusually low increase in the base is due to a decrease in the tax base of Lewes District Council of 0.74% where there has been a large increase in the number of people entitled to single person discount and the growth in the base between the years was significantly lower than expected.
- 6.1.4 The billing authorities have confirmed that there will be a surplus of £0.170m on the Council Tax Collection Fund and a deficit on the Business Rates Collection Fund of £0.069m for distribution in 2019/20. Members should note that any net collection fund surplus is a one-off benefit only.
- 6.1.5 The latest available figures from the LGFS are summarised below in Table 2.

Table 2: Movement in Resources

| | 2019/20 Latest position | 2019/20 Fire Authority September 2018 | Increase / (Decrease) |
|--|--|--|----------------------------------|
| | £'000 | £'000 | £'000 |
| Locally Retained Business Rates | 8,481 | 2,517 | 5,964 |
| Business Rates Top up | 2,865 | 5,086 | (2,221) |
| Business Rates Baseline | 11,346 | 7,603 | 3,743 |
| Revenue Support Grant | 0 | 3,157 | (3,157) |
| Settlement funding assessment | 11,346 | 10,760 | 586 |
| Council Tax Collection Fund Surplus / (Deficit) | 170 | 200 | (30) |
| Business Rates Collection Fund Surplus / (Deficit) | (69) | (100) | 31 |
| Section 31 grant Business Rates adjustment | 375 | 420 | (45) |
| Transition Grant | 0 | 0 | 0 |
| Total Funding | 11,822 | 11,280 | 542 |

| | | | |
|-------------------------|---------------|---------------|------------|
| Council Tax | | | |
| Council Tax Requirement | 27,215 | 27,213 | 2 |
| Total Resources | 39,037 | 38,493 | 544 |

6.2 Comparative position

6.2.1 As part of the provisional LGFS the Government publishes an assessment of all authorities' core spending power. For 2019/20 this Authority's increase in core spending power is assessed as 2.7% which is 0.2% higher than the average for all combined fire authorities (see Appendix H). The Government's calculation of core spending power assumes that all authorities set a council tax increase at the referendum threshold. In terms of spend per 1,000 population this Authority ranks second out of 23 combined fire authorities based on actual expenditure for 2017/18 (source CIPFA Stats).

6.2.2 A comparison of Band D council tax for 2018/19 shows that this Authority ranks fourth highest out of 23 combined fire authorities. This position would remain unchanged for 2019/20 if this Authority were to increase its council tax by 2.94% and the three authorities above it in the rankings made no increase.

6.3 Overview of current budget proposals

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

- (i) to fulfil the Fire Authority's statutory duties as a legally separate authority
- (ii) to ensure the Fire Authority has sufficient resources to meet its statutory responsibilities, not only for the current year, but also for the investment required primarily for the replacement of assets to ensure long-term service sustainability
- (iii) to discharge its duties, as established under the Combination Order, with regard to determining an annual budget and consulting with stakeholders of its budget proposals, as appropriate
- (iv) to deliver our Purpose and Commitments through our Integrated Risk Management Plan (IRMP) and our other key corporate strategies
- (v) to identify sufficient savings over the medium term to ensure it has a balanced budget and sustainable medium term finance plan in the light of expected reductions in public sector funding

6.3.2 The Authority has since 2010/11 achieved £8.744m of operational and non-operational savings. The current MTFP has a savings of an additional £0.414m in 2019/20.

6.3.3 Precepting status means that the Revenue Budget has to be balanced within the context of the impact upon council taxpayers and demands and pressures faced by the Fire Authority in meeting its statutory obligations, commitments and requirement to maintain an effective level of Reserves & Balances. The 2019/20 Revenue Budget has been prepared against a background of continued reductions in funding for public services as part of the Government's continuing deficit reduction strategy.

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

| | £'000 | Change % |
|----------------------------------|---------------|--------------|
| Original Estimate 2018/19 | 38,140 | |
| Pay inflation | 623 | 1.63% |
| Non pay inflation | 214 | 0.56% |
| Changes in capital financing | 0 | 0.00% |
| Commitments: see Table 4 | 473 | 1.24% |
| Savings: see Table 5 | (413) | (1.08%) |
| Original Estimate 2019/20 | 39,037 | 2.35% |

6.4 Consultation

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

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

- the majority (79%) of respondents agreed that their local fire and rescue service offers value for money; only 6% disagreed
- around four fifths (81%) of respondents said they would be willing to pay more, through council tax, for their local fire and rescue service next year, with just under half (49%) saying that they would be willing to pay a small amount more through their council tax (up to a 2% increase) and around a third (32%) said that they would be willing to accept a larger increase in council tax (more than a 2% increase)

Just under a fifth of respondents (19%) said that they didn't want an increase in council tax that year (2017/18).

6.4.3 No further consultation on council tax is planned this year, however there is no indication that the public position has changed. The budget proposals have been shared with key business representative groups, partners and employee representative bodies with an invitation to comment. No responses had been received by the end of January deadline.

6.4.4 Starting in 2019/20 the Authority will start again on a full review of its IRMP and this will involve public consultation including any proposals for council tax. The IRMP outcomes will be a significant driver to the future MTFP.

6.5 Fees and Charges

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

6.5.2 Appendix C gives details of increases in fees and charges for Fire & Rescue Service activities. The Revenue Budget assumes that the current policy will be followed, i.e. that income will rise to ensure that net expenditure will increase by no more than the rate of inflation. The main impact on the costs of providing these services is pay related. Therefore to reflect nationally agreed increases in pay and the overall level of budget provision for pay awards, it is proposed to increase fees and charges by 2.0% in 2019/20 except in some cases where other factors determine the increase.

6.5.3 As part of the Efficiency Strategy, officers are assessing the potential for developing new income / funding streams covering:

- Income Strategy Review
- Primary Authority Scheme
- Civic Crowdfunding
- Developer contributions

At this stage it is too early to include income targets for these areas in the revenue budget or MTFP.

6.6 Main Variations

6.6.1 In setting the 2019/20 Revenue Budget a number of commitments have already been agreed, either previously as part of the 2018/19 budget setting or from the 2019/20 budget setting and Star Chamber process. These add to or reduce the revenue budget as pressures and cyclical items and one-off projects come and recede. Some are fixed sum and others are driven by assumptions and the movement between the previous update in the summer and now is illustrated in the following table:

Table 4: 2019/20 Budget Commitments

| | £'000 |
|---|--------------|
| Removal of temporary increases | |
| Cessation of the Business Rates Pool income plans to spend in Business Safety | (150) |
| Fleet Strategy adjustments | (63) |
| Reduction in transfer to Sprinkler earmarked reserve to £150,000 | (50) |
| Service pressures | |
| Reduce FireLink Grant by 10% | 24 |
| Reduce New Dimensions Grant by 10% | 35 |
| Service Delivery Review | 370 |
| Increase in Firefighter pension employers' contribution rate | 1,618 |
| S31 Grant to part fund Firefighter pension employer's contribution rate | (1,467) |
| Increase in LGPS employers' contribution rate of 0.5% (21.9% to 22.4%) | 25 |
| Pay and Grading review impact on Support Service budget | 136 |

| | |
|--|------------|
| SCC budget setting | (72) |
| Resilience Crewing one year only | 240 |
| ITG pressures | 202 |
| Business Rates pressure (Estates) | 80 |
| IRMP / Fire Cover review 2019/20 and 2020/21 only | 100 |
| HR & OD Impact of new structure | 80 |
| HR&OD new Occupational Health Contract | 35 |
| BRR pilot - one year only | 550 |
| Other adjustments | |
| Changes to Corporate Contingency | (20) |
| Reduction in Capital Expenditure funded from the Revenue Account | (1,200) |
| TOTAL | 473 |

6.6.2 The material differences between those reported to the authority in September 2018 and this report are:

- The Grey Book restructure/regrade, following the implementation of the Service Delivery Review
- Increase in Firefighter pension employers' contribution rate and the S31 grant to part fund the pressure
- Resilience Crewing for one year only, to support the implementation of the recommendations from the Service Delivery Review
- ITG pressures- increases in IT revenue costs resulting from IT Strategy investments which will deliver efficiencies elsewhere across the service BRR pilot – additional income for one year only

6.6.3 In order to deliver a balanced budget Senior Leadership Team has sought to identify savings to contain the pressures set out above. This includes a reduction in the planned additional one off match funding for sprinkler installation from £300,000 to £150,000. A report setting out progress on this project and the rationale for this decision was approved by Scrutiny and Audit Panel on 31 January 2019. In addition the flexibilities within the revenue budget for capital expenditure supported by the revenue account (CERA) and Contingency budgets have been utilised although it should be noted that these latter items are not permanent savings and there is a net increase in planned expenditure over the medium term as a result.

6.7 Efficiency Strategy and Planned Savings

6.7.1 Since 2010/11 and to the end of this MTFP, the Authority has made, and has planned to make, savings totalling £9.274m of which £8.744m will have been delivered by the end of 2018/19. The budget setting process for 2019/20 has identified savings of £0.414m in 2019/20.

6.7.2 In September 2017 the Authority agreed to adopt a more strategic approach to delivering efficiencies that moved beyond previous approaches that had focussed on delivering savings necessary to balance the revenue budget. An update was provided to Policy and Resources Panel in November 2018 and concluded that:

- Good progress is being made but the work is still at a relatively early stage and this is reflected in the level of efficiencies identified so far
- Further work is required to identify and deliver a greater return on investment and specifically an increase in the level of cashable efficiencies delivered. SLT is committed to doing this as the Efficiency Strategy, and the activities within it are further developed and matured
- As the MTFP indicates, we need to be in a position to react to the new funding position for 2020/21 and have in place as a minimum sufficient cashable savings to balance the budget that year and in the subsequent three years (assuming the Government offers a four year settlement).
- Work on a new IRMP will commence in 2019/20 and that this will include an operational response review. This will assess the level of resource required to meet changing risk in the communities we serve, and provides a key opportunity to identify efficiencies from operational services that form the majority of the Authority's Revenue Budget.

6.7.3 Thus far the value of new efficiencies identified and included in the MTFP is £304,000 (this includes IT savings netted off against the pressure shown in table 4).

Table 5 Savings

| CUMULATIVE CURRENT SAVINGS | | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2022/23 |
|-----------------------------------|---|----------------|----------------|----------------|----------------|----------------|
| Category | Description | £'000 | £'000 | £'000 | £'000 | £'000 |
| Operational | Unachievable 0.5% on Grey Book Pay 2018/19 | 95 | 95 | 95 | 95 | 95 |
| 2017/18 budget setting | Management Restructure | (30) | (35) | (35) | (35) | (35) |
| 2019/20 budget setting | Green Book 1% Vacancy Factor. | (57) | (57) | (57) | (57) | (57) |
| 2019/20 budget setting | Relocation expenses | (8) | (8) | (8) | (8) | (8) |
| 2019/20 budget setting | NHS charges | (5) | (5) | (5) | (5) | (5) |
| 2019/20 budget setting | Advertising | (5) | (5) | (5) | (5) | (5) |
| Efficiency Strategy | Telemetry | (5) | (5) | (5) | (5) | (5) |
| 2019/20 budget setting | Engineering – Cutting Equipment funded in 18/19 | 0 | (60) | 0 | 0 | 0 |
| Efficiency Strategy | Insurance costs (FRIC) | (188) | (188) | (188) | (188) | (188) |
| 2019/20 budget setting | Finance - Orbis costs | (18) | (18) | (18) | (18) | (18) |
| 2019/20 budget setting | Estates - Planned Maintenance | (5) | (5) | (5) | (5) | (5) |
| 2019/20 budget setting | Estates - Reactive Maintenance | (4) | (4) | (4) | (4) | (4) |
| 2019/20 budget setting | Procurement - consultants fees | (3) | (3) | (3) | (3) | (3) |
| 2019/20 budget setting | Estates - Improvement Works | (1) | (1) | (1) | (1) | (1) |
| Efficiency Strategy | PPE & Workwear | 0 | (91) | (91) | (91) | (91) |
| 2019/20 budget setting | RDS Pay | (50) | (50) | (50) | (50) | (50) |
| 2019/20 budget setting | Group Prevention Budgets | (40) | (40) | (40) | (40) | (40) |

| | | | | | | |
|------------------------|------------------------------|--------------|--------------|--------------|--------------|--------------|
| 2019/20 budget setting | Other operational savings | (49) | (69) | (69) | (69) | (69) |
| 2019/20 budget setting | Safer Communities - Projects | (13) | (13) | (13) | (13) | (13) |
| 2019/20 budget setting | Petroleum Licensing | (9) | (9) | (9) | (9) | (9) |
| 2019/20 budget setting | Training Budget | (13) | (13) | (13) | (13) | (13) |
| 2019/20 budget setting | Health, Safety and Wellbeing | (5) | (5) | (5) | (5) | (5) |
| TOTAL | | (413) | (589) | (529) | (529) | (529) |

7 CAPITAL PROGRAMME

7.1 The Capital Strategy has been developed in line with the Authority's purpose and commitments and its Integrated Risk Management Plan. It aims to provide a sustainable and affordable level of investment to support our service provision to the communities of East Sussex and the City of Brighton and Hove. The Strategy has been updated to reflect the roll forward of existing policies but also the impact of the new Estates Strategy and the revisions to the profile of the fleet replacement. The investment in our facilities to achieve the standard set out in the design guide is expected to cost £4.021m over the life of the Strategy although savings in general schemes and fleet mean that only £1.756m has been added to the Strategy from 2018/19 to 2022/23. This includes £1.008m for the replacement of New Dimensions assets whose original purchase was funded by central government.

7.2 With the one-off use of capital receipt from the sale of Service Houses and the old Headquarters being consumed the Authority will, by the end of the Strategy be in a position where borrowing will be required. The Treasury Strategy will carefully consider the options, the Authority can use its own cash balances to smooth demand and borrow in a timely fashion. A practical estimate of an additional £38,000 in 2021/22, £181,000 in 2022/23 and £300,000 in 2023/24 has been included in the MTFP. At 31 March 2019 the Authority's debt will be £10.773m and will fall to £9.417m by the end of 2023/24 if no new borrowing is taken up.

Table 6: Change in Capital Investment 2018/19 to 2023/24

| Revenue Impact of Capital Programme 2018/19 to 2023/24 | | | | | | | |
|--|----------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | Total resource | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| 2019/20 Strategy | | | | | | | |
| Fleet | 11,299 | 1,331 | 3,352 | 2,720 | 2,137 | 1,758 | 3,382 |
| Property | 7,116 | 284 | 1,965 | 1,913 | 1,395 | 1,559 | 1,684 |
| IMD | 50 | 50 | 0 | 0 | 0 | 0 | 0 |
| Total Cost | 18,465 | 1,665 | 5,317 | 4,633 | 3,532 | 3,317 | 5,066 |
| 2018/19 Strategy | | | | | | | |
| Fleet | 9,829 | 2,060 | 2,850 | 1,704 | 1,823 | 1,393 | |

| | | | | | | | |
|---|---------------|----------------|----------------|--------------|--------------|--------------|--|
| Property | 6,829 | 1,195 | 3,852 | 878 | 577 | 328 | |
| IMD | 50 | 50 | 0 | 0 | 0 | 0 | |
| Total Cost | 16,709 | 3,305 | 6,702 | 2,581 | 2,400 | 1,721 | |
| Increase / (Decrease) in planned spend | | | | | | | |
| Fleet | 1,469 | (729) | 502 | 1,017 | 315 | 365 | |
| Property | 287 | (911) | (1,887) | 1,036 | 818 | 1,231 | |
| IMD | 0 | 0 | 0 | 0 | 0 | 0 | |
| Total Increase / (Decrease) | 1,756 | (1,640) | (1,385) | 2,052 | 1,133 | 1,596 | |

7.3 The Estates element of the Capital Strategy is now based on the new Estates Strategy and design guide which appears elsewhere on this agenda and is due to be presented to the Fire Authority at its February 2019 meeting.

8 RESERVES & BALANCES

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

8.2 The Authority's Reserves Strategy is set out in Appendix E and sets out how the adequacy of the level of General Reserves has been assessed and the details of the level and purpose of the Authority's Earmarked Reserves. The format has been updated to reflect a template developed by the NFCC Finance Co-ordination Committee to promote greater consistency across the sector.

8.3 The Authority is required to maintain general reserves sufficient to cover the key financial risks that it faces. The Strategy proposes a reduction in the minimum level of General Reserves from 8% to 6% of net revenue budget. The detailed risk assessment in Annexe A sets out the basis for this recommendation and why it is appropriate for the Authority to hold General Reserves above the level of 5% set out in the National Fire Framework. A review of the NFCC's Survey of Fire Reserves indicates that the average level of General Reserves held will reduce from 8.5% (31/03/2018) to 6.5% (31/03/2019) and then towards 5% by the end of 2021/22. The level of General Reserves held also reflects the current uncertainty about Fire Sector funding beyond 2019/20. A summary of the forecast year end reserves and balances position is set out in Table 7 below.

TABLE 7: Summary of Forecast Reserves

| | 31/03/2019 | 31/03/2020 | 31/03/2021 | 31/03/2022 | 31/03/2023 | 31/03/2024 |
|---------------------------|------------|------------|------------|------------|------------|------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Capital Programme Reserve | 4,235 | 4,735 | 2,338 | 0 | 0 | 0 |
| Other Earmarked Reserves | 5,876 | 3,008 | 1,682 | 468 | 249 | 249 |

| | | | | | | |
|-------------------------------|---------------|---------------|--------------|--------------|--------------|--------------|
| Total Earmarked Reserves | 10,111 | 7,742 | 4,020 | 468 | 249 | 249 |
| General Fund | 2,417 | 2,417 | 2,417 | 2,417 | 2,417 | 2,417 |
| Capital Reserves | 9,430 | 3,649 | 0 | 0 | 0 | 0 |
| Total Useable Reserves | 21,958 | 13,808 | 6,437 | 2,885 | 2,666 | 2,666 |

9 CHIEF FINANCE OFFICER STATEMENT

9.1 In the view of the Treasurer in line with the requirements set out in Section 25 of the Local Government Act 2003, the estimates used for the purposes of calculating the budget, revenue and capital, have been produced in a robust and transparent way and the proposed financial reserves are consistent with Fire Authority policy and are prudent and necessary. Given the continuing reductions in funding for public services, the uncertainty around funding after 2019/20, the risks set out in this report and the nature of its business as an emergency service, the Authority needs to recognise that risks, financial and otherwise, and their consequent impact on the budget and reserves, may change during the year and will need to be continually monitored and reviewed in line with the Authority's policies.

10 EQUALITY IMPACT ASSESSMENT

10.1 Following the introduction of the Equality Act 2010 the Authority must, in the exercise of its functions, including the setting of its Revenue Budget and the taking of decisions on savings proposals, have due regard to its duties under the Act and in relation to certain protected characteristics. This means that Members must understand the consequences of the decisions they take for those with the relevant protected characteristics and consider these proportionately alongside other relevant factors.

10.2 All the new savings identified in the 2019/20 budget are non-operational except for the reduction in RDS budgets. A high level assessment has been completed and is available from the Clerks should Members wish to review it prior to approving the revenue budget. The assessment has considered both the investment and savings proposals with no identification of negative impacts from the savings proposals however some advantages can be seen from the investment in the property portfolio through the Estates Strategy and Design Guide.

APPENDIX A

MEDIUM TERM FINANCIAL PLAN 2019/20 - 2023/24 Increase Council Tax by 2.94% in 2019/20 and 1.94% thereafter

| | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 |
|--|----------------|----------------|----------------|----------------|----------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Gross Revenue Service Budget | 40,156 | 40,393 | 41,401 | 42,293 | 43,185 |
| Less | | | | | |
| Specific grants | (1,692) | (1,669) | (1,649) | (1,631) | (1,614) |
| Other income | (1,962) | (2,011) | (2,061) | (2,112) | (2,165) |
| Total income | (3,654) | (3,680) | (3,710) | (3,743) | (3,779) |
| Net Service Budget | 36,502 | 36,713 | 37,691 | 38,550 | 39,406 |
| Capital financing costs less interest receivable | 852 | 852 | 874 | 1,049 | 1,386 |
| Capital expenditure from the Revenue Account | 0 | 452 | 452 | 452 | 452 |
| Transferred to Balances | 1,683 | 1,049 | 1,065 | 1,092 | 1,092 |
| Total Net Expenditure | 39,037 | 39,066 | 40,082 | 41,143 | 42,336 |

| | | | | | |
|-----------------------------------|---------------|---------------|---------------|---------------|---------------|
| Net Budget brought forward | 38,140 | 39,037 | 39,066 | 40,082 | 41,143 |
| Unavoidable cost pressures | | | | | |
| Pay inflation | 623 | 587 | 596 | 610 | 621 |
| Price inflation | 214 | 206 | 201 | 207 | 212 |
| Total inflation | 837 | 793 | 797 | 817 | 833 |
| Changes in Capital Financing | 0 | 0 | (16) | (44) | (182) |
| Budget commitments | 473 | (588) | 175 | 288 | 542 |
| Savings approved | (413) | (176) | 60 | 0 | 0 |
| Total Net Expenditure | 39,037 | 39,066 | 40,082 | 41,143 | 42,336 |

APPENDIX A continued

| Sources of Funding | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 |
|--|---------------|---------------|---------------|---------------|---------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Locally Retained Business Rates | 8,481 | | | | |
| Business Rate Top Up | 2,865 | | | | |
| Business Rates Baseline | 11,346 | | | | |
| Revenue Support Grant | 0 | | | | |
| Settlement Funding assessment | 11,346 | 10,256 | 9,743 | 9,256 | 8,793 |
| Section 31 Grant Business Rates adjustment | 375 | 0 | 0 | 0 | 0 |
| Council Tax Collection Fund (Deficit) / Surplus | 170 | 0 | 0 | 0 | 0 |
| Business Rates Collection Fund (Deficit) / Surplus | (69) | 0 | 0 | 0 | 0 |
| Council Tax Requirement | 27,215 | 28,049 | 28,907 | 29,792 | 30,706 |
| Total Resources Available | 39,037 | 38,305 | 38,650 | 39,048 | 39,499 |
| Additional Savings Required / (surplus) | 0 | 761 | 1,432 | 2,095 | 2,837 |

Impact of an annual 7.5% reduction in central support

| | | | | | |
|--|---------------|---------------|---------------|---------------|---------------|
| Total Resources Available | 39,037 | 38,035 | 38,144 | 38,336 | 38,609 |
| Additional Savings Required / (surplus) | 0 | 1,031 | 1,938 | 2,807 | 3,727 |

Impact of 3% Council Tax Referendum Threshold 2020/21 – 2023/24

| Council Tax Additional Income | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 |
|-------------------------------|---------|---------|---------|---------|---------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Increases at 2.94% pa. | 0 | 273 | 567 | 883 | 1,217 |

APPENDIX B (i)

Revenue Budget Subjective Summary

| | 2018/19 Original Estimate £'000 | 2019/20 Original Estimate £'000 |
|---|--|--|
| Salaries, Allowances and On-costs | 26,382 | 29,628 |
| Training Expenses | 597 | 545 |
| Other Employees Costs | 307 | 68 |
| Employee Costs | 27,286 | 30,241 |
| Repair, Maintenance and Other Costs | 1,089 | 911 |
| Utility Costs | 1,264 | 1,448 |
| Premises Costs | 2,353 | 2,359 |
| Vehicle Repairs and Running costs | 984 | 1,003 |
| Travel Allowances and Expenses | 145 | 136 |
| Transport Costs | 1,129 | 1,139 |
| Equipment and Supplies | 1,309 | 1,194 |
| Fees and Services | 3,262 | 3,454 |
| Communications and Computing | 931 | 1,431 |
| Other Supplies and Services | 402 | 407 |
| Supplies and Services | 5,904 | 6,486 |
| Sums set aside from revenue | 1,631 | 431 |
| Interest Payments | 496 | 496 |
| Capital Financing | 2,127 | 927 |
| Grants and Contributions | (543) | (2,196) |
| Interest Received | (75) | (75) |
| Other Income | (1,188) | (1,527) |
| Income | (1,806) | (3,798) |
| Transfers From reserves | | |
| Transfers To reserves | 1,148 | 1,683 |
| Total Net Expenditure | 38,141 | 39,037 |
| Financed By: | | |
| Council Tax | (26,173) | (27,215) |
| Business Rates | (7,594) | (11,346) |
| Revenue Support Grant | (3,660) | 0 |
| Transition Grant | 0 | 0 |
| S31 Grants | (412) | (375) |
| Collection Fund Surplus/Deficit Council Tax | (301) | (101) |
| Total Funding | (38,140) | (39,037) |

APPENDIX B (ii)

Revenue Budget Objective Summary

| | 2018/19 Original Estimate £'000 | 2019/20 Original Estimate £'000 |
|---|--|--|
| Training and Assurance | 2,318 | 2,352 |
| Resources/Treasurer | 6,951 | 7,100 |
| Planning and Improvement | 1,139 | 1,322 |
| Total Deputy Chief Fire Officer | 10,408 | 10,774 |
| HR and OD | 911 | 1,147 |
| Safer Communities | 18,271 | 20,563 |
| Operational Support | 3,581 | 3,670 |
| Total Assistant Chief Fire Officer | 22,763 | 25,380 |
| CFO Staff | 655 | 656 |
| Treasury Management | 2,056 | 856 |
| Non delegated costs | 541 | (818) |
| Corporate Contingency | 569 | 506 |
| Transfers to Reserves | 1,148 | 1,683 |
| Transfers from Reserves | 0 | 0 |
| Total Corporate | 4,969 | 2,883 |
| Total Net Expenditure | 38,140 | 39,037 |

APPENDIX C

Fees and Charges

with effect from 1 April 2019

| Fee | Existing Fees 2018/19 £ | New Fees 2019/20 £ |
|---|-------------------------------|--------------------------|
| The hiring of a major pumping appliance with crew per hour | 292 | 298 |
| The hiring of other pumping vehicles with crew per hour | 235 | 240 |
| The hire of hydraulic platforms or turntable ladders with crew per hour | 315 | 322 |
| Large animal rescue per hour | 292 | 298 |
| Dry Riser (subsequent test at the owner's request): | | |
| First Dry Riser | 218 | 223 |
| Additional Dry Risers | 143 | 146 |
| Interviews: * | | |
| - Insurance co. etc. | 143 | 146 |
| - After two hours | 93 | 95 |
| Copy of Petroleum Licences * | 35 | 36 |
| Copy plans * | 40 | 41 |
| Standby at Venue | 292 | 298 |
| Fire Investigation Report | 313 | 320 |
| Chemical Protection Suit | 163 | 167 |
| Commercial Training One day course (per person) | 179 | 183 |
| Commercial Training Customers Site (per Session) | 599 | 599 |
| Commercial Training Fire Talk (per session) | 375 | 383 |
| Inspection of Plans for Marriage Act 1994 * | 120 | 123 |
| Environmental search fees * | 112 | 115 |

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

THE CAPITAL STRATEGY 2018/19 to 2022/23 Formally the Medium Term Capital Strategy

INTRODUCTION AND BACKGROUND

Revision of Chartered Institute of Public Finance and Accountancy (CIPFA) Codes and Ministry of Housing, Communities and Local Government (MHCLG) Guidance

The framework in which treasury management operates was revised by the MHCLG and CIPFA during 2017/18, with full implementation expected by 2019/20. The changes were largely in response to a growing number of authorities increasing their use of non-financial investments (such as commercial property portfolios) to generate income in response to reducing resources to deliver their core services. The revised codes and guidance sought to increase transparency and to provide a single place to assess the proportionality of this activity in comparison to an authority's core services.

As part of this update, the Chartered Institute of Public Finance and Accountancy (CIPFA) revised 2017 Prudential and Treasury Management Codes require, for 2019/20, all local authorities to prepare an additional document, a Capital Strategy, which will provide the following:

- a high-level long term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services;
- an overview of how the associated risk is managed;
- the implications for future financial sustainability.

The purpose of the Capital Strategy is to drive the authority's capital investment ambition whilst also ensuring appropriate capital expenditure, capital financing and treasury management in the context of the sustainable, long-term delivery of services.

The aim of this Capital Strategy is to ensure that all members of the Fire Authority fully understand the overall long-term policy objectives and resulting Capital Strategy requirements, governance procedures and risk appetite.

This Capital Strategy is reported separately from the Treasury Management Strategy. This ensures the separation of the core treasury function under security, liquidity and yield principles, and the policy and commercialism investments usually driven by expenditure on an asset. The Capital Strategy will show:

- The corporate governance arrangements for these types of activities;
- Any service objectives relating to the investments;
- The expected income, costs and resulting contribution;
- The debt related to the activity and the associated interest costs;
- The payback period (MRP policy);
- For non-loan type investments, the cost against the current market value;
- The risks associated with each activity.

Where a physical asset is being bought, details of market research, advisers used, (and their monitoring), ongoing costs, investment requirements and any credit information will be disclosed, including the ability to sell the asset and realise the investment cash.

Where the Authority has borrowed to fund any non-treasury investment, there should also be an explanation of why borrowing was required and why the MHCLG Investment Guidance and CIPFA Prudential Code have not been adhered to. If any non-treasury investment sustains a loss during the final accounts and audit process, the strategy and revenue implications will be reported through the same procedure as the Capital Strategy.

Guidance issued by Link Asset Services, the Authority's Treasury Management Advisors, summarises the requirements issued by CIPFA within the code. It is expected that the Capital Strategy will:

- Apply a long-term approach: 20-30 years;
- Explore external influence on Capital Strategy e.g. Local Enterprise Partnership;
- Examine Commercial activity/ambition;
- Determine implications of Investment Strategy;
- Ensure corporate plan priorities drive identified capital investment ambition;
- Examine available resources and capacity to deliver;
- Assess affordability against ambition and address any gap;
- Identify capital financing principles;
- Demonstrate integration with other strategies and plans;
- Produce a 10-year capital investment plan, with actions, timescale, outputs and outcomes;
- Capture risks and mitigating factors;
- Outline governance, monitoring processes and procedures.

The Authority meets the requirements of this, with the exception of having a -year capital investment plan and the application of a 'significantly longer', long-term approach. Both the Fleet asset replacement programme and the Property Design Guide investment programme run for 15 and six years respectively but it is not felt appropriate at this stage, given funding uncertainty and the current financial climate, to have a 10 year programme. Rather that the programme period should (at least) cover the life of the medium term financial plan. The current programme which runs to 2022/23 does this. It will, however, be reviewed on an annual basis.

The Code requires that the strategy should form part of 'integrated revenue, capital and balance sheet planning'. For the Authority the Capital Programme has always been considered annually as part of the Medium Term Service Planning process and this document provides a formal Capital Strategy for approval, which will be reviewed on an ongoing basis. In 2019/20, there will be further development of the strategy in line with the revised code.

Overview

The Prudential Code requires that authorities demonstrate that they take capital expenditure and investment decisions in line with services objectives and have proper stewardship arrangements, provide value for money, are prudent, sustainability and affordability. The Authority's Capital Strategy defines and outlines its approach to capital investment and is fundamental to its financial planning processes. It aims to ensure that:

- capital expenditure contributes to the achievement of the Authority's strategic priorities;
- an affordable and sustainable capital programme is delivered;
- use of resources and value for money is maximised;
- a clear framework for making capital expenditure decisions is provided;
- a corporate approach to generating capital resources is established;
- access to sufficient long term assets to provide services are acquired and retained.

The Capital Strategy has been developed in line with the Authority's purpose and commitments and its Integrated Risk Management Plan. It aims to provide a sustainable and affordable level of investment to support our service provision to the communities of East Sussex and the City of Brighton & Hove. Where decisions have already been taken to change the service, which have capital investment implications, these are reflected in this strategy. The Strategy has been revised to take account of the interim review of the Fleet & Equipment Strategy and the new Estates Strategy which is subject to the approval of the Fire Authority on 14 February 2019.

The strategy reflects re-profiling of projects planned for delivery in 2018/19 which have been delayed across property and fleet.

The main areas covered within the strategy are summarised below.

Estates Strategy – General Schemes

This Strategy seeks to achieve property maintenance and improvements as identified by the most recent condition surveys undertaken in 2018 as part of the review of the Estates Strategy. This informs us of the overall cost prioritisation of work and ensures that the building stock can be sustained in effective working order on a long term basis. It also reflects the capacity of the Estates Team to deliver the required day-to-day services effectively. This includes the Estates related costs of the investment in our station end IT equipment and investment in excess of £1m in the Fire Training Units at Service Training Centre.

Estates Strategy – Investment Schemes

These Schemes reflect the improvements necessary to deliver the standards set out in the Design Guide across our estate (including STC but excluding Shared Investment Schemes shown below). They reflect the condition surveys carried out in 2018 and the overall cost includes a contingency of c15% and provision for inflation for the last three years of the Strategy.

Estates Strategy – Strategic Schemes

This part of the Strategy includes key strategic schemes to improve security and renewables across the whole estate and also to deliver upgrades to fuel tanks. The latter project is part of the Integrated Transport Project and once an updated business case is confirmed will be part funded by Fire transformation Grant held by Surrey CC on behalf of the ITF.

Estates Strategy – Shared Investment Schemes

The Authority has a programme of property schemes which involve shared investment with partners either through the One Public Estates Programme (East Sussex and Greater Brighton) and the Integrated Transport Function (ITF). This includes major refurbishments to existing sites and new build projects and these are summarised below:

- **Integrated Transport Function (ITF) – South Eastern Hub Workshop (Bexhill)** – the ITF, part of the wider Emergency Services Collaboration Project (ESCP), has identified the need for a new workshop site in the Bexhill area. The primary users of the site are expected to be this Authority and Sussex Police. Initial feasibility studies have been completed but have been assessed as unaffordable. Discussion with partners, through the ITF, on alternative approaches is ongoing and no material spend is expected until 2019/20. Should the project progress, some capital funding would be available from the Fire Transformation Grant awarded in 2015/16 to the fire partners in the ESCP. At this stage, an indicative sum of £1m for this Authority's contribution is included.

- **Preston Circus Fire Station**– this station is the Authority’s main asset in the City and we have determined that redevelopment of a modern, fit-for-purpose facility on the existing site is our preferred option. The project is at concept design stage and approval to proceed and to mobilise the project has been given. Interest from partners for use of surplus space at the site is being sought through the Greater Brighton One Public Estate (OPE) programme. Redevelopment with commercial office or residential accommodation is also being considered. The concept designs have incorporated the requirements set out in the Design Guide. The Scheme budget for the development of the space required by this Authority has been increased to £3.138m and works are expected to commence on site during 2019/20.

- **Lewes Fire Station** – the current Lewes Fire Station site forms part of the planned North Street Quarter redevelopment. As part of the redevelopment it is proposed that Lewes District Council provide a new fire station as part of an emergency services hub at the rear of the current North Street Police Station and the adjacent Springman House site. Discussions are continuing and in principle the project should be at no cost to the Authority, at this stage a budget of £250,000 has been included to cover internal project management and other costs.

- **Uckfield and Heathfield** – OPE projects to bring Sussex Police and SECamb onto the existing fire station sites in Uckfield and Heathfield have been approved. The majority of the cost will be borne by the partners with the Authority’s contributions budgeted at £100,000 and £50,000 respectively. Since the Authority gave approval, SECamb has withdrawn from the Uckfield Scheme and work is underway with Sussex Police to review the project.

Information Technology Strategy

The completion of the SCC project is currently the only IT capital scheme within this strategy. The IT Strategy has been prepared covering the period 2017-2022 however at this stage none of the Strategy has been identified as Capital Expenditure. As more detail of Strategy item proposals are identified the classification will be kept under review and, if required approval to amend this Strategy will be sought in due course.

Fleet and Equipment Strategy

The Authority has a rolling programme of replacing its vehicle fleet in line with its agreed lifing policy. This encompasses fire appliances (approximately three each year), aerial appliances, ancillary vehicles and the light fleet (cars and vans). An interim review of the fleet replacement programme was carried out in 2018/19 and reduced the total number of appliances required by three. In addition a decision has been taken in principal to move from a single type of pumping appliance to a more flexible fleet, with pilot small and medium rescue pumps to be procured in 2019/20. The Capital Programme for Fleet was reduced for the remove the fire appliances 2018/19 Scheme from the Programme (a reduction of £1.343m) and increased for an additional provision for ancillary

vehicles by £58,000. There were also changes the provision of response cars. Overall the new Capital Strategy reflects the re-profiling agreed as part of this variation. The cost of appliances has made an impact on the Capital Strategy. Aerial appliance has been revised from £675,000 to £700,000, an increase of 3.7%. Pumping appliances from £245,000 to £250,00, an increase of 2.04% although adding foam now costs £50,000 down from £65,000 a 23.08% decrease. A full review of the Fleet and Equipment Strategy will be carried out in 2019/20.

The Authority has taken on the national resilience assets and receives a New Burdens grant for their maintenance. These assets will require replacement during 2020/21 and in the absence of funding from Government the cost has been included in the Capital Strategy at £1,008,000. However, a review of local need for these assets will be completed prior to any final decision on replacement being made.

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

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

Funding

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

- Capital Grant

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

- Partner Contributions

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

- **Capital Receipts**

Receipts from the disposal of existing capital assets may only be used to fund expenditure on new capital assets. The Government did offer flexibilities for capital receipts generated between 2016/19, to be used to fund the revenue costs of transformation projects, however, given the Authority's position in terms of both funding of the capital programme (primarily through capital receipts) and the availability of one off revenue finance through its Reserves, the offer was not pursued. The disposal of 20 Upperton Road and the former Newhaven Fire Station in Fort Road (estimated at £0.515m in 2019/20) will be used to fund the Capital Strategy. As at 31 March 2019 it is estimated that there will be unapplied capital receipts of £9.431m (Capital Receipts Reserve). It is the Authority's current policy to use capital receipts to fund the capital programme before using the Capital Programme Reserve (which is a revenue reserve).

- **Revenue Contributions**

The Authority can make revenue contributions to the cost of its capital expenditure either direct from its revenue budget or from reserves earmarked for capital schemes. As at 31 March 2019 it is estimated that there will be a balance of £4.234m in the Capital Programme Reserve (CPR). As part of the savings proposals agreed in February 2014 the revenue contribution to the CPR has fallen from £1.0m to £0.5m in 2017/18 and beyond. The Authority has also agreed to set aside additional funding from its revenue budget between 2018/19 and 2021/22 to help fund the costs of the Capital Programme in the absence of Government grant.

- **Prudential Borrowing**

The Authority can use prudential borrowing to fund capital expenditure spreading the cost over the life of the asset. Overall our total borrowing must be sustainable and affordable. Borrowing commits the Authority to a long term cost which has implications for our revenue budget. Broadly speaking, every £1m of additional borrowing would add £85,000 of financing costs to the Authority's revenue budget. As capital related reserves are spent down to fund the Capital Strategy, the Authority will need to consider recommencing borrowing and the MTFP currently reflects the revenue impacts from 2020/21.

The application of these funding sources to capital expenditure incurred during the year will be in the following order:

- (a) Scheme specific income e.g. specific grants, partner contributions
- (b) Capital receipts
- (c) Revenue funding, directly from the revenue account (CERA)
- (d) Capital programme earmarked reserves
- (e) Borrowing

GOVERNANCE ARRANGEMENTS

The Authority's Constitution, including Financial Regulations and Contract Standing Orders, govern the capital programme as set out below:

All capital expenditure must be carried out in accordance with the financial regulations and the Authority's constitution;

Capital expenditure must comply with the statutory definition of capital purposes as defined within this document and wider financial standards;

- The Capital Programme is approved by the Fire Authority as part of the Authority's annual budget report sets the capital funding availability for the Authority and the prioritisation of funding;
- All schemes are formally approved into the capital programme by following the process set out in the financial regulations;
- Projects will usually only be added to, or removed from, the capital programme as part of the annual budget setting process. Any request outside of this processes would have to be approved by Policy and Resources Panel or Fire Authority;
- Officers are not authorised to commit expenditure without prior formal approval as set out in the Financial Regulations;
- Each scheme must be under the control of a responsible person/project manager.

In year, the Capital Programme is monitored and reported to the Senior Leadership Team (SLT) and then to Policy and Resources Panel and Fire Authority as appropriate, as part of the financial monitoring process.

RISK APPETITE

The Authority seeks to minimise its exposure to risks that are unwanted and unrewarded. Capital is managed centrally on an ongoing basis to ensure that there is sufficient liquidity in the short and medium term to meet costs and support front line services, as well as meeting long-term solvency and funding requirements.

The Authority is exposed to a range of risks including:

- Financial risks related to the investment of the Authority's assets and cash flow, market volatility, currency etc.
- Macroeconomic risks related to the growth or decline of the local economy

- interest rates, inflation and to a lesser degree, the wider national and global economy
- Credit and counterparty risks related to investments, loans to institutions and individuals and counterparties in business transactions
- Operational risks related to operational exposures within its organisation, its counterparties, partners and commercial interests
- Strategic risks related to key initiatives undertaken by the Authority such as significant purchases, new ventures, commercial interests and other areas of organisational change deemed necessary to help the Authority meet its goals.
- Reputational risks related to the Authority's dealings and interests, and the impact of adverse outcomes on the Authority's reputation and public perception.
- Environmental and social risks related to the environmental and social impact of the Authority's strategy and interests.
- Governance risks related to ensuring that prudence and careful consideration sit at the heart of the Authority's decision-making, augmented by quality independent advice and appropriate checks and balances that balance oversight and efficiency.

Managing the Authority's risks is an area of significant focus for senior management and members, and the Authority adopts an integrated view to the management and qualitative assessment of risk.

The Authority aims to minimise its exposure to unwanted risks – those risks that are not actively sought and which carry no commensurate reward for the Authority through a range of mitigation strategies to the extent that it is cost-effective to do so.

SKILLS AND KNOWLEDGE

The Capital Programme and Treasury Management Strategy are managed by a team of professionally qualified accountants with extensive Local Government Finance experience, who comply with their professional requirements for continued professional development. The Authority is further supported through an agreement with East Sussex County Council for Financial Services that gives officers access to support and advice from officers of East Sussex County Council as well as professional services including treasury, financial and tax matters. The Authority's Section 112 Officer is the officer with overall responsibility for Capital and Treasury activities and is also a qualified accountant.

**CAPITAL STRATEGY 2018/19-2023/24
SCHEME SUMMARY AND FUNDING**

| Capital Programme Expenditure | | | | | | | | | |
|--|---------------------|------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------------|
| | Total Budget | Total Previous Year's Spend | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | Remaining Spend |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Property | | | | | | | | | |
| Shared Investment Schemes | | | | | | | | | |
| Integrated Transport Project | 1,000 | | | 100 | 800 | 100 | | | 1,000 |
| - Partner contribution | | | | | | | | | |
| Integrated Transport Project net cost | 1,000 | 0 | 0 | 100 | 800 | 100 | 0 | 0 | 1,000 |
| One Public Estate | | | | | | | | | |
| - Heathfield | 50 | | | 50 | | | | | 50 |
| - Partner contribution | | | | | | | | | |
| - Heathfield net cost | 50 | 0 | 0 | 50 | 0 | 0 | 0 | 0 | 50 |
| - Lewes | 250 | | 50 | 200 | | | | | 250 |
| - Partner contribution | | | | | | | | | |
| - Lewes net cost | 250 | 0 | 50 | 200 | 0 | 0 | 0 | 0 | 250 |
| - Preston Circus | 3,138 | | 50 | 1,000 | 1,900 | 188 | | | 3,138 |
| - Partner contribution | | | | | | | | | |
| - Preston Circus net cost | 3,138 | 0 | 50 | 1,000 | 1,900 | 188 | 0 | 0 | 3,138 |
| - Uckfield | 100 | | 10 | 70 | 20 | | | | 100 |
| - Partner contribution | | | | | | | | | |
| - Uckfield net cost | 100 | 0 | 10 | 70 | 20 | 0 | 0 | 0 | 100 |

| Capital Programme Expenditure | | | | | | | | | |
|--|---------------------|------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------------|
| | Total Budget | Total Previous Year's Spend | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | Remaining Spend |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Total Shared Investment Schemes | 4,538 | 0 | 110 | 1,420 | 2,720 | 288 | 0 | 0 | 4,538 |
| Strategic Schemes | | | | | | | | | |
| Design Guide Schemes | 4,021 | | | 727 | 899 | 587 | 812 | 996 | 4,021 |
| BA Chambers works | 405 | 355 | 50 | | | | | | 50 |
| Replacement Fuel Tanks | 220 | | | 220 | | | | | 220 |
| Sustainability | 445 | 21 | | 180 | 174 | 21 | 21 | 28 | 424 |
| Security | 160 | | | 42 | 56 | 18 | 18 | 26 | 160 |
| Total Strategic Schemes | 5,251 | 376 | 50 | 1,169 | 1,129 | 626 | 851 | 1,050 | 4,875 |
| General Schemes | | | | | | | | | |
| General Schemes | 3,925 | 0 | 244 | 786 | 784 | 769 | 708 | 634 | 3,925 |
| Total Property | | | | | | | | | |
| Total Property | 13,714 | 376 | 404 | 3,375 | 4,633 | 1,683 | 1,559 | 1,684 | 13,338 |
| Information Management | | | | | | | | | |
| Sussex Control Centre | 1,643 | 1,593 | 50 | 0 | 0 | 0 | 0 | 0 | 50 |
| Fleet and Equipment | | | | | | | | | |
| Aerial Appliances | 1,400 | | | 700 | | | | 700 | 1,400 |
| Fire Appliances | 7,320 | | 270 | 1,600 | 1,250 | 1,350 | 1,200 | 1,650 | 7,320 |
| Ancillary Vehicles | 3,451 | | 60 | 828 | 1,233 | 459 | 32 | 839 | 3,451 |
| Cars | 1,646 | | 679 | 84 | 147 | 297 | 386 | 53 | 1,646 |
| Vans | 546 | | | 141 | 91 | 32 | 141 | 141 | 546 |
| BA & Ancillary Equipment | 1,003 | 681 | 322 | | | | | | 322 |
| Total Fleet and Equipment | 15,366 | 681 | 1,331 | 3,353 | 2,721 | 2,138 | 1,759 | 3,383 | 14,685 |

| Capital Programme Expenditure | | | | | | | | | |
|--------------------------------------|---------------------|------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------------|
| | Total Budget | Total Previous Year's Spend | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | Remaining Spend |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Total Expenditure | 30,723 | 2,650 | 1,785 | 6,728 | 7,354 | 3,821 | 3,318 | 5,067 | 28,073 |

CAPITAL STRATEGY FUNDING

| | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | Funding Total |
|-----------------------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Grants | | | | | | | |
| Sussex Control Grant | 50 | | | | | | 50 |
| Other grants | | | | | | | |
| Sub Total | 50 | 0 | 0 | 0 | 0 | 0 | 50 |
| Useable Reserves | | | | | | | |
| Capital Receipts Reserve | 46 | 6,296 | 3,649 | | | | 9,991 |
| Capital Programme Reserve | | | 2,896 | 2,838 | 500 | 500 | 6,734 |
| Breathing Apparatus Reserve | 193 | | | | | | 193 |
| Sub total | 239 | 6,296 | 6,545 | 2,838 | 500 | 500 | 16,918 |
| Revenue Contributions | 1,065 | 0 | 452 | 452 | 452 | 452 | 2,873 |
| New Borrowing | 0 | 0 | 0 | 502 | 2,414 | 4,004 | 6,920 |
| Internal Borrowing | 431 | 432 | 357 | 29 | -48 | 111 | 1,312 |
| Total funding | 1,785 | 6,728 | 7,354 | 3,821 | 3,318 | 5,067 | 28,073 |

USE OF RESERVES

| | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 |
|------------------------------------|--------------|--------------|--------------|----------|----------|----------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Capital Receipts Reserve | | | | | | |
| Opening Balance | 9,477 | 9,430 | 3,649 | 0 | 0 | 0 |
| Transfers In | 0 | 515 | 0 | 0 | 0 | 0 |
| Transfers Out | 46 | 6,296 | 3,649 | 0 | 0 | 0 |
| Closing Balance | 9,430 | 3,649 | 0 | 0 | 0 | 0 |
| Capital Programme Reserve | | | | | | |
| Opening Balance | 5,840 | 4,235 | 4,735 | 2,338 | 0 | 0 |
| Transfers In | 500 | 500 | 500 | 500 | 500 | 500 |
| Transfers Out | 2,105 | 0 | 2,896 | 2,838 | 500 | 500 |
| Closing Balance | 4,235 | 4,735 | 2,338 | 0 | 0 | 0 |
| Breathing Apparatus Reserve | | | | | | |
| Opening Balance | 193 | 0 | 0 | 0 | 0 | 0 |
| Transfers In | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfers Out | 193 | 0 | 0 | 0 | 0 | 0 |
| Closing Balance | 0 | 0 | 0 | 0 | 0 | 0 |

N.B.

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

Reserve Strategy

Introduction and Background

Section 43 of the Local Government Finance Act 1992 requires that, when setting the budget for the forthcoming year, precepting authorities should have regard to the level of reserves needed to provide sufficient resources to finance estimated future expenditure, plus any appropriate allowances that should be made for contingencies.

Best practice on the use and management of reserves and balances is provided by CIPFA and the Local Authority Accounting Panel (LAAP) guidance, specifically LAAP Bulletin 99 - 'Local Authority Reserves and Balances'. This was issued in July 2014, but since then many references have been made to the scale of public sector reserves by various parties.

In May 2018 the Government published the New Fire and Rescue Services Framework which introduces a requirement for Combined Fire and Rescue Authorities to publish a Reserve Strategy on their website and outlined the detail which should be included. The Reserves Strategy can form part of the Medium Term Financial Plan or be a stand-alone document.

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

Strategic Context

There are a number of reasons why a Local Government Authority might hold reserves, these include to:-

- (a) Mitigate potential future risks such as increased demand and costs;
- (b) Help absorb the costs of future liabilities;
- (c) Temporarily plug a funding gap should resources be reduced suddenly;
- (d) Enable the Authority to resource one-off policy developments and initiatives without causing an unduly disruptive impact on Council Tax;
- (e) Spread the cost of large scale projects which span a number of years.

Reserves only provide one-off funding so the Authority aims to avoid using reserves to meet regular and ongoing financial commitments, other than as part of a sustainable medium-term budget plan.

Long-Term Sustainability - Reserves are an essential tool to ensure long term budget stability particularly at a time when the Authority is facing significant year on year reductions in grant funding over the medium term. Due to the fact that funding for future Capital Projects and the IT Strategy is held as Earmarked Reserves, the overall

level of reserves held by the Authority is currently still high, but will reduce significantly as these programmes are delivered.

Reserve balances have been identified as a key indicator of financial health and the Authority continues to have an appropriate level of reserves to deal with identified risks. As a minimum, there are sufficient balances to support the budget requirements and provide an adequate contingency for budget risks.

There are two different types of reserve, and these are

Earmarked Reserves – these reserves are held to fund a specific purpose and can only be used to fund spending associated with that specific purpose. Should it transpire that not all of the agreed funds are required then the agreement of the Authority would be sought to decide how any remaining balance is to be utilised.

General Reserve – usage from this Reserve is non-specific and is held to fund any unforeseen spending that had not been included in the base budget e.g. excessive operational activity resulting in significant retained pay costs.

Provisions

In addition to reserves the Authority may also hold provisions which can be defined as: a Provision is held to provide funding for a liability or loss that is known with some certainty will occur in the future, but the timing and amount is less certain.

Unusable Reserves

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

Governance

The Authority will agree the level of General Reserves and the purpose and level of Earmarked Reserves.

Business cases for the establishment of new Earmarked Reserves will be subject to initial consideration by the Senior Leadership Team.

The Assistant Director Resources / Treasurer shall advise SLT and the Authority on the adequacy of both General and Earmarked Reserves, approve any drawdown from reserves and will monitor and report upon their use through regular financial monitoring reports.

Risk Assessment to Determine the Adequacy of the General Reserve

A well-managed multipurpose authority will strive to maintain as low a level of General Reserve as possible, whilst still covering its financial risks. As a single-purpose authority, the Authority has no opportunity to use cross-service subsidies to meet unanticipated expenditure and so, proportionally, its General Reserve may be slightly higher than for a multi-purpose authority.

The Authority has a robust approach to managing risk and there are effective arrangements for financial control in place. That said, given the high level of influence that third parties, such as the Local Government Employers and Government

departments have on its income and expenditure, there is always a risk that the Authority will unexpectedly become liable for expenditure that it has not budgeted for.

The Authority currently sets its policy for the General Reserve at a minimum of 8% of its net revenue budget. Following a review as part of the budget setting process it is proposed that this is reduced to a minimum of 6%. The detailed risk assessment in Annexe A sets out the basis for this recommendation and why it is appropriate for the Authority to hold General Reserves above the level of 5% set out in the National Fire Framework. A review of the NFCC's Survey of Fire Reserves indicates that the average level of General Reserves held will reduce from 8.5% (31/03/2018) to 6.5% (31/03/2019) and then towards 5% by the end of 2021/22. The level of General Reserves held also reflects the current uncertainty about Fire Sector funding beyond 2019/20.

At the start of 2019/20, the General Reserve is forecast to represent 6.2% of the Authority's net revenue budget which is a positive variance. Due to varying revenue budgets, maintaining a consistent level of General Reserve will result in the percentage varying over time. Transfers in or out of the General Reserve to conform to the 6% indicator would only be considered if there was significant variance or if resources were earmarked to another project.

The prudential indicator is a useful control measure but is a rudimentary way of assessing the adequacy of the general reserve and a more meaningful approach is to develop a risk assessment. The Authority will consider both measures as part of its annual reserve strategy.

A risk assessment of the adequacy of the Authority's General Reserve is carried out annually to determine the extent to which the Authority is exposed to uninsured and unbudgeted losses. The risk assessment for the coming financial year, 2019-20, has been prepared as part of the budget setting process and is shown in Annexe A. The impact and scale of potential losses has been estimated to calculate a potential net financial impact of £2.363m. At the start of 2019/20 the General Reserve is expected to be £2.417m and therefore it will not be necessary to amend the amount based on the current risk assessment as the difference of £0.054m is not material.

Annual Review of Earmarked Reserves

The Authority has a number of earmarked reserves which have been established for specific purposes where there have been timing differences at budget setting or year end, or emerging risks or cost pressures. The relevance of, and balance in, each of these is reviewed annually and the Authority is informed of the latest plans for the balances held in such reserves over the medium term via the Reserves Strategy. When the Authority endorses the Reserves Strategy for publication it will be made available on its website.

A commentary on the purpose and planned use of each of the existing earmarked reserves is detailed below and a full listing together with phasing of drawdown is set out in Annexe B:

- **Improvement & Efficiency:** This reserve is to enable the Authority to develop its collaborative approach to service delivery, support changes to services that will deliver efficiencies and respond to priority areas for service improvement. This includes support for the Authority's transformation programme and any costs that may arise from it including redundancy payments. Collaborative projects are also being progressed with a number of potential partners, many of which may require proportionate pump priming funding to realise future financial savings for all partners involved. Of the forecast balance of £0.850m at 1 April 2019 approximately £0.200m is allocated to specific projects for example FireWatch Implementation, 3F collaboration and the IECR pilot. The balance is available for future projects including the outcomes from the IRMP areas of focus.
- **Insurance:** The Authority has agreed to join the Fire and Rescue Indemnity Company (FRIC) from 1 April 2019 to both improve its risk management practice and provide insurance cover. This reserve is intended to cover the financial costs of: in year supplementary payments to the FRIC pool should these be necessary; additional costs from the increase in some deductibles; and, investment in pro-active risk management initiatives resulting from best practice benchmarking through FRIC. This is in line with the decision by the Authority in September 2018.
- **Capital Programme:** To support the provision of the capital infrastructure required to deliver the Authority's strategic priorities. There has been no core capital grant from Government since 2014/15 so the Authority must fund its own investment in capital assets. £0.5m each year is paid into this reserve from the Authority's revenue budget. As a result of the planned investment in the IT Strategy and the Estates Strategy it is forecast that this reserve will be exhausted before the end of the current planning period.
- **Capital Receipts:** Capital receipts not yet applied to capital expenditure. Under statute capital receipts may only be used to finance capital expenditure. Having disposed of its stock of service houses and its HQ building the Authority has only one surplus property, Fort Road, Newhaven and this is due for disposal in 2019/20. No further disposals are currently planned and this reserve will be fully utilised over the life of the current Capital Strategy, with the balance remaining at 31 March 2019 primarily being used to fund investment in the new Estates Strategy to bring our property assets up to the standard set out in the Design Guide.

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

- **Sprinklers:** as part of its policy of promoting the use of sprinklers the Authority has made provision for match-funding the retro-fitting of sprinklers in high risk / high rise residential premises. Two projects are currently underway, St. James House and Essex Place, and further plans are in the pipeline.

- Safer Business Training: This reserve holds the balance of income from the East Sussex Business Rate Pool which is to be used to fund Business Safety initiatives, in support of the Pool's aim to promote economic growth
- IT Strategy: The Authority has set aside funds to support the delivery of its IT Strategy including the contractual transformation milestones delivered by telent. This Reserve will be fully utilised by the end of 2021/22.
- ESMCP Readiness: this is grant funding from central government to fund the IT upgrades to the Sussex Control Centre that are required as part of the ESMCP. The timing of drawdown is currently expected during 2018/19 and 2019/20 but is dependent on national programme timescales due to be concluded in May 2019.
- ESMCP Regional Programme: the Authority acts as regional lead for ESCMP implementation and holds grant funding for regional and local resourcing on behalf partner FRAs. As with the ESMCP Readiness reserve the actual drawdown will depend on national decisions on roll out due to be concluded in May 2019.
- Wholetime Firefighter Recruitment Reserve: the 2016/17 revenue budget underspend was set aside in this reserve to fund the additional costs of the planned recruitment of 32 new Wholetime Firefighters over the period 2017/18 – 2019/20. The phasing of the use of this reserve will be reviewed in the light of updated workforce planning information.
- Business Rates Retention Pilot: holds the additional income from the East Sussex Pilot and will be split between financial stability and economic development as set out in the Memorandum of Agreement with other partners. It will be held initially to guard against the risk of the lower than planned income and plans will be developed for its use in 2020/21.

Annexe A – Risk Assessment of the Adequacy of General Reserves

| Risk type | RISK | Likelihood | Impact | Net Impact |
|-------------------------------------|--|-------------------|---------------|-------------------|
| | | | £m | £m |
| Abnormal weather conditions | A long hot summer, flooding in autumn and winter and heath land fires in the spring have all occurred in previous years resulting in excessively high operational costs (retained pay, overtime) and other support costs. In worst-case scenarios for civil emergencies, the Bellwin Scheme funding is available to support qualifying expenditure in excess of 2% of Revenue Budget | Medium | 0.300 | 0.150 |
| Pension Costs | With an ageing workforce and the increase in the normal retirement age the risk of ill health retirements is increasing and may exceed the existing budget provision. | Medium | 0.100 | 0.050 |
| External contracts | The Authority has a wide range of contractual arrangements which could see a financial loss in the event of the bankruptcy of a supplier or a customer. The Authority maintains a bad debt provision based on aged debtor analysis but it would be insufficient to fully fund a loss from a major contract. Additionally, Public Sector procurement processes and contracts are coming under increasing scrutiny and could be open to legal challenge. | Low | 0.250 | 0.063 |
| Capital Programme / Projects | The Authority has a range of both revenue and capital projects planned for the next five years - there is the risk of cost overruns for a variety of reasons e.g. unforeseen ground conditions, planning approvals, technology risk | Low | 1.000 | 0.250 |

| Risk type | RISK | Likelihood | Impact | Net Impact |
|---------------------------------|---|-------------------|---------------|-------------------|
| | | | £m | £m |
| Loss of income | Income targets are set within the budget for a number of functions, for example commercial and service training, and the Authority also receives income from the investment of its cash balances where rates achieved continue to decline. Although the amounts involved are small relative to the overall budget they continue to present a risk in year | Low | 0.500 | 0.125 |
| Provision of services | The Authority has taken on delegated responsibility for the delivery of mobilisation and control functions for West Sussex Fire and Rescue Service under a S16 agreement. Failure to provide the service to the agreed performance levels could result in additional costs for the Authority | Low | 0.500 | 0.125 |
| Delivery of savings | The Authority is developing its savings plans for the next 5 years and has already agreed a range of measures for implementation. However, it is possible that implementation may take longer than anticipated or savings may be less than originally estimated, leading to an in-year budget pressure | Low | 0.500 | 0.125 |
| Legal Issues | As a service provider and an employer the Authority faces the potential that legal action could be taken against it on a range of grounds, including equal pay, discrimination, unfair dismissal and corporate negligence / manslaughter. Awards and legal costs in such cases can be significant | Low | 1.000 | 0.250 |
| Service delivery failure | Given the nature of the work of the Authority there is a possibility that it could suffer a major health and safety or environmental failure. | Low | 1.000 | 0.250 |

| Risk type | RISK | Likelihood | Impact | Net Impact |
|--|--|-------------------|---------------|-------------------|
| | | | £m | £m |
| System/ Infrastructure Issues | In the event that a key system, such as the control mobilising system or system networks, were to fail, it is possible that urgent consultancy or replacement equipment would be required within short time constraints. | Low | 0.500 | 0.125 |
| Funding Issues | The changes to the funding mechanism for local government, introduced following the Local Government Resource Review, transferred potentially significant levels of financial risk to the Authority. | Medium | 0.500 | 0.250 |
| Inflation | Whilst allowances for inflation have been made within specific budget lines, the uncertainty surrounding Brexit and the UK economy might lead to increased inflation. | Medium | 0.200 | 0.100 |
| Employment Issues | Issues that might arise in respect of pay settlements or other factors which might lead to industrial action would, in the first instance, be managed within the revenue budget. Prolonged Action or issues would require funding from Reserves. | Medium | 1.000 | 0.500 |
| Estimated Reserve Requirement | | | | 2.363 |

The planned movement on each of the earmarked reserves is shown in the following table:

| Description | 2019/20 | 2019/20 | 2019/20 | Projected Closing Balance | Projected Closing Balance | Projected Closing Balance | Projected Closing Balance | Projected Closing Balance |
|-----------------------------------|-------------------|----------------------|-----------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| | Opening Balance | Planned Transfers In | Planned Transfers Out | 31/03/20 | 31/03/21 | 31/03/22 | 31/03/23 | 31/03/24 |
| | 01/04/19 £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Earmarked Reserves | | | | | | | | |
| Improvement & Efficiency | 850 | 0 | (675) | 175 | 0 | 0 | 0 | 0 |
| Sprinklers | 143 | 150 | (250) | 43 | 0 | 0 | 0 | 0 |
| Insurance | 249 | 0 | 0 | 249 | 249 | 249 | 249 | 249 |
| RPE and Comms | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| ESMCP ESFRS readiness | 765 | 0 | (765) | 0 | 0 | 0 | 0 | 0 |
| ESMCP Regional Programme reserve | 558 | 249 | (485) | 322 | 304 | 0 | 0 | 0 |
| Responding to new risks Revenue | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Safer Business Training | 328 | 0 | (164) | 164 | 0 | 0 | 0 | 0 |
| IT Strategy | 2,222 | 483 | (1,200) | 1,505 | 854 | 219 | 0 | 0 |
| Wholetime Firefighter recruitment | 308 | 0 | (308) | 0 | 0 | 0 | 0 | 0 |
| SCC | 455 | 0 | (455) | 0 | 0 | 0 | 0 | 0 |
| Business Rates Retention Pilot | 0 | 550 | 0 | 550 | 275 | 0 | 0 | 0 |
| Capital Programme Reserve | 4,235 | 500 | 0 | 4,735 | 2,338 | 0 | 0 | 0 |

| | | | | | | | | |
|---------------------------------|---------------|--------------|-----------------|---------------|--------------|--------------|--------------|--------------|
| Total Earmarked Reserves | 10,113 | 1,932 | (4,302) | 7,743 | 4,020 | 468 | 249 | 249 |
| General Fund | 2,417 | 0 | 0 | 2,417 | 2,417 | 2,417 | 2,417 | 2,417 |
| Total Revenue Reserves | 12,530 | 1,932 | (4,302) | 10,160 | 6,437 | 2,885 | 2,666 | 2,666 |
| Capital Receipts Reserve | 9,430 | 515 | (6,296) | 3,649 | 0 | 0 | 0 | 0 |
| Total Capital Reserves | 9,430 | 515 | (6,296) | 3,649 | 0 | 0 | 0 | 0 |
| Total Usable Reserves | 21,960 | 2,447 | (10,598) | 13,809 | 6,437 | 2,885 | 2,666 | 2,666 |

APPENDIX F

EAST SUSSEX FIRE AUTHORITY: PRECEPT FOR 2018/19 REF: S43 LOCAL GOVERNMENT FINANCE ACT 1992

| | £ | £ |
|---|------------------------|---------------------------|
| NET BUDGET REQUIREMENT | | 39,037,000.00 |
| Forecast Business Rates retained | 8,481,000.00 | |
| Top Up grant | 2,865,000.00 | |
| Total Base Line funding | 11,346,000.00 | |
| Add Revenue Support Grant | 0.00 | |
| Total Grant funding (excluding transitional/freeze grant) | 11,346,000.00 | |
| Transition Grant | 0.00 | |
| Section 31 Grant Business Rates adjustment | 375,000.00 | |
| Previous Year's Surpluses/(Deficits) | 101,000.00 | |
| Total Council Tax required | | 27,215,000.00 |
| Tax base | 290,540.50 | |
| Basic Council Tax (Band D equivalent) | | 93.67 |
| Basic Council Tax from above calculation | | <u>Council Tax</u> |
| Band A | 6/9 | 62.45 |
| Band B | 7/9 | 72.85 |
| Band C | 8/9 | 83.26 |
| Band D | 9/9 | 93.67 |
| Band E | 11/9 | 114.49 |
| Band F | 13/9 | 135.30 |
| Band G | 15/9 | 156.12 |
| Band H | 18/9 | 187.34 |
| | <u>Tax Base</u> | <u>Precept</u> |
| Brighton and Hove | 90,038.50 | 8,433,906 |
| Eastbourne | 34,765.30 | 3,256,466 |
| Hastings | 25,865.00 | 2,422,775 |
| Lewes | 36,760.40 | 3,443,347 |
| Rother | 38,054.10 | 3,564,528 |
| Wealden | 65,057.20 | 6,093,908 |
| | 290,540.50 | 27,214,930 |

APPENDIX G

Establishment and payroll budget

| | FTE @ 1/4/2019 | FTE @ 1/4/2020 |
|--------------------|-------------------|-------------------|
| Principal Officers | 3 | 3 |
| Wholetime | 339 | 339 |
| Firefighter | | |
| RDS firefighter | 219 | 219 |
| Units | | |
| Control Room | 38 | 38 |
| Staff | | |
| Support staff | 145.0 | 145.0 |

APPENDIX H

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

| Local Authority | Settlement Funding Assessment | Compensation for under-indexing the business rates multiplier | Estimated Council Tax excluding Parish Precepts | Rural Services Delivery Grant | Core Spending Power | Core Spending Power | Percentage change in Core Spending Power from 2018-19 to 2019-20 |
|---------------------------|-------------------------------|---|---|-------------------------------|---------------------|---------------------|--|
| | £ millions | £ millions | £ millions | £ millions | £ millions | £ millions | % |
| | 2019-20 | 2019-20 | 2019-20 | 2019-20 | 2019-20 | 2018-19 | |
| Avon Fire | 15.766 | 0.350 | 27.012 | 0.000 | 43.128 | 42.144 | 2.3 |
| Bedfordshire Fire | 8.130 | 0.191 | 21.130 | 0.000 | 29.450 | 28.674 | 2.7 |
| Berkshire Fire | 10.232 | 0.229 | 23.224 | 0.000 | 33.685 | 32.763 | 2.8 |
| Buckinghamshire Fire | 7.349 | 0.165 | 19.741 | 0.000 | 27.255 | 26.544 | 2.7 |
| Cambridgeshire Fire | 8.768 | 0.196 | 20.188 | 0.000 | 29.152 | 28.402 | 2.6 |
| Cheshire Fire | 13.245 | 0.304 | 29.076 | 0.000 | 42.624 | 41.565 | 2.5 |
| Cleveland Fire | 14.454 | 0.300 | 11.945 | 0.000 | 26.699 | 26.301 | 1.5 |
| Derbyshire Fire | 13.011 | 0.288 | 24.393 | 0.000 | 37.692 | 36.870 | 2.2 |
| Devon and Somerset Fire | 21.961 | 0.511 | 52.752 | 0.424 | 75.648 | 73.723 | 2.6 |
| Dorset and Wiltshire Fire | 14.082 | 0.335 | 41.239 | 0.049 | 55.705 | 54.177 | 2.8 |
| Durham Fire | 10.433 | 0.228 | 17.994 | 0.000 | 28.655 | 28.022 | 2.3 |
| East Sussex Fire | 10.796 | 0.249 | 27.456 | 0.000 | 38.501 | 37.472 | 2.7 |
| Essex Fire | 24.591 | 0.530 | 46.375 | 0.000 | 71.497 | 69.842 | 2.4 |
| Hampshire Fire | 21.549 | 0.467 | 43.143 | 0.000 | 65.159 | 63.660 | 2.4 |
| Hereford & Worcester Fire | 7.632 | 0.182 | 23.654 | 0.109 | 31.578 | 30.708 | 2.8 |
| Humberside Fire | 19.799 | 0.410 | 23.116 | 0.000 | 43.325 | 42.470 | 2.0 |
| Kent Fire | 20.983 | 0.478 | 49.294 | 0.000 | 70.755 | 68.835 | 2.8 |
| Lancashire Fire | 23.816 | 0.503 | 30.594 | 0.000 | 54.913 | 53.860 | 2.0 |
| Leicestershire Fire | 13.112 | 0.289 | 21.589 | 0.000 | 34.990 | 34.124 | 2.5 |
| Nottinghamshire Fire | 16.008 | 0.348 | 25.401 | 0.000 | 41.756 | 40.870 | 2.2 |
| Shropshire Fire | 5.152 | 0.126 | 16.278 | 0.320 | 21.876 | 21.184 | 3.3 |

EAST SUSSEX FIRE AUTHORITY

| | |
|------------------------|--|
| Meeting | Fire Authority |
| Date | 14 February 2019 |
| Title of Report | Treasury Management Strategy for 2019/20 |
| By | Duncan Savage, Assistant Director Resources/Treasurer |
| Lead Officer | Richard Carcas, Principal Finance Officer (Treasury Management) ESCC |

| | |
|--------------------------|--|
| Background Papers | Fire Authority: 15 February 2018 Treasury Management Strategy for 2018/19 14 June 2018 Treasury Management Stewardship Report 2017/18 Policy & Resources Panel: 1 November 2018 Half year review for 2018/19 CIPFA Prudential Code CIPFA Treasury Management in the Public Services - Code of practice Local Government Act 2003 Local Government Investments - Guidance from the The Ministry of Housing, Communities and Local Government |
|--------------------------|--|

| | |
|-------------------|--|
| Appendices | <ol style="list-style-type: none">1. Treasury Management Scheme of Delegation2. The Prudential & Treasury Indicators3. Minimum Revenue Provision (MRP) Policy Statement4. Approved countries for investment5. Comment from Link Asset Services on the outlook for 2019/206. Counterparty list |
|-------------------|--|

Implications

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

PURPOSE OF REPORT To approve the Treasury Management Strategy, policy statement and the Minimum Revenue Provision (MRP) Statement 2019/20

EXECUTIVE SUMMARY This report contains recommendations about the borrowing limits, the prudential indicators and limits, the investment strategy and policy as required by Section 3 (1) of the Local Government Act 2003 and the Prudential Code for Capital Finance 2017.

The emphasis continues to be on security (protection of the capital sum invested) and liquidity (keeping money readily available for expenditure when needed). The strategy and limits are consistent with the proposed capital programme and revenue budget dealt with elsewhere on the agenda. As will be clear from the global events, it is impossible in practical terms to eliminate all credit risk. The Fire Authority seeks to be prudent.

The Authority is recommended to approve borrowing limits to give flexibility for any future consideration in undertaking new external long-term / replacement borrowing should the need arise or market conditions prove favourable.

The 2019/20 counterparty list for specified and non-specified investment is set out in the Appendices 4 and 6.

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 Authority is able to invest at 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. The 2019/20 strategy continues the prudent approach and ensures that all investments were only to the highest quality rated banks and financial institutions.

The Fire Authority is recommended to approve the 2019/20 investment strategy and to balance investment decisions in

the medium to long term with the planned reduction in reserves and balances of the Fire Authority in the next five years before investments are made. Opportunities to diversify the investment portfolio and improve investment returns by taking a very marginal increase in risk will be considered.

The background information and the calculation of the Authorised Limit for borrowing for 2019/20 of £13.630m are set out in the attached Appendix 2 (Table 8).

Self-imposed Prudential and Treasury Management indicators that are set on an annual basis are shown in Appendix 2.

The framework in which treasury management operates was revised by the Ministry for Housing, Communities and Local Government (MHCLG) and CIPFA during 2017/18, with full implementation expected by 2019/20. The changes were largely in response to a growing number of authorities increasing their use of non-financial investments (such as commercial property portfolios) to generate income in response to reducing resources to deliver their core services. The revised codes and guidance sought to increase transparency and to provide a single place to assess the proportionality of this activity in comparison to an authority's core services. This report is fully compliant with the revised requirements, and a new, separate report (The Capital Strategy) is presented as part of the Fire Authority Service Planning Process for 2019/20 & beyond reported elsewhere in this Agenda. The purpose of the Capital Strategy is to drive the Authority's capital investment ambition, whilst also ensuring appropriate capital expenditure, capital financing and treasury management in the context of the sustainable, long term delivery of services.

The Capital Financing Requirement (CFR) and Minimum Revenue Provision (MRP) statement is set out in Appendix 2 and 3 to comply with best practice.

The Treasury Management policy statement for 2019/20 is set out in Section 5

RECOMMENDATION

The Fire Authority is recommended to:

- a) approve the treasury management strategy and policy statement for 2019/20 (and adopt for the remainder of 2018/19);
- b) determine that for 2019/20 the Authorised Limit for

- borrowing shall be £13.630m;
- c) adopt the prudential indicators as set out in the attached Appendix 2;
- d) approve the Minimum Revenue Provision (MRP) Statement for 2019/20 as set out in the attached Appendix 3.
-

1 INTRODUCTION

1.1 The CIPFA Code of Practice for Treasury Management in Public Services (the “CIPFA TM Code”) requires authorities to set the Treasury Management Strategy Statement (TMSS) for borrowing and to prepare an Investment Strategy each financial year. CIPFA has defined Treasury Management as:

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

1.2 This strategy takes into account the impact of the Authority’s Revenue Budget, Medium Term Capital Programme and the Balance Sheet position. The Prudential Indicators and the outlook for interest rates are also considered within the strategy.

1.3 The Treasury Management Strategy for 2019-20 covers the following areas:

- economic overview (section 2);
- the treasury position (section 3);
- the borrowing strategy to finance the capital plans (section 4);
- the investment strategy(section 5);
- the Minimum Revenue Provision (MRP) strategy (section 6); and
- policy on use of external service provider (section 7);

1.4 The Authority regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. The Treasury Management Scheme of Delegation is shown in Appendix 1.

2 ECONOMIC OVERVIEW

2.1 The Authority uses Link Asset Services as its treasury advisor and part of their service is to assist the Authority to formulate a view on interest rates. Table 1 below gives the Link Asset Services central view for short term (Bank Rate) and longer fixed interest rates.

Table 1

| Annual Average % | Bank Rate % | PWLB Borrowing Rates % (including certainty rate adjustment) | | |
|------------------|-------------|---|---------|---------|
| | | 5 year | 25 year | 50 year |
| Mar 2019 | 0.75 | 2.10 | 2.90 | 2.70 |
| Jun 2019 | 1.00 | 2.20 | 3.00 | 2.80 |
| Sep 2019 | 1.00 | 2.20 | 3.10 | 2.90 |
| Dec 2019 | 1.00 | 2.30 | 3.10 | 2.90 |
| Mar 2020 | 1.25 | 2.30 | 3.20 | 3.00 |
| Jun 2020 | 1.25 | 2.40 | 3.30 | 3.00 |
| Sep 2020 | 1.25 | 2.50 | 3.30 | 3.10 |
| Dec 2020 | 1.50 | 2.50 | 3.40 | 3.20 |
| Mar 2021 | 1.75 | 2.60 | 3.40 | 3.20 |
| Jun 2021 | 1.75 | 2.60 | 3.50 | 3.30 |

2.2 Economic and interest rate forecasting remains difficult with so many external influences weighing on the UK. The above forecasts (and MPC decisions) will be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year. Geopolitical developments, especially in the EU, could also have a major impact. Forecasts for average investment earnings beyond the three-year time horizon will be heavily dependent on economic and political developments.

2.3 The current economic outlook and structure of market interest rates and government debt yields have several key treasury management implications:

- Investment returns are likely to remain relatively low during 2019/20 and beyond;
- Borrowing interest rates have been volatile so far in 2018-19 and while they were on a rising trend during the first half of the year, they have backtracked since then until early January. The policy of avoiding new borrowing by running down spare cash balances has served the Authority well over the last few years. However, this needs to be carefully reviewed to avoid incurring higher borrowing costs in the future when the Authority may not be able to avoid new borrowing to finance capital expenditure and/or the refinancing of maturing debt;
- There will remain a cost of carry, (the difference between higher borrowing costs and lower investment returns), to any new long-term borrowing that causes a temporary increase in cash balances as this position will, most likely, incur a revenue cost.

3 TREASURY MANAGEMENT POSITION

3.1 The Authority's projected treasury portfolio position at 31 March 2019, with forward estimates is summarised in Table 2 below. The table shows the actual external borrowing (the treasury management operations), against the capital borrowing need (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

Table 2

| | 2018/19 | 2019/20 | 2020/21 | 2021/22 |
|-------------------------------------|------------------|-----------------|-----------------|-----------------|
| | Projected | Estimate | Estimate | Estimate |
| | £000 | £000 | £000 | £000 |
| External Borrowing | | | | |
| Borrowing at 1 April | 10,773 | 10,773 | 10,773 | 10,698 |
| New Borrowing | - | - | - | 502 |
| Loan Redemption | - | - | (75) | (400) |
| Actual borrowing at 31 March | 10,773 | 10,773 | 10,698 | 10,800 |
| *CFR – the borrowing need | 10,773 | 10,773 | 10,698 | 10,800 |
| Under/(over) borrowing | - | - | - | - |

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

- 3.2 Within the set of prudential indicators there are a number of key tests to ensure that the Authority operates its activities within well defined limits. One of these is that the Authority needs to ensure that its total borrowing, does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for current and next two financial years.
- 3.3 The CFR forecast at the end of 2019/20 is £10.773m and remains in line with actual borrowing, after the repayment of debt and longer-term loan redemptions. The Authority is required to repay an element of the CFR each year through a revenue charge called the minimum revenue provision (MRP).
- 3.4 The Authority has a number of long-term loans and could aim to reschedule these loans if interest rates increase and the premature repayment rates become favourable.
- 3.5 Any future loans will be arranged giving consideration to the various debt repayment options, including an Equal Instalments of Principal (EIP) arrangement, where each payment includes an equal amount in respect of loan principal. Therefore the interest due with each payment reduces as the principal is eroded, and the total amount reduces with each instalment.

4 BORROWING STRATEGY

- 4.1 This strategy is prudent as investment returns are low and counterparty risk is high, however as interest rates are low the Authority may wish to take advantage of this by securing fixed rate funding and increase the over borrowed position.
- 4.2 The net borrowing requirement within Table 2 above shows that, based on current estimates, the Authority will need to consider recommencing borrowing in the short to medium term in order to fund its Capital Strategy. However any future new borrowing taken out will be completed with regard to the limits, indicators, the economic environment, the cost of carrying this debt ahead of

need, and interest rate forecasts set out above. The Treasurer will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances.

Policy on Borrowing in Advance of Need

- 4.3 The Authority will not borrow purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Authority can ensure the security of such funds.
- 4.4 Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the reporting mechanism.

Prudential & Treasury Indicators

- 4.6 The Prudential Indicators in the revised Prudential Code 2017 included the following changes from the previous Code:
- Net Debt and the CFR prudential indicator have been updated to Gross Debt and the CFR (this had previously only been updated in the Prudential Code Guidance, 2013).
 - The prudential indicator requirement to note the approval of the Treasury Management Code has been removed.
 - The prudential indicators for the incremental impact on council tax and housing rents have been removed.
- 4.7 A full set of Prudential Indicators and borrowing limits is shown in Appendix 2.

Debt Rescheduling

- 4.8 As short-term borrowing rates will be considerably cheaper than longer term fixed interest rates, there may be potential opportunities to generate savings by switching from long-term debt to short-term debt. However, these savings will need to be considered in the light of the current treasury position and the size of the cost of debt repayment (premiums incurred).
- 4.9 The reasons for any rescheduling to take place will include:
- the generation of cash savings and / or discounted cash flow savings;
 - helping to fulfil the treasury strategy;
 - enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

Consideration will also be given to identifying if there is any residual potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt.

4.11 All debt rescheduling will be agreed by the Treasurer.

Sensitivity of the Forecast and Risk Analysis

4.12 Treasury management risks are identified in the Authority's approved Treasury Management Practices, the main risks to the Authority's treasury activities are:

- liquidity risk (inadequate cash resources);
- market or interest rate risk (fluctuations in interest rate levels and thereby in the value of investments);
- inflation risks (exposure to inflation);
- credit and counterparty risk (security of investments);
- refinancing risks (impact of debt maturing in future years); and
- legal and regulatory risk (non-compliance with statutory and regulatory requirements, risk of fraud).

4.13 Officers, in conjunction with the treasury advisers, will monitor these risks closely. Particular focus will be applied to:

- the global economy – indicators and their impact on interest rates will be monitored closely. Investment and borrowing portfolios will be positioned according to changes in the global economic climate;
- counterparty risk – the Authority follows a robust credit worthiness methodology and continues to monitor counterparties and sovereign ratings closely particularly within the Eurozone: and
- The EU parliament has been striving to reform MMF's that operate within the EU, the key proposal will require funds to move from Constant net asset value (CNAV) to Low Volatility net asset value (LVNAV). The reform will take effect from January 2019 and is referenced within the 2019/20 strategy.

5 INVESTMENT STRATEGY

5.1 The Authority's investment policy has regard to the MHCLG's Guidance on Local Government Investments (the Guidance), the 2017 revised CIPFA Treasury Management in Public Services Code of Practice and Link Asset Services Guidance Notes (including CIPFA TM Code). The Authority's investment priorities will be security first, liquidity second, and then return.

5.2 Continuing regulatory changes in the banking sector are designed to see greater stability, lower risk and the removal of expectations of Government financial support should an institution fail. This withdrawal of implied sovereign support is anticipated to have an effect on ratings applied to institutions. This will result in the key ratings used to monitor counterparties being the Short Term and Long Term ratings only. Viability, Financial Strength and Support Ratings previously applied will effectively become redundant. This change

does not reflect deterioration in the credit environment but rather a change of method in response to regulatory changes.

- 5.3 Investment instruments identified for use in the financial year are listed in section 5.19 and 5.22 under the 'Non-Specified and Specified' Investments categories. Counterparty limits will be as set through the Authority's Treasury Management Practices – Schedules.

5.4 **Local Authorities**

Should a suitable opportunity in the market occur to lend to other Local Authorities up to the period of a two year duration, at a reasonable level of return the Fire Authority will consider such an opportunity, the deal would be classed as a low risk Non-Specified Investment.

Pooled Property Funds

- 5.5 Local authorities have for many years invested in non-liquid assets or property by directly purchasing properties, but a simpler and more efficient route would be to invest in an appropriate property unit trust. This is a more diversified form of investment than an individual purchase of property and would give greater geographic spread and access to assets that the Fire Authority could not afford to own through use of its own resources. Property investment should be considered as a long term investment and should only be committed to if the Fire Authority is prepared to accept that in some years capital values may decline, but in the longer run capital growth should be possible. If a fund achieves its objectives then the Fire Authority will achieve capital growth and reasonable returns. Property Funds offer all the advantages of a professionally managed property portfolio, with broadly diversified exposure to high quality properties in the strongest areas of the market. By investing in the Fund, the Fire Authority avoid the potential problems, costs and administrative difficulties of investing in properties directly. Officers in conjunction with the Fire Authority's treasury advisors will be reviewing investment options within the area of Property Funds and may make use of them as and when sufficient due diligence has been undertaken.

Mixed Asset Fund(s)

- 5.6 Rather than focus on a particular asset class, these funds will look to invest across a broader range of classes in an effort to provide investors with a smoother performance on a year-to-year basis. Primarily, the asset classes will be equities and fixed income, but the latter will include both corporate and government-level investments. As with pooled property funds the Fire Authority could undergo a selection process to select a suitable fund. It is important to have a full understanding of the particular investment fundamentals are understood from the outset.

Credit Worthiness Policy

- 5.7 Officers regularly review the investment portfolio, counterparty risk and

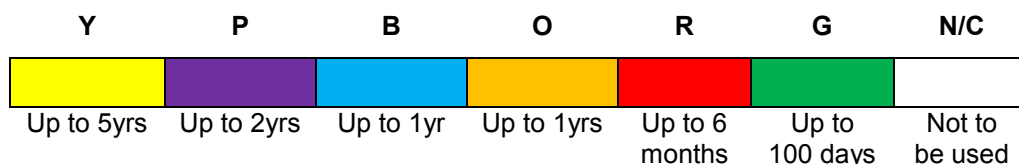
construction, market data, information on government support for banks and the credit ratings of that government support. Latest market information is arrived at by reading the financial press and through city contacts as well as access to the key brokers involved in the London money markets

5.8 Additionally, the Authority will make use of the creditworthiness service provided by Link Asset Services. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moodys and Standard and Poors. The credit ratings of counterparties are supplemented with the following overlays:

- credit watches and credit outlooks from credit rating agencies;
- credit default swap (CDS) spreads to give early warning of likely changes in credit ratings; and
- sovereign ratings to select counterparties from only the most creditworthy countries.

5.9 The modelling approach combines credit ratings, credit watches and credit outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour coded bands which indicate the relative credit worthiness of counterparties. These colour codes are used by the Authority to determine the duration for investments. The strategy provides scope to invest in AAA rated foreign banks. However the Authority proposes to only use counterparties (Appendix 6) within the following durational bands that are domiciled in the UK.

- Yellow 5 years
- Purple 2 years
- Blue 1 year (semi nationalised UK Bank – NatWest/RBS)
- Orange 1 year
- Red 6 months
- Green 3 months
- No Colour Not to be used



5.10 The Link Asset Services credit worthiness service uses a wider array of information than just primary ratings and by using a risk weighted scoring system, does not give undue influence to just one agency’s ratings.

5.11 Typically the minimum credit ratings criteria the Authority use, will be a short term rating (Fitch or equivalents) of short term rating F1, long term rating A-, viability rating of A-, and a support rating of 1. There may be occasions when the counterparty ratings from one rating agency are marginally lower than

these ratings but may still be used. In these instances consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

5.12 All credit ratings will be monitored daily. The Authority is alerted to changes to ratings of all three agencies through its use of the Link Asset Services credit worthiness service.

- if a downgrade results in the counterparty or investment scheme no longer meeting the Authority's minimum criteria, its further use as a new investment will be withdrawn immediately.
- in addition to the use of credit ratings the Authority will be advised of information in movements in Credit Default Swap against the iTraxx benchmark and other market data on a weekly basis. Extreme market movements may result in downgrade of an institution or removal from the Authority's lending list.

5.13 The primary principle governing the Authority's investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration. After this main principle, the Authority will ensure that:

- It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security. This is set out in the specified investment sections; and
- It has sufficient liquidity in its investments.

5.14 The Link Asset Services methodology was revised in October 2014 and determines the maximum investment duration under the credit rating criteria. Key features of Link Asset Services credit rating policy are:

- a mathematical based scoring system is used taking ratings from all three credit rating agencies;
- negative and positive watches and outlooks used by the credit rating agencies form part of the input to determine a counterparty's time band (i.e. 3, 6, 9, 12 months etc.).
- CDS spreads are used in Link Asset Services creditworthiness service as it is accepted that credit rating agencies lag market events and thus do not provide investors with the most instantaneous and "up to date" picture of the credit quality of a particular institution. CDS spreads provide perceived market sentiment regarding the credit quality of an institution.
- After a score is generated from the inputs a maximum time limit (duration) is assigned and this is known as the Link Asset Services colour which is associated with a maximum suggested time boundary.

5.15 The Link Asset Services colours and the maximum time periods are shown para 5.9 above. In the Link Asset Services methodology if counterparty has no colour then they are not recommended for investment and this would remove

these counterparties from the Authority's counterparty list.

- 5.16 Whilst the Link Asset Services methodology categorises counterparty time limits up to two years, the Authority's policy remains only to make investments up to a maximum of one year.

Country Limits

- 5.17 The Authority has determined that it will only use approved counterparties based in the UK.
- 5.18 The UK currently holds an AA 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. The impact of the EU referendum and the path chosen with regard to Brexit could have a bearing on sovereign ratings in the months ahead.

Specified Investments

- 5.19 An investment is a specified investment if all of the following apply:
- the investment is denominated in sterling and any payments or repayments in respect of the investment are payable only in sterling;
 - the investment is not a long term investment (i.e. up to 1 year);
 - the making of the investment is not defined as capital expenditure by virtue of regulation 25(1)(d) of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 [SI 3146 as amended];
 - the investment is made with a body or in an investment scheme of high credit quality (see below) or with one of the following public-sector bodies:
 - The United Kingdom Government;
 - A local authority in England or Wales (as defined under section 23 of the 2003 Act) or a similar body in Scotland or Northern Ireland; and
 - High credit quality is defined as a minimum credit rating as outlined in section 5.15 of this strategy.

- 5.20 The use of Specified Investments** - Investment instruments identified for use in the financial year are as follows:

- Table 3 below sets out the types of investments that fall into each category, counterparties available to the Authority, and the limits placed on each of these. A detailed list of each investment type is available in

the Treasury Management Practices guidance notes;

5.21 Criteria for Specified Investments:

Table 3

| Counterparty | Country/ Domicile | Instrument | Maximum investments | Max. maturity period |
|---|-------------------------|--|------------------------|----------------------------|
| Counterparties in UK | | | | |
| Debt Management and Deposit Facilities (DMADF) | UK | Term Deposits | unlimited | 12 months |
| Government Treasury bills | UK | Term Deposits | unlimited | 12 months |
| Local Authorities | UK | Term Deposits | unlimited | 12 months |
| RBS/NatWest Group • Royal Bank of Scotland • NatWest | UK | Term Deposits (including callable deposits), Certificate of Deposits | £4m | 12 months |
| Lloyds Banking Group • Lloyds Bank • Bank of Scotland | UK | | £4m | 12 months |
| Barclays | UK | | £4m | 12 months |
| Santander UK | UK | | £4m | 12 months |
| HSBC | UK | | £4m | 12 months |
| Goldman Sachs IB | UK | Term Deposits | £4m | 12 months |
| Standard Chartered Bank | UK | Term Deposits | £4m | 12 months |
| Individual Money Market Funds (MMF) CNAV and LVNAV | UK/Ireland/domiciled | AAA rated Money Market Funds | £4m | Liquidity/Instant access |
| Enhanced Money Market / Cash Funds (EMMFs) VNAV | UK/Ireland/EU domiciled | AAA Bond Fund Rating | £4m | Liquidity |

Non Specified Investments

5.22 Non Specified Investments are any other types of investment that are not defined as specified. The identification and rationale supporting the selection of these other investments are set out in **Table 4** below:

| Table 4 | Minimum credit criteria | Period |
|-------------------------|--------------------------------|---------------|
| Local Authorities | Government Backed | 2 years |
| Mixed Asset Fund(s) | Appropriate rating | 2 - 5 years |
| Pooled Property Fund(s) | N/A | 5+ years |

The maximum amount that can be invested will be monitored in relation to the Authority's surplus monies and the level of reserves, the limit will be £2.5m across all non-specified investments. The approved counterparty list will be maintained by referring to an up-to-date credit rating agency reports, and the Authority will liaise regularly with brokers for updates. Counterparties may be added to or removed from the list only with the approval of the Treasurer. A detailed list of specified and non-specified investments that form the counterparty list is shown in section 10.

Investment Position and Use of Authority's Resources

5.23 Bank Rate is forecast to increase steadily but slowly over the next few years to reach 2.00% by quarter 1 2022. Bank Rate forecasts for financial year ends (March) are:

- 2018/19 0.75%
- 2019/20 1.25%
- 2020/21 1.75%
- 2021/22 2.00%

5.24 The overall balance of risks to these forecasts is currently probably slightly skewed to the downside in view of the uncertainty over the final terms of Brexit. If growth expectations disappoint and inflationary pressures are minimal, the start of increases in Bank Rate could be pushed back. On the other hand, should the pace of growth quicken and / or forecasts for increases in inflation rise, there could be an upside risk i.e. Bank Rate increases occur earlier and / or at a quicker pace

5.25 The Link Asset Services suggested budgeted investment earnings rates for returns on investments placed for periods up to 100 days during each financial year for the next four years are as follows:

- 2018/19 0.75%
- 2019/20 1.25%
- 2020/21 1.50%
- 2021/22 1.75%

5.26 The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an on-going impact on investments unless resources are supplemented each year from new sources (asset sales etc.).

- 5.27 Investments will be made with reference to the core balance and cash flow requirements and the outlook for short term interest rates (i.e. rates for investments up to 12 months).
- 5.28 For its cash flow generated balances, the Authority will seek to utilise its business reserve instant access and notice accounts, money market funds and short-dated deposits in order to benefit from the compounding of interest.

6 MINIMUM REVENUE PROVISION

- 6.1 The Authority is required to repay an element of the CFR through a revenue charge (MRP), although it is also allowed to undertake additional voluntary payments if required.
- 6.2 MHCLG Regulations have been issued which require the Authority to approve an MRP Statement in advance of each year. A variety of options is provided to authorities, so long as there is a prudent provision. The Authority is recommended to approve the MRP Policy in Appendix 3.
- 6.3 The Authority, in conjunction with its Treasury Management advisors, has considered the MRP policy to be prudent.

7 POLICY ON THE USE OF EXTERNAL SERVICE PROVIDERS

- 7.1 The Authority uses Link Asset Services as its external treasury management advisors.
- 7.2 The Authority recognises that responsibility for treasury management decisions remains with the Authority at all times and will ensure that undue reliance is not placed upon our external service providers.
- 7.3 It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Authority will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

8 UPDATE TO ACCOUNTING REQUIREMENTS

8.1 IFRS 9 – Financial Instruments

The accounting treatment for all financial instruments will be in the scope IFRS9 from 2018/19. This is not expected to have significant impact on the Authority's investment portfolio, but the key considerations are as follows:

- A provision will be required for expected loss on the Authority's investment portfolio as at the 31 March 2019 using the "expected loss" model, taking into account historical losses for instruments that carry a

similar credit quality. To provide an estimate of the impact of this, a provision based on the investment portfolio as at 31st December 2018 would result in a provision being required of £3,160.

- The valuation of investments previously classified as Available for Sale (AfS) will now be classified as Fair Value through Profit & Loss (FVPL). Under this change, any gains or losses on the valuation to the authority's pooled property fund holding at 31 March in each year would have to be charged to the general fund revenue account. Following the consultation undertaken by the Ministry of Housing, Communities and Local Government, [MHCLG], on IFRS9 the Government has introduced a mandatory statutory override for local authorities to reverse out all unrealised fair value movements resulting from pooled investment funds. This will be effective from this financial year, 1 April 2018. The statutory override applies for five years from this date. Local authorities are required to disclose the net impact of the unrealised fair value movements in a separate unusable reserve throughout the duration of the override in order for the Government to keep the override under review and to maintain a form of transparency.

8.2 IFRS 16 – Leasing

CIPFA issued a consultation to local authorities regarding the accounting impact of operating leases being brought onto the balance sheet. The Authority's Prudential Indicators and Capital Financing Requirement will need to be amended to allow for leases which were previously off balance sheet being brought onto balance sheet from 1 April 2020. The authorised limit and operational boundary for 2020/21 onwards will be increased to reflect the effect of this change once assessed.

Treasury Management Scheme of Delegation

1. Fire Authority

1.1 In line with best practice, The Fire Authority is required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of policies, estimates and actuals. These reports are:

a) Prudential and Treasury Indicators and Treasury Strategy (This report)

The first and most important report covers:

- the capital plans (including prudential indicators);
- the Capital Strategy
- a Minimum Revenue Provision Policy (how residual capital expenditure is charged to revenue over time);
- the Treasury Management Strategy (how the investments and borrowings are to be organised) including treasury indicators; and
- an investment strategy (the parameters on how investments are to be managed).

b) A Mid Year Treasury Management Report – This will update members with the progress of the capital position, amending prudential indicators as necessary, and indicating whether the treasury strategy is meeting the strategy or whether any policies require revision.

c) An Annual Treasury Management Stewardship Report – This provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

2. The Treasury Management Role of the Section 112 Officer

2.1 The Section 112 (responsible) Officer (the fire service equivalent to the S151 Officer in local government):

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;
- submitting regular treasury management policy reports;
- submitting budgets and budget variations;
- receiving and reviewing management information reports;
- reviewing the performance of the treasury management function;
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- ensuring the adequacy of internal audit, and liaising with external audit; and
- recommending the appointment of external service providers.

3. Training - Treasury Management training for Authority members will be delivered as required to facilitate more informed decision making and challenge processes.

1. The Prudential and Treasury Indicators

- 1.1 The Fire Authority’s capital expenditure plans are the key driver of treasury management activity. The outputs of the capital expenditure plans are reflected in prudential indicators, which are designed to assist members’ overview and confirm capital expenditure plans.
- 1.2 **Capital Expenditure.** This prudential Indicator shows the Authority’s capital expenditure plans; both those agreed previously, and those forming part of this budget cycle. Capital expenditure excludes spend on PFI and leasing arrangements, which are now shown on the balance sheet.
- 1.3 The table below summarises the capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding need (borrowing).

Table 5

| Description | 2018/19 Projected | 2019/20 Estimate | 2020/21 Estimate | 2021/22 Estimate |
|--|------------------------------|-----------------------------|-----------------------------|-----------------------------|
| | £m | £m | £m | £m |
| Capital Expenditure | 1.785 | 6.727 | 7.353 | 3.820 |
| Financed by: | | | | |
| Capital receipts | (0.239) | (6.296) | (3.649) | - |
| Capital grants & Contributions | (0.050) | - | - | - |
| Revenue Financing | (1.065) | - | (0.452) | (0.452) |
| Capital Reserves | - | - | (2.896) | (2.838) |
| Net financing need for the year | 0.431 | 0.431 | 0.356 | 0.530 |

- 1.4 The Authority’s borrowing need (the Capital Financing Requirement) - The second 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.
- 1.5 The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the borrowing need in line with each asset’s life.
- 1.6 Following accounting changes, the CFR includes any other long term liabilities (e.g. PFI schemes, finance leases) brought on the balance sheet. Whilst these increase the CFR, and therefore the Authority’s borrowing requirement, these types of scheme include a borrowing facility and so the Authority is not required

to separately borrow for these schemes. The Authority has no finance leases or PFI Schemes.

Table 6

| | 2018/19 Projecte d | 2019/20 Estimate | 2020/21 Estimate | 2021/22 Estimate |
|--------------------------------------|-----------------------------------|-----------------------------|-----------------------------|-----------------------------|
| Capital Financing Requirement | | | | |
| | £m | £m | £m | £m |
| Opening CFR | 10.773 | 10.773 | 10.773 | 10.698 |
| Net Financing (as above) | 0.431 | 0.431 | 0.356 | 0.530 |
| MRP | (0.431) | (0.431) | (0.431) | (0.428) |
| Closing CFR | 10.773 | 10.773 | 10.698 | 10.800 |

- 1.7 **The Operational Boundary.** This is the limit beyond which external borrowing is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual borrowing.

Table 7

| Description | 2018/19 Projected | 2019/20 Estimate | 2020/21 Estimate | 2021/22 Estimate |
|--------------------|------------------------------|-----------------------------|-----------------------------|-----------------------------|
| | £m | £m | £m | £m |
| Borrowing | 11.241 | 11.241 | 11.166 | 11.268 |
| PFI/Leases | - | - | - | - |
| Total | 11.241 | 11.241 | 11.166 | 11.268 |

- 1.8 **The Authorised Limit for external borrowing.** A further key prudential indicator represents a control on the maximum level of borrowing. This represents a limit beyond which external borrowing is prohibited, and this limit needs to be set or revised by the full Authority. It reflects the level of external borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

- This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all authority's plans, or those of a specific authority, although this power has not yet been exercised; and
- The Authority is asked to approve the following Authorised Limit:

Table 8

| Description | 2018/19 Projected | 2019/20 Estimate | 2020/21 Estimate | 2021/22 Estimate |
|--------------------|------------------------------|-----------------------------|-----------------------------|-----------------------------|
| | £m | £m | £m | £m |
| Borrowing | 13.630 | 13.630 | 13.555 | 13.657 |

| | | | | |
|--------------|---------------|---------------|---------------|---------------|
| PFI/Leases | - | - | - | - |
| Total | 13.630 | 13.630 | 13.555 | 13.657 |

2. Treasury Management Limits on Activity

2.1 There are three debt related treasury activity limits. The purpose of these are to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set to be too restrictive they will impair the opportunities to reduce costs or improve performance. The indicators are:

- upper limits on variable interest rate exposure. This identifies a maximum limit for variable interest rates based upon the debt position net of investments;
- upper limits on fixed interest rate exposure. This is similar to the previous indicator and covers a maximum limit on fixed interest rates;
- maturity structure of borrowing. These gross limits are set to reduce the Authority's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.

Table 9

| Maturity structure of fixed interest rate borrowing 2019/20 | | | |
|--|--------------|--------------|---------------|
| All Fire Authority borrowing is at a Fixed Rate | | | |
| | Lower | Upper | Actual |
| Under 12 months | 0% | 25% | 0% |
| 12 months to 2 years | 0% | 40% | 0% |
| 2 years to 5 years | 0% | 60% | 13% |
| 5 years to 10 years | 0% | 80% | 24% |
| 10 years to 20 years | 0% | 80% | 28% |
| 20 years to 30 years | 0% | 80% | 3% |
| 30 years to 40 years | 0% | 80% | 32% |
| 40 years to 50 years | 0% | 80% | 0% |

Table 10

| Principle sums invested for periods longer than 365 days | | | |
|---|----------------|----------------|----------------|
| | 2019/20 | 2020/21 | 2021/22 |
| | £m | £m | £m |
| Limit | 2.50 | 2.50 | 2.50 |

The above limits are deemed prudent and will be reviewed in future years.

2.2 **Affordability Prudential Indicators** - The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework

prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Authority's overall finances. The Authority is asked to approve the following indicators:

2.3 Actual and estimates of the ratio of financing costs to net revenue stream.

This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream. The estimates of financing costs include current commitments and the proposals in this budget report.

Table 11

| Description | 2018/19 Projected | 2019/20 Estimate | 2020/21 Estimate | 2021/22 Estimate |
|--------------|----------------------|---------------------|---------------------|---------------------|
| | % | % | % | % |
| Ratio | 2.27 | 2.18 | 2.18 | 2.18 |

3. Treasury Management Budget

Table 12

| Description | 2018/19 | 2019/20 | 2020/21 | 2021/22 |
|---------------------------|--------------|--------------|--------------|--------------|
| | £m | £m | £m | £m |
| Interest Payable | 0.496 | 0.496 | 0.496 | 0.521 |
| Interest Receipts | (0.075) | (0.075) | (0.075) | (0.075) |
| Minimum Revenue Provision | 0.431 | 0.431 | 0.431 | 0.428 |
| TOTAL | 0.852 | 0.852 | 0.852 | 0.874 |

Minimum Revenue Provision Policy Statement

1. Policy Statement

- 1.1 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. A variety of options is provided to authorities to replace the existing Regulations, so long as there is a prudent provision.
- 1.2 The 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).
- 1.3 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 Fire Authority for approval before the start the financial year to which the provision will relate. The 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 MHCLG guidance on Investments.
- 1.4 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).
- 1.5 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.
- 1.6 The move to International Financial Reporting Standards (IFRS) involves Private Finance Initiative (PFI) contracts and potentially some leases (being reclassified as finance leases instead of operating leases) coming onto the Balance Sheet as long term liabilities. The accounting treatment would impact on the Capital Financing Requirement with the result that an annual MRP provision would be required.
- 1.7 To ensure that this change has no overall financial impact on Local Authorities, the Government has updated their "Statutory MRP Guidance" which allows MRP to be equivalent to the existing lease rental payments and "capital repayment element" of annual payments to PFI Operators. There are no implications for the Authority's MRP policy.

The policy for 2019/20 is therefore as follows:-

1.8 For capital expenditure incurred before 1 April 2008 or which in the future will be Government Supported Capital Expenditure, the MRP policy will be:

- Based on based on the non-housing CFR, i.e., The Authority currently set aside a Minimum Repayment Provision based on basic MRP of 4% each year to pay for past capital expenditure and to reduce its CFR.

1.9 From 1 April 2008 for all unsupported borrowing the MRP policy will be:

- 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).
- Asset Life Method (annuity method) The Authority will also be adopting the annuity method, - MRP calculated according to the flow of benefits from the asset, and where the principal repayments increase over the life of the asset. The policy is being adopted as a result of any PFI's assets coming on the balance sheet and any related MRP will be equivalent to the "capital repayment element" of the annual service charge payable to the PFI Operator and for finance leases, MRP will also be equivalent to the "capital repayment (principal) element" of the annual rental payable under the lease agreement. It should be noted that the Authority do not currently have any PFI assets or finance leases.

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

1.10 This approach also allows the Authority to defer the introduction of an MRP charge for new capital projects/land purchases until the year after the new asset becomes operational rather than in the year borrowing is required to finance the capital spending. This approach is beneficial for projects that take more than one year to complete and is therefore included as part of the MRP policy. Half-yearly review of the Authority's MRP Policy will be undertaken and reported to Members as part of the Half-yearly Treasury Management Strategy review.

Illustrative list of Approved Countries for Investments

The list below shows the countries that would currently meet these criteria:

AAA

- Australia
- Canada
- Denmark
- Germany
- Netherlands
- Singapore
- Sweden
- Switzerland

AA

- U.K.

Note: There are three other countries with AA, but the Authority will only be using UK because of the best understanding of the UK market.

Economic Overview

Provided Link Assets Services (our Treasury advisors) 21st January 2019

1. The Global Economy

- 1.1 **The Eurozone.** World growth has been doing reasonably well, aided by strong growth in the US. However, US growth is likely to fall back in 2019 and, together with weakening economic activity in China, overall world growth is likely to weaken.

Inflation has been weak during 2018 but, at long last, unemployment falling to remarkably low levels in the US and UK has led to a marked acceleration of wage inflation. The US Fed has therefore increased rates nine times and the Bank of England twice. However, the ECB is unlikely to start raising rates until late in 2019 at the earliest.

KEY RISKS - central bank monetary policy measures

Looking back on nearly ten years since the financial crash of 2008 when liquidity suddenly dried up in financial markets, it can be assessed that central banks' monetary policy measures to counter the sharp world recession were successful. The key monetary policy measures they used were a combination of lowering central interest rates and flooding financial markets with liquidity, particularly through unconventional means such as quantitative easing (QE), where central banks bought large amounts of central government debt and smaller sums of other debt.

The key issue now is that that period of stimulating economic recovery and warding off the threat of deflation, is coming towards its close. A new period is well advanced in the US, and started more recently in the UK, of reversing those measures i.e. by raising central rates and, (for the US), reducing central banks' holdings of government and other debt. These measures are now required in order to stop the trend of a reduction in spare capacity in the economy and of unemployment falling to such low levels, that the re-emergence of inflation is viewed as a major risk. It is, therefore, crucial that central banks get their timing right and do not cause shocks to market expectations that could destabilise financial markets. In particular, a key risk is that because QE-driven purchases of bonds drove up the price of government debt, and therefore caused a sharp drop in income yields, this also encouraged investors into a search for yield and into investing in riskier assets such as equities. Consequently, prices in both bond and equity markets rose to historically high valuation levels simultaneously. This meant that both asset categories were exposed to the risk of a sharp downward correction and we have indeed, seen a sharp fall in equity values in the last quarter of 2018. It is important, therefore, that central banks only gradually unwind their holdings of bonds in order to prevent destabilising the financial markets. It is also likely that the timeframe for central banks unwinding their holdings of QE debt purchases will be over several years. They need to balance their timing to neither squash economic recovery, by taking too rapid and too strong action, or, conversely, let inflation run away by taking action that was too slow and/or

too weak. The potential for central banks to get this timing and strength of action wrong are now key risks. At the time of writing, (January 2019), financial markets are very concerned that the Fed is being too aggressive with its policy for raising interest rates and was likely to cause a recession in the US economy.

The world economy also needs to adjust to a sharp change in liquidity creation over the last five years where the US has moved from boosting liquidity by QE purchases, to reducing its holdings of debt, (currently about \$50bn per month). In addition, the European Central Bank ended its QE purchases in December 2018.

- 1.2 **UK.** The flow of positive economic statistics since the end of the first quarter of 2018 has shown that pessimism was overdone about the poor growth in quarter 1 when adverse weather caused a temporary downward blip. Quarter 1 at 0.1% growth in GDP was followed by a return to 0.4% in quarter 2 and by a strong performance in quarter 3 of +0.6%. However, growth in quarter 4 is expected to weaken significantly.

At their November quarterly Inflation Report meeting, the MPC repeated their well-worn phrase that future Bank Rate increases would be gradual and would rise to a much lower equilibrium rate (where monetary policy is neither expansionary or contractionary) than before the crash; indeed they gave a figure for this of around 2.5% in ten years time, but declined to give a medium term forecast. However, with so much uncertainty around Brexit, they warned that the next move could be up or down, even if there was a disorderly Brexit. While it would be expected that Bank Rate could be cut if there was a significant fall in GDP growth as a result of a disorderly Brexit, so as to provide a stimulus to growth, they warned they could also raise Bank Rate in the same scenario if there was a boost to inflation from a devaluation of sterling, increases in import prices and more expensive goods produced in the UK replacing cheaper goods previously imported, and so on. In addition, the Chancellor could potentially provide fiscal stimulus to support economic growth, though at the cost of increasing the budget deficit above currently projected levels.

It is unlikely that the MPC would increase Bank Rate in February 2019, ahead of the deadline in March for Brexit. Getting parliamentary approval for a Brexit agreement on both sides of the Channel will take well into spring 2019. However, in view of the hawkish stance of the MPC at their November meeting, the next increase in Bank Rate is now forecast to be in May 2019, (on the assumption that a Brexit deal is agreed by both the UK and the EU). The following increases are then forecast to be in February and November 2020 before ending up at 2.0% in February 2022.

- 1.3 **Inflation.** The Consumer Price Index (CPI) measure of inflation has been falling from a peak of 3.1% in November 2017 to 2.3% in November. In the November Bank of England quarterly Inflation Report, inflation was forecast to still be marginally above its 2% inflation target two years ahead, (at about 2.1%), given a scenario of minimal increases in Bank Rate. This inflation forecast is likely to be amended upwards due to the Bank's report being produced prior to the Chancellor's announcement of a significant fiscal stimulus in the Budget; this is likely to add 0.3%

to GDP growth at a time when there is little spare capacity left in the economy, particularly of labour.

As for the labour market figures in October, unemployment at 4.1% was marginally above a 43 year low of 4% on the Independent Labour Organisation measure. A combination of job vacancies hitting an all-time high, together with negligible growth in total employment numbers, indicates that employers are now having major difficulties filling job vacancies with suitable staff. It was therefore unsurprising that wage inflation picked up to 3.3%, (3 month average regular pay, excluding bonuses). This meant that in real terms, (i.e. wage rates less CPI inflation), earnings are currently growing by about 1.0%, the highest level since 2009. This increase in household spending power is likely to feed through into providing some support to the overall rate of economic growth in the coming months. This tends to confirm that the MPC was right to start on a cautious increase in Bank Rate in August as it views wage inflation in excess of 3% as increasing inflationary pressures within the UK economy.

2. Link Asset Services forward view

2.1 The interest rate forecasts provided by Link Asset Services in Table 1 are predicated on an assumption of an agreement being reached on Brexit between the UK and the EU. On this basis, while GDP growth is likely to be subdued in 2019 due to all the uncertainties around Brexit depressing consumer and business confidence, an agreement is likely to lead to a boost to the rate of growth in 2020 which could, in turn, increase inflationary pressures in the economy and so cause the Bank of England to resume a series of gentle increases in Bank Rate. Just how fast, and how far, those increases will occur and rise to, will be data dependent. The forecasts in this report assume a modest recovery in the rate and timing of stronger growth and in the corresponding response by the Bank in raising rates.

- In the event of an orderly non-agreement exit, it is likely that the Bank of England would take action to cut Bank Rate from 0.75% in order to help economic growth deal with the adverse effects of this situation. This is also likely to cause short to medium term gilt yields to fall.
- If there was a disorderly Brexit, then any cut in Bank Rate would be likely to last for a longer period and also depress short and medium gilt yields correspondingly. It is also possible that the government could act to protect economic growth by implementing fiscal stimulus.

However, there would appear to be a majority consensus in the Commons against any form of non-agreement exit so the chance of this occurring has now substantially diminished.

2.2 The overall balance of risks to economic growth in the UK is probably neutral. The balance of risks to increases in Bank Rate and shorter term PWLB rates, are probably also even and are broadly dependent on how strong GDP growth turns out, how slowly inflation pressures subside, and how quickly the Brexit negotiations move forward positively.

2.3 One risk that is both an upside and downside risk, is that all central banks are now working in very different economic conditions than before the 2008 financial crash as there has been a major increase in consumer and other debt due to the exceptionally low levels of borrowing rates that have prevailed for ten years since 2008. This means that the neutral rate of interest in an economy, (i.e. the rate that is neither expansionary nor deflationary), is difficult to determine definitively in this new environment, although central banks have made statements that they expect it to be much lower than before 2008. Central banks could therefore either over or under do increases in central interest rates.

2.4 Downside risks to current forecasts for UK gilt yields and PWLB rates currently include:

- Brexit – if it were to cause significant economic disruption and a major downturn in the rate of growth.
- Bank of England monetary policy takes action too quickly, or too far, over the next three years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
- A resurgence of the eurozone sovereign debt crisis, possibly in Italy, due to its high level of government debt, low rate of economic growth and vulnerable banking system, and due to the election in March of a government which has made a lot of anti-austerity noise. The EU rejected the initial proposed Italian budget and demanded cuts in government spending which the Italian government initially refused. However, a fudge was subsequently agreed, but only by delaying the planned increases in expenditure to a later year. This can have therefore only been kicked down the road to a later time. The rating agencies have started on downgrading Italian debt to one notch above junk level. If Italian debt were to fall below investment grade, many investors would be unable to hold it. Unsurprisingly, investors are becoming increasingly concerned by the words and actions of the Italian government and consequently, Italian bond yields have risen – at a time when the government faces having to refinance large amounts of debt maturing in 2019.
- Weak Capitalisation of European banks.
- Rising protectionism under President Trump.
- Monetary policy A sharp Chinese downturn and its impact on emerging market countries.

2.5 Upside risks to current forecasts for UK gilt yields and PWLB rates:

- Brexit – if both sides were to agree by 29 March a compromise that quickly removed all threats of economic and political disruption and so led to an early boost to UK economic growth.
- The Fed causing a sudden shock in financial markets through misjudging the pace and strength of increases in its Fed Funds Rate and in the pace and strength of reversal of QE, which then leads to a fundamental reassessment by investors of the relative risks of holding bonds, as opposed to equities. This could lead to a major flight from bonds to equities and a sharp increase in bond yields in the US, which could then spill over into impacting bond yields around the world.

- The Bank of England is too slow in its pace and strength of increases in Bank Rate and, therefore, allows inflation pressures to build up too strongly within the UK economy, which then necessitates a later rapid series of increases in Bank Rate faster than we currently expect.
- UK inflation, whether domestically generated or imported, returning to sustained significantly higher levels causing an increase in the inflation premium inherent to gilt yields.

2.6 **Brexit timetable and process:**

- March 2017: UK government notified the European Council of its intention to leave under the Treaty on European Union Article 50 on 29 March 2019.
- 25.11.18 EU27 leaders endorsed the withdrawal agreement
- Dec 2018 vote in the UK Parliament on the agreement was postponed
- 21.12.18 – 8.1.19 UK parliamentary recess
- 14.1.19 vote in Parliament on a 'no deal' scenario
- By 29.3.19 second vote (?) in UK parliament if first vote rejects the deal
- By 29.3.19 if the UK Parliament approves a deal, then ratification by the EU Parliament requires a simple majority
- By 29.3.19 if the UK and EU parliaments agree the deal, the EU Council needs to approve the deal; 20 countries representing 65% of the EU population must agree
- 29.3.19 UK leaves the EU, (or asks the EU for agreement to an extension of the Article 50 period if the UK Parliament rejects the deal and no deal departure?)
- 29.3.19: if an agreement is reached with the EU on the terms of Brexit, then this will be followed by a proposed transitional period ending around December 2020.
- UK continues as a full EU member until March 2019 with access to the single market and tariff free trade between the EU and UK. Different sectors of the UK economy may leave the single market and tariff free trade at different times during the transitional period.
- The UK and EU would attempt to negotiate, among other agreements, a bi-lateral trade agreement over that period.
- The UK would aim for a negotiated agreed withdrawal from the EU, although the UK could also exit without any such agreements in the event of a breakdown of negotiations.

APPENDIX 6

| Appendix 6 - Counterparty list Banks | Country | Fitch Ratings | | | | Moody's Ratings | | S & P Ratings | | CDS Price | Fire Authority Duration (Months) | LAS Duration Limit (Months) | Money Limit (£m) |
|--|---------|---------------|--------|-------|-------|-----------------|--------|---------------|--------|-----------|---|--------------------------------------|------------------------|
| | | L Term | S Term | Viab. | Supp. | L Term | S Term | L Term | S Term | | | | |
| | | | | | | | | | | | | | |
| Lloyds Banking Group: | | | | | | | | | | | | | } 4 |
| Lloyds Bank Plc | UK | A+ | F1 | a | 5 | Aa3 | P-1 | A+ | A-1 | 72.57 | 12 | 12 | |
| Bank of Scotland | UK | A+ | F1 | a | 5 | Aa3 | P-1 | A+ | A-1 | 70.12 | 12 | 12 | |
| RBS/NatWest Group: | | | | | | | | | | | | | } 4 |
| NatWest Bank | UK | A+ | F1 | a | 5 | A1 | P-1 | A- | A-2 | - | 12 | 12 | |
| Royal Bank of Scotland | UK | A+ | F1 | a | 5 | A1 | P-1 | A- | A-2 | - | 12 | 12 | |
| Other UK Banks: | | | | | | | | | | | | | |
| HSBC Bank | UK | AA- | F1+ | a+ | 1 | Aa3 | P-1 | AA- | A-1+ | 48.19 | 12 | 12 | 4 |
| Barclays Bank | UK | A+ | F1 | a | 5 | A1 | P-1 | A | A-1 | 95.52 | 6 | 6 | 4 |
| Santander UK | UK | A+ | F1 | a | 2 | Aa3 | P-1 | A | A-1 | - | 6 | 6 | 4 |
| Goldman Sachs IB | UK | A | F1 | - | 1 | A1 | P-1 | A+ | A-1 | 106.17 | 6 | 6 | 4 |
| Standard Chartered Bank | UK | A+ | F1 | a | 5 | A1 | P-1 | A | A-1 | 62.41 | 6 | 6 | 4 |

For colour codings refer
to Para. 5.9

EAST SUSSEX FIRE AND RESCUE SERVICE

Meeting Fire Authority
Date 14 February 2019
Title of Report Fairer Funding Review
By Duncan Savage, Assistant Director Resources/Treasurer

Background Papers <https://www.gov.uk/government/consultations/fair-funding-review-a-review-of-relative-needs-and-resources>

Appendices A – NFCC Briefing Note
 B – Analysis of current fire RNF
 C - Draft response

Implications

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

PURPOSE OF REPORT To seek comments on the Authority’s response to the Government’s consultation on the Fairer Funding review.

EXECUTIVE SUMMARY The consultation proposes to introduce a population-driven foundation formula to determine allocations for a number of service areas but there will also be several service-specific formulae – including one for Fire & Rescue.

With regard to the relative resource adjustment the Government propose using a notional council tax figure but are asking for views on what level that should be as well as the treatment of tax base for resource adjustments.

There are no firm plans yet for the transitional arrangements but the MHCLG have said they would like arrangements to be time-limited and affordable. They are considering options where transitional arrangements unwind at different speeds depending on local circumstances (income and pressure) or the “distance from target”.

At this stage it impossible to assess the distributive impact of the different proposals on individual authorities, hence the importance of the Government providing exemplifications at the earliest opportunity.

The Fairer Funding Review is only one part of the jigsaw that will determine the Authority's actual level of funding for 2020/21 onwards – to understand the actual funding position we also need to understand the outcomes from the Comprehensive Spending Review which is expected to commence late spring 2019 and the Business Rates Retention Review upon which the Government is also consulting.

RECOMMENDATION

The Authority is recommended to:

- a) Comment upon the draft response to the consultation; and
- b) Delegate authority to the Assistant Director Resources/Treasurer in consultation with Chief Fire Officer and the Chairman to finalise the response taking into account any further work by the NFCC

1 INTRODUCTION

- 1.1 On 13 December 2018, alongside the Provisional Local Government Finance Settlement the Ministry for Housing, Communities and Local Government [published](#) the next stage consultation in the Fair Funding Review (FFR). The FFR aims to determine and introduce a new funding mechanism, including how to treat resources and any transitional arrangements, in time for the 2020-21 Local Government Finance Settlement (i.e. in 12 months' time). This will coincide with implementation of 75% Business Rates Retention, a business rate baseline reset and the 2019 Spending Review. This consultation will run for 10 weeks and closes at a quarter to midnight on 21 February 2019.
- 1.2 The National Fire Chiefs Council (NFCC) will be consulting with and responding on behalf of the fire sector, but we have yet to receive their proposed response. There will be a further consultation in 2019 on the Government's preferred approach. The MHCLG paper also says that it aims to publish indicative allocations ahead of the 2020-21 provisional settlement, to aid councils' medium term financial planning. As this consultation covers all services funded by the LG settlement, this report omits information and questions that are unrelated to fire & rescue
- 1.3 This consultation is [published](#) alongside a further consultation on the reform of business rates retention and the balance between risk and reward in the future system. This consultation also runs until 21 February 2019.

- 1.4 The earlier [consultation](#) (December 2017) concentrated on establishing cost drivers and principles for a new formula whereas this new consultation is concerned a little more about the methodology and construction of the new allocation formulae. The paper refers to the CLG committee's conclusion that a simpler needs assessment formula could provide a good approximation to the outcomes of a more complex model. In his introduction, James Brokenshire (Secretary of State for Housing, Communities and Local Government) states that he wishes to see a formula that "draws a more understandable link between the need for services and local funding".

2 **OVERVIEW**

- 2.1 The Government's consultation document addresses all three strands of the Fairer Funding Review:

- Assessing relative needs
- Assessing relative resources
- Transition from the current pattern of funding distribution to the new one

- 2.2 The three strands come together as follows:

Funding position = (relative needs share – relative resources adjustment) +/- possible transitional arrangements

- 2.3 Fire authorities would not have the Foundation Formula included within their relative need formula (RNF) but would be covered by a specific RNF for Fire & Rescue and also a RNF for Legacy Capital Finance. This would then be subject to an area cost adjustment (ACA) which seeks to adjust for factors outside of a local authority's control:

- A rates cost adjustment
- A labour cost adjustment
- A remoteness adjustment

- 2.4 The resulting relative needs share would then be adjusted to reflect local resources, with the proposal identifying the following approach:

A measure of local council tax base (including treatment of discounts, exemptions and premiums and local council tax support)

Multiplied by

A measure of council tax level

Shared according to

An approach to council tax tier splits in a multi-tier area

- 2.5 This would then be adjusted by transitional protections which the Government proposes be based on the following principles:

- Stability
- Speed
- Transparency
- Flexibility

2.6 A more detailed summary of the proposals is attached in the form of an NFCC Briefing Note attached as Appendix A. The full consultation can be found via the link in the Supporting Documents section. An analysis of how the current RNF is constructed is included at Appendix B.

A review of local authorities' relative needs and resources

Technical consultation on the assessment of local authorities' needs, relative resources and transitional arrangements

Published: 13 December 2018

Closing Date: 21 February 2019

Introduction

On 13 December 2018, alongside the Provisional Local Government Finance Settlement the Ministry for Housing, Communities and Local Government [published](#) the next stage consultation in the Fair Funding Review (FFR). The FFR aims to determine and introduce a new funding mechanism, including how to treat resources and any transitional arrangements, in time for the 2020-21 Local Government Finance Settlement (i.e. in 12 months' time). This will coincide with implementation of 75% Business Rates Retention, a business rate baseline reset and the 2019 Spending Review.

This consultation will run for 10 weeks and closes at a quarter to midnight on 21 February 2019. Alongside the main consultation document there is also a [presentation](#) to be read alongside the main document.

The Technical Support Team will support the NFCC in drafting and submitting a response. There will be a further consultation in 2019 on the Government's preferred approach. The MHCLG paper also says that it aims to publish indicative allocations ahead of the 2020-21 provisional settlement, to aid councils' medium term financial planning. As this consultation covers all services funded by the LG settlement, this briefing omits information and questions that are unrelated to fire & rescue.

This consultation is [published](#) alongside a further consultation on the reform of business rates retention and the balance between risk and reward in the future system. This consultation also runs until 21 February 2019.

Background

The earlier [consultation](#) (December 2017) concentrated on establishing cost drivers and principles for a new formula whereas this new consultation is concerned a little more about the methodology and construction of the new allocation formulae. The paper refers to the CLG committee's conclusion that a simpler needs assessment formula could provide a good approximation to the outcomes of a more complex model. In his introduction, James Brokenshire (Secretary of State for Housing, Communities and Local Government) states that he wishes to see a formula that "draws a more understandable link between the need for services and local funding".

Summary

The consultation proposes to introduce a population-driven foundation formula to determine allocations for a number of service areas but there will also be several service-specific formulae – including one for Fire & Rescue.

With regard to the relative resource adjustment the Government propose using a notional council tax figure but are asking for views on what level that should be as well as the treatment of tax base for resource adjustments.

There are no firm plans yet for the transitional arrangements but the MHCLG have said they would like arrangements to be time-limited and affordable. They are considering options where transitional arrangements unwind at different speeds depending on local circumstances (income and pressure) or the "distance from target".

Relative Needs – The Foundation Formula

The current funding methodology, which was last updated in 2013-14, consists of 15 formulae and several tailored distributions.

Responses to the December 2017 consultation were supportive of the use of several service-specific formulae, alongside a foundation formula; agreeing that it would help to ensure an appropriate balance between simplicity, transparency and precision. Despite this broad agreement there remained many respondents who favoured a simplified formula but that argued it should still take account of their specific circumstances.

The consultation's preferred option is for a per-capita foundation formula for upper and lower tier authorities and seven service-specific funding formulae for the following areas:

1. Adult Social Care,
2. Children and Young People's Services,
3. Public Health,
4. Highways Maintenance,
5. **Fire & Rescue,**
6. Legacy Capital Financing, and
7. Flood Defence and Coastal Protection.

There will be separate foundation formulae for the upper and lower tiers, based on population with an Area Cost Adjustment (ACA). There are no plans to fund Fire & Rescue through the foundation formula.

The MHCLG have looked at variations in past spending patterns to determine whether there should be further adjustments for rurality and/or deprivation.

Regarding deprivation – the regression analysis suggested that the inclusion of deprivation did not explain significantly more of the variation in spending. Hence the MHCLG are only considering reflecting deprivation in service-specific formulae.

Regarding Rurality – again the regression analysis suggested that including rurality did not explain significantly more variation than population alone. However, the MHCLG are convinced that rurality does impact costs (dis-economies of scale, increased journey times etc) as opposed to demand and hence it is proposed that rurality feature in the new ACA – which will feature in the FF.

Relative Needs – Fire and Rescue Services

The consultation paper states that a separate formula for fire and rescue is needed because there are stand-alone Fire and Rescue Authorities (FRAs) and the service takes account of risk as well as demand factors. The NFCC presented a paper to the FFR Technical Working Group in May 2018 to present the sector's view; primarily that Road Traffic Collisions be considered for inclusion and that the population of over 75s be included. The NFCC also reiterated the need to reflect risk and not just demand/spend in the allocations.

In most other cases the Government's preferred option for creating formulae is expenditure-based regression. However, for fire authorities that would only give 45 data points which is not enough to carry out a robust analysis, especially considering that the GLA accounts for 19% of the total budget. MHCLG have nonetheless created a formula based on this method which identifies population, deprivation and residents aged over 65 as the cost drivers for the service. It also results in significant changes in distribution – primarily from the removal of the density and coastline measures.

Because of these significant changes in distribution the Government is also considering a simple update of the current formula (which the NFCC found to be broadly satisfactory). The proposal under this option would be to retain the current weightings. The risk index, the property and societal risk index and the community fire safety indicator cannot be updated (data limitations) so the MHCLG is considering either keeping them as they are now or removing them completely. Remaining measures include sparsity, coastline and density – the MHCLG are mindful of the need to not double count by including these measures in a formula as well as in the ACA.

There is a third option being considered – a multi-level model based on incidents as a proxy for risk/need. Unsurprisingly incident-level data is available at a much lower level giving far more data points to work with (approx. 7,200). This is a viable option but does require the sector to agree that fire incidents adequately reflect fire service activities.

The sector will continue to be consulted before the Government forms an opinion on its preferred option for the fire and rescue service's formula.

Question 1: Do you have any views at this stage, or evidence not previously shared with us, relating to the proposed structure of the relative needs assessment set out in this section?

Question 2: What are your views on the best approach to a Fire and Rescue Services funding formula and why?

The Area Cost Adjustment (ACA)

The costs of delivering services across different areas is already reflected in many funding settlement – police, NHS and the current local government finance settlement.

Costs vary for a number of reasons, including:

- Costs of employing **staff** or **renting** non-domestic properties can differ significantly
- **Geography** – for example the costs of delivering services in very remote, isolated areas or to a widely dispersed or densely concentrated population.

The MHCLG classes these as “multiplicative” costs – in other words, they do not increase the demand for services but can impact on the costs of delivery. The proposal is for the new ACA to include rates and labour (as it does now) but also a **remoteness adjustment** to account for the variation in costs of delivering services to isolated/remote areas.

In terms of the accessibility measure, the paper recognises that there is “down time” associated with increased travelling times – these could be as a result of large distance, congestion or poor transport links. The MHCLG propose using two measures in the ACA to reflect these costs;

- *Dispersion* – measuring journey times between groups of households to service “hubs”, and
- *Traversal* – measuring journey times between groups of households to reflect delivery routes for services such as waste collection.

The MHCLG are minded to include a separate remoteness adjustment to reflect that being remote from major markets can impact negatively on the cost of delivering services. The examples given include assistive technology for residential care placements or professional training not being available in areas remote from major towns. The measure suggested is ‘journey times from small groups of households to major towns and cities’.

Question 4: What are your views on the proposed approach to the Area Cost Adjustment?

Weighting of funding between services

As there will be more than one formula the MHCLG need to decide how much of the total funding goes via each formula. Responses to the 2017 consultation expressed some support for basing this on spending proportions, possibly combined with a trend analysis. This is still being explored by MHCLG and they will ensure assessment is aligned with the 2019 Spending Review outcome.

Page 43 of the consultation document includes a graph and table demonstrating what the proportions going through each formula, for each type of authority, might be.

Section 2.5 of the consultation paper discusses the relative merits and drawbacks of the statistical techniques being considered – multi-level modelling and expenditure-based regression.

Future Proofing the needs assessment

The consultation paper discusses the use of population projections as a potential way to future-proof the funding model from becoming out of kilter with actual need too soon. This has been strongly supported by the sector and the MHCLG are planning to use projections for the whole period until the needs assessment is refreshed.

Relative Resources – Tax Base

Section 3 of the consultation paper discusses how to take account of each local authorities' locally raised income; primarily council tax but also income from sales, fees and charges (SFC). The MHCLG do not wish to reward or penalise authorities for exercising local discretion.

With regard to council tax, the Government want to reflect the varying ability to raise local resources by determining a measure of council tax income for the purpose of the relative resource adjustment.

The MHCLG are minded to continue to include the effect of all non-discretionary discounts and exemptions in the tax base calculations. They also plan to take account of the impact of the pension-age element of the local council tax support scheme.

Question 5: Do you agree that the Government should continue to take account of non-discretionary council tax discounts and exemptions (e.g. single person discount and student exemptions) and the income forgone due to the pensioner age element of local council tax support, in the measure of the council tax base? If so, how should we do this?

The MHCLG are also minded to continue to make assumptions about second homes discounts, the empty homes discount and the empty home premium (e.g. to assume that all authorities charge a 100% discount on empty homes). The MHCLG continue to explore options for taking account of the working age element of local council tax support and are keen to hear the sector's view.

Question 6: Do you agree that an assumptions-based approach to measuring the impact of discretionary discounts and exemptions should be made when measuring the council tax base? If so, how should we do this?

Question 7: Do you agree that the Government should take account of the income foregone due to local council tax support for working age people? What are your views on how this should be determined?

Relative Resources – Council Tax

In 2018-19 the national average band D council tax level is £1,671, ranging from £711 to £1,991 at local authority level. The paper acknowledges several reasons underpinning current band D levels. There are 2 options for taking account of council tax levels; to use **actual amounts** or a **notional amount**.

Whilst the use of *actual* council tax was employed in the iBCF it doesn't meet the Government's intention not to reward or penalise authorities for historic local decision making. Therefore, the **MHCLG is minded to use a notional figure** when making the relative resource adjustment.

The paper discusses, at some length, the impact of choosing a higher or lower notional figure.

Question 8: Do you agree that the Government should take a notional approach to council tax levels in the resource adjustment? What are your views on how this should be determined?

Question 9: What are your views on how the Government should determine the measure of council tax collection rate in the resources adjustment?

Council tax is collected by a billing authority and in multi-tier areas the income is split between each tier and/or fire and rescue authorities. The MHCLG will need to agree how to split the notional figure in the same way. Based on actual splits in 2018-19 the average proportions of bills would be:

- 83.2% - Upper Tier
- 11.9% - Lower Tier
- 4.8% - Fire and Rescue Tier

Question 10: Do you have views on how the Government should determine the allocation of council tax between each tier and/or fire and rescue authorities in multi-tier areas?

In the case of multi-year settlements, it will be necessary to consider the treatment of council tax income in successive years as part of a resources adjustment.

Broadly there are 2 approaches

1. A single measure of council tax fixed over the period – as used in the 2015-16 four-year settlement. Rewards those who grow their tax base over time as they retain that growth for longer.
2. Include full or partial projections of council tax resources at the outset – this will support authorities who are less able to grow their council tax receipts to meet their need. But this will disadvantage those who do not meet their forecasts as they will be experiencing a declining funding baseline which is not offset by increased council tax receipts.

The preferred approach is the fixed option (1).

Question 11: Do you agree that the Government should apply a single measure of council tax resource fixed over the period between resets for the purpose of a resource adjustment in multi-year settlement funding allocations?

Relative Resources – Sales, Fees and Charges (SFC)

Income from SFC varies by local authority; in most areas the income is cost recovery but in some areas councils are able to make a surplus. Unlike council tax, income from SFC has not previously

been included in relative resource adjustments in the local government finance settlement although it is netted off in the expenditure figures used in regressions.

In most cases the income from SFC rarely generates a surplus – parking is the main exception where in 2017-18 there was a national surplus of £874m. Income from SFC can also be volatile and unpredictable – in a similar manner to business rates but with business rates income there is a safety net mechanism. There are also issues with regards to collecting reliable data on SFC, as authorities record the income in a variety of ways.

Because of these concerns, the Government are considering the possibility of only taking account of specific areas of SFC rather than the whole area.

Question 12: Do you agree that surplus sales, fees and charges should not be taken into account when assessing local authorities' relative resource adjustment?

Question 13: If the Government was minded to do so, do you have a view on the basis on which surplus parking income should be taken into account?

Transitional Arrangements

Once new funding baselines have been established, the Government intends to introduce transitional arrangements that will determine the basis on which authorities reach their new funding allocations. The plan is for these arrangements to unwind over time to ensure that everyone reaches their full funding allocation as quickly as is practicable. The MHCLG plan to ensure transitional arrangements are introduced in a way that takes into consideration wider factors including the business rates baseline reset, any further developments in the business rates retention and the 2019 SR.

This consultation paper includes some principles for transition rather than any specifics:

- Stability – manageable and sustainable for both the sector and the individual local authorities
- Transparency – must be clear and understandable to help financial planning
- Time-Limited – to be reached as soon as practicable
- Flexibility – could employ varied change speeds – could include local revenue raising powers, distance from target allocations or relative funding pressures

Question 14: Do you agree with the proposed transition principles, and should any others be considered by the Government in designing of transitional arrangement?

Transitional Arrangements - Establishing the baseline

MHCLG propose that the starting baseline for any transitional arrangements should be the funding available to each local authority in 2019-20. There may be some adjustments needed to reflect a greater retention of business rates and reset decisions regarding growth.

Question 15: Do you have views on how the baseline should be constructed for the purposes of transition?

Question 16: Do you have any concerns at this stage on the potential impact of the proposals outlined in this consultation documents on persons who share a protected characteristic? Please provide evidence to support your comments.

Fire Funding Formula – Options Paper*21 December 2017*

Background

Funding for the fire and rescue service in England is calculated via the “Fire and Rescue Relative Needs Formula”. This applies to all English Fire and Rescue Authorities (FRAs) including stand-alone fire authorities and FRAs which are a part of a larger county or unitary authority. The fire formula is one of many formulas alongside those covering services including children’s services, adult social care and highways.

How the result of that formula translates into funding allocations is more complicated and involves an authority’s relative levels of need, relative size of tax base per head of population and their business rates as well as a degree of ministerial judgement. Income for the fire and rescue service also comes from council tax as well as other fees and charges. Different areas raise different proportions of their budget from council tax and fees/charges.

The Fire and Rescue Relative Needs Formula

As has tended to be the case with recent funding formulae, the fire need formula was originally created by looking for measures which, when put into a formula, roughly matched past spending. One benefit of using previous spend as an indicator for need in this way is that data is readily available whilst another is that it doesn’t produce funding ‘cliff-edges’ (where an authority loses a significant amount of funding due to the new formula). On the contrary, criticisms of this approach are that it can lock in previous funding disparities (as previous spend is dependent on previous funding) and that the resultant formulas can be complex and lack transparency.

The main factor of the fire RNF is projected population which is multiplied by the result of a “basic amount” added to an array of top-ups (see below). The result of this multiplication is then increased by an Area Cost Adjustment (ACA). The ACA is intended to reflect the different costs associated with service provision in different areas and currently includes a measure of local wage pressure and business rates. The ACA will be dealt with in greater detail later on in this paper.

The current relative need values range from 0.0000875412 (Isle of Wight) to 0.005627349 (GLA). As the name suggests they do not relate to cash values but simply indicate, in this case, that the GLA’s “needs” are 64 times the Isle of Wight’s “needs” ($64.3 = 0.005627349/0.0000875412$). These “RNF” values currently pass through the Four Block Model mechanism where, in theory at least, allowances are made for resources (council tax) and transitional arrangements.

The graph in figure 1, below, illustrates the close relationship between calculated need according to the current formula and population.

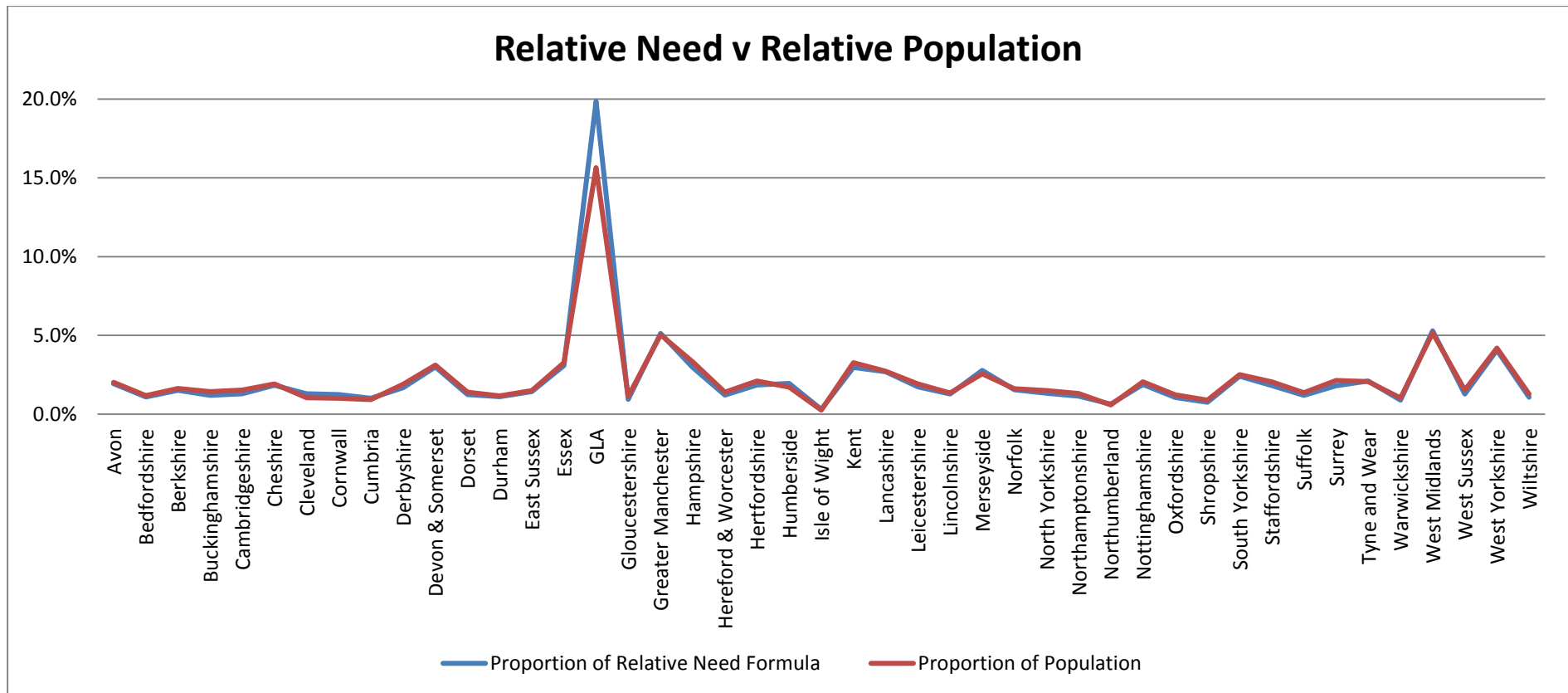


Figure 1: The relationship between need allocations and the shares of population (please refer to Annex A for the corresponding table)

The DCLG’s Fair Funding Consultation refers to “common cost drivers” – this can be considered as a presentational issue but it would appear that, in the current fire formula at least, that population is a common cost driver. With the notable exception of the GLA almost all authorities’ allocations would be immaterially different if the population were the only driver of need (please see Annex A for the corresponding table).

In each formula that is created for a purpose such as this it is often said that there needs to be a balance struck between complexity and fairness. The pervading logic is that a more complex formula is capable of being fairer, whilst a simple formula may end up sacrificing some accuracy or fairness. This is not something that the DCLG necessarily agree with – believing that a simple formula is capable of also being fair.

The Fire and Rescue RNF itself is not overly complex, in that it can be calculated with relative ease and it does appear to include intuitive measures given the activities performed by the service. There are 7 top-ups in the current formula, in addition to the basic amount (which can be considered a “per head” allocation). These top-ups can be summarised as follows:

1. **Coastline Top-Up** - Put in place to help fund the additional pressures faced by FRSs which assist Port/Harbour Authorities and/or the Maritime and Coastguard Agency.
2. **Population Density Top-Up** - This top-up reflects the increased threat of fire in densely populated areas.
3. **Population Sparsity Top-Up** - At the other end of the scale, some FRSs face a significant challenge in reaching sparsely populated parts of its authority. This is reflected through this top-up.
4. **Deprivation Top-Up** - There is a strong link between deaths and injuries from house fires and social deprivation particularly regarding children. To reflect this increased risk a Risk Index has been calculated using the following four factors:
 - (i) The proportion of working age adults with no qualifications
 - (ii) The proportion of the working population which received Incapacity Benefit, Severe Disability Allowance or Employment support Allowance, or were New Deal Program Starters/Apprenticeship learners.
 - (iii) The proportion of persons who are, or whose partner is, in receipt of Income Support/Income Based Jobseeker’s Allowance/the Guarantee Element of Pension Credit
 - (iv) Mortality Ratio
5. **High Risk Top-Up** - Reflecting the increased risk of COMAH (Control of Major Accident Hazards) sites, this top-up distributes additional funding in proportion to the number of COMAH sites per resident.
6. **Property and Societal Top-Up** – Based on the Secretary of State’s estimate of property and societal risk, in turn based on Valuation Office Agency and 2006 Fire Services Emergency Cover Toolkit information, on a per person basis.

- 7. Community Fire Safety Top-Up** - This top-up reflects the increased risk associated with children, OAPs and those residents which require fire safety education. As well as the numbers of children and elderly people it also includes a measure of the number of residents with a greater need for fire safety assistance.

These top-ups are then summed together with the basic amount and multiplied by the projected population to give a measure of need prior to the application of the Area Cost Adjustment.

It is possible to demonstrate, for each FRA in England, how much of their overall need allocation comes from either the basic amount (population) or the top-ups. Figure 2 demonstrates that for all FRAs the primary measure determining allocations is population.

The graph below tells us some interesting things – some of which are obvious and some of which are less so:

- Community Fire Safety makes up a very similar proportion of need in all FRAs
- The proportion attributable to Population Density is also similar in each FRA with the main notable exceptions of the GLA and Cornwall
- The High Risk Top-Up contributes a very low proportion of need for the vast majority of FRAs, the exceptions being Cheshire, Cleveland and Humberside.

Weightings within Need Allocations

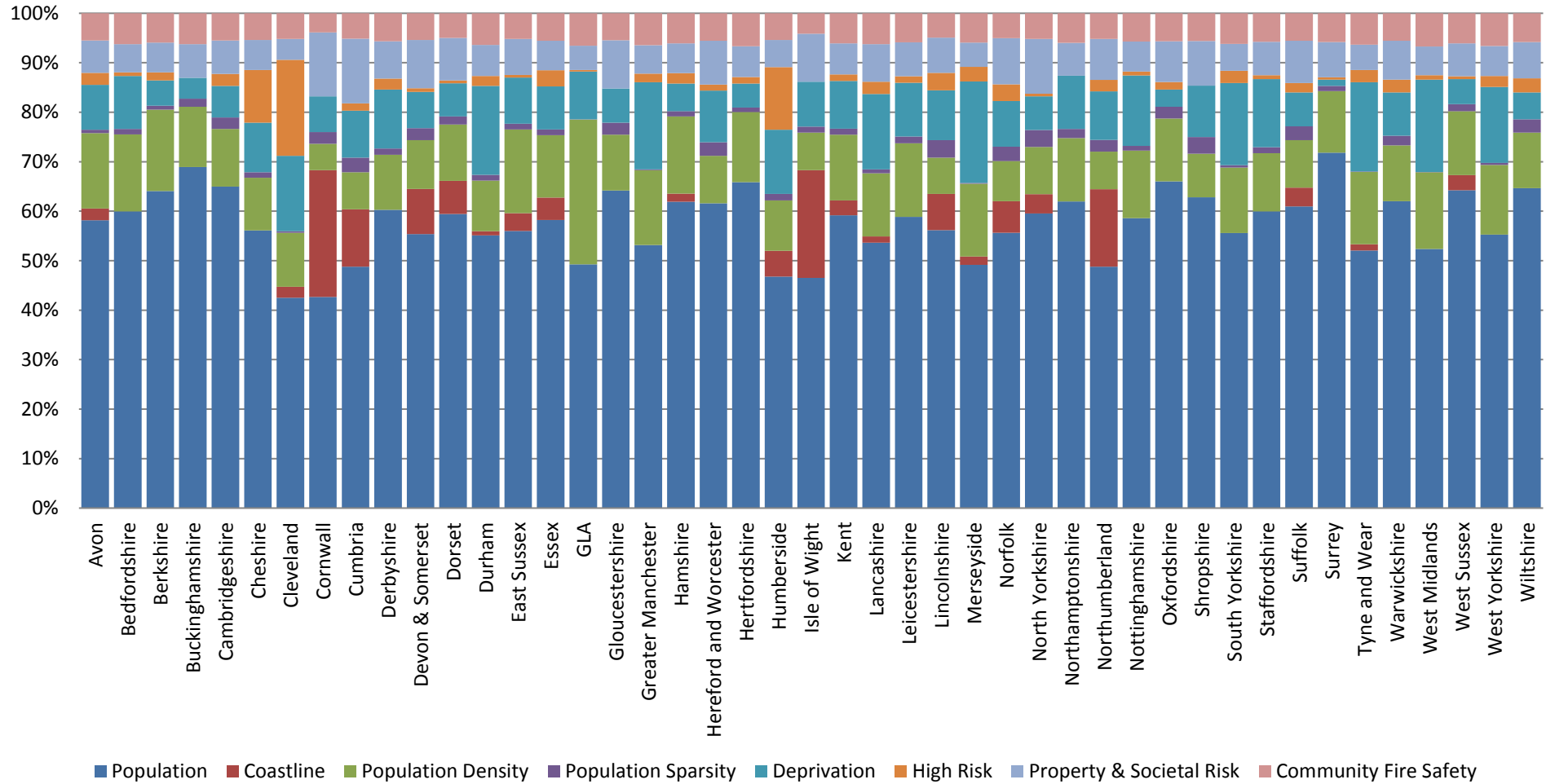


Figure 2: Constituent weightings contained within RNF calculations

What is the ACA?

The cost of providing the same public services can vary between local authorities for a number of reasons. One reason is because of particular area characteristics, such as numbers of children, or cumulative length of road – these are cost drivers which are (at least theoretically) accounted for in the Relative Needs Formulas (RNFs). Another reason is because of differences in the costs of inputs which local authorities need to buy; for example buildings and wages. Area Cost Adjustments (ACA) form part of a needs assessment and adjust local authority allocations for the latter differences.

Currently the ACA reflects two sources of differences in costs between areas:

- i) Differences in labour costs; and
- ii) Differences in business rates paid on premises.

There are currently different ACAs for different service areas – reflecting the shares of budgets considered to be affected by rates and local labour costs.

The table in Annex B lists the Fire & Rescue Area Cost Adjustments for each FRA in England. The ACA's are multiplicative – in other words an ACA of 1.1 means that a FRA's need allocation is then multiplied by 1.1 (increased by 10%) to take account of "other" costs. An ACA of 1.0 indicates no additional costs in that FRA area.

Annex A

Proportions of RNF versus proportions of population

| Fire Authority | Fire and Rescue RNF | Proportion of Fire and Rescue RNF | Population | Proportion of Population |
|-----------------|---------------------|-----------------------------------|------------|--------------------------|
| Avon | 0.00054982 | 1.9% | 1,096,388 | 2.0% |
| Bedfordshire | 0.00030946 | 1.1% | 634,550 | 1.2% |
| Berkshire | 0.00043127 | 1.5% | 885,829 | 1.6% |
| Buckinghamshire | 0.00034093 | 1.2% | 772,388 | 1.4% |
| Cambridgeshire | 0.00036856 | 1.3% | 825,381 | 1.5% |
| Cheshire | 0.00052220 | 1.8% | 1,038,892 | 1.9% |

| Fire Authority | Fire and Rescue RNF | Proportion of Fire and Rescue RNF | Population | Proportion of Population |
|----------------------|---------------------|-----------------------------------|------------|--------------------------|
| Cleveland | 0.00036844 | 1.3% | 562,422 | 1.0% |
| Cornwall | 0.00035493 | 1.3% | 544,216 | 1.0% |
| Cumbria | 0.00028585 | 1.0% | 501,217 | 0.9% |
| Derbyshire | 0.00047732 | 1.7% | 1,033,567 | 1.9% |
| Devon & Somerset | 0.00084934 | 3.0% | 1,689,881 | 3.1% |
| Dorset | 0.00035477 | 1.3% | 757,647 | 1.4% |
| Durham | 0.00031628 | 1.1% | 626,153 | 1.2% |
| East Sussex | 0.00040642 | 1.4% | 811,820 | 1.5% |
| Essex | 0.00087246 | 3.1% | 1,763,285 | 3.3% |
| GLA | 0.00562735 | 19.9% | 8,459,566 | 15.6% |
| Gloucestershire | 0.00026939 | 1.0% | 607,509 | 1.1% |
| Greater Manchester | 0.00145385 | 5.1% | 2,722,679 | 5.0% |
| Hampshire | 0.00084252 | 3.0% | 1,791,362 | 3.3% |
| Hereford & Worcester | 0.00034257 | 1.2% | 758,333 | 1.4% |
| Hertfordshire | 0.00052678 | 1.9% | 1,141,136 | 2.1% |
| Humberside | 0.00055202 | 1.9% | 927,659 | 1.7% |
| Isle of Wight | 0.00008754 | 0.3% | 139,895 | 0.3% |
| Kent | 0.00084177 | 3.0% | 1,766,154 | 3.3% |
| Lancashire | 0.00076557 | 2.7% | 1,474,707 | 2.7% |
| Leicestershire | 0.00049016 | 1.7% | 1,036,842 | 1.9% |
| Lincolnshire | 0.00036272 | 1.3% | 731,723 | 1.4% |
| Merseyside | 0.00078794 | 2.8% | 1,382,551 | 2.6% |
| Norfolk | 0.00043762 | 1.5% | 874,729 | 1.6% |
| North Yorkshire | 0.00037737 | 1.3% | 807,062 | 1.5% |
| Northamptonshire | 0.00032318 | 1.1% | 710,407 | 1.3% |
| Northumberland | 0.00018147 | 0.6% | 318,152 | 0.6% |
| Nottinghamshire | 0.00053260 | 1.9% | 1,108,111 | 2.0% |

| Fire Authority | Fire and Rescue RNF | Proportion of Fire and Rescue RNF | Population | Proportion of Population |
|-----------------------|----------------------------|--|-------------------|---------------------------------|
| Oxfordshire | 0.00029939 | 1.1% | 663,236 | 1.2% |
| Shropshire | 0.00021224 | 0.7% | 478,907 | 0.9% |
| South Yorkshire | 0.00068107 | 2.4% | 1,360,525 | 2.5% |
| Staffordshire | 0.00051537 | 1.8% | 1,110,374 | 2.1% |
| Suffolk | 0.00033897 | 1.2% | 740,134 | 1.4% |
| Surrey | 0.00050950 | 1.8% | 1,159,941 | 2.1% |
| Tyne and Wear | 0.00059747 | 2.1% | 1,117,163 | 2.1% |
| Warwickshire | 0.00025507 | 0.9% | 554,620 | 1.0% |
| West Midlands | 0.00150043 | 5.3% | 2,784,932 | 5.2% |
| West Sussex | 0.00036359 | 1.3% | 824,719 | 1.5% |
| West Yorkshire | 0.00114890 | 4.1% | 2,273,284 | 4.2% |
| Wiltshire | 0.00030709 | 1.1% | 695,993 | 1.3% |

Annex B

Area Cost Adjustments in the Fire & Rescue Relative Need Formula

| FRA | ACA | Increase |
|------------------------|------------|-----------------|
| Avon | 1.0479 | 4.8% |
| Bedfordshire | 1.0507 | 5.1% |
| Berkshire | 1.1205 | 12.1% |
| Buckinghamshire | 1.0930 | 9.3% |
| Cambridgeshire | 1.0424 | 4.2% |
| Cheshire | 1.0137 | 1.4% |
| Cleveland | 1.0000 | 0.0% |
| Cornwall | 1.0000 | 0.0% |
| Cumbria | 1.0000 | 0.0% |
| Derbyshire | 1.0000 | 0.0% |
| Devon & Somerset | 1.0000 | 0.0% |
| Dorset | 1.0000 | 0.0% |
| Durham | 1.0000 | 0.0% |
| East Sussex | 1.0078 | 0.8% |
| Essex | 1.0350 | 3.5% |
| GLA | 1.1773 | 17.7% |
| Gloucestershire | 1.0223 | 2.2% |
| Greater Manchester | 1.0194 | 1.9% |
| Hampshire | 1.0461 | 4.6% |
| Hereford and Worcester | 1.0000 | 0.0% |
| Hertfordshire | 1.0924 | 9.2% |
| Humberside | 1.0000 | 0.0% |

| FRA | ACA | Increase |
|------------------|------------|-----------------|
| Isle of Wight | 1.0461 | 4.6% |
| Kent | 1.0133 | 1.3% |
| Lancashire | 1.0000 | 0.0% |
| Leicestershire | 1.0000 | 0.0% |
| Lincolnshire | 1.0000 | 0.0% |
| Merseyside | 1.0060 | 0.6% |
| Norfolk | 1.0000 | 0.0% |
| North Yorkshire | 1.0000 | 0.0% |
| Northamptonshire | 1.0131 | 1.3% |
| Northumberland | 1.0000 | 0.0% |
| Nottinghamshire | 1.0115 | 1.2% |
| Oxfordshire | 1.0707 | 7.1% |
| Shropshire | 1.0000 | 0.0% |
| South Yorkshire | 1.0000 | 0.0% |
| Staffordshire | 1.0000 | 0.0% |
| Suffolk | 1.0027 | 0.3% |
| Surrey | 1.1336 | 13.4% |
| Tyne and Wear | 1.0000 | 0.0% |
| Warwickshire | 1.0245 | 2.5% |
| West Midlands | 1.0134 | 1.3% |
| West Sussex | 1.0177 | 1.8% |
| West Yorkshire | 1.0031 | 0.3% |
| Wiltshire | 1.0250 | 2.5% |

DRAFT RESPONSE

East Sussex fire Authority welcomes the opportunity to respond to the Government's consultation on the relative needs assessment as part of the Fair Funding Review.

We continue to remain concerned about the lack of clarity over funding for local authorities. With further changes to business rates retention, the results of the Spending Review and the outcome of the Fair Funding Review all being implemented from April 2020, local authorities have no reliable basis on which to appropriately plan their budgets even in the short term. At the moment it is unclear how much funding there will be from April 2020, how it will be distributed, and the means of delivery.

As a result, local authorities will have to make assumptions about future funding and, in some cases, this will result in completely unnecessary cutbacks to services which could be avoided with more certainty. This is unacceptable, especially at a time when the fire sector has seen significant reductions in their annual core government grant over this decade.

The Government should provide local authorities with exemplifications of further business rates retention and the Fair Funding Review in spring 2019, rather than the summer or autumn of next year as currently planned. They can be revised in line with Spending Review announcements when this is available.

Question 2: What are your views on the best approach to a Fire and Rescue Services funding formula and why?

Any needs assessment for Fire and Rescue Services in a given area must take account of risk, as well as demand, factors and also the geography of the area covered by the Fire and Rescue Service

The current formula uses a good array of different factors that provide a proxy for risk and demand. The factors are:

- Population
- Coastline
- Density
- Sparsity
- Deprivation
- High Risk / COMAH sites
- Property and Societal Risk
- Community Fire Safety

The Consultation Paper proposes three broad options for assessing Fire and Rescue relative needs:

1. A formula based on cost drivers with the greatest explanatory power for Fire and Rescue Services spending

This option highlights total population, deprivation and proportion of residents aged 65 and over as the three factors with the greatest explanatory power.

It is difficult to see these factors as giving a full explanation of resourcing needs without the inclusion of other risk factors such as population density, sparsity, specific risks and also geographical factors such as coastline. These are key drivers for the identification of risk in a Fire and Rescue Service's area. Consequently, they are a key determinant of the need for Fire and Rescue resources as part of the risk mitigation, for example to ensure we have sufficient resources to deal with Major Incidents.

Coastline, including coasts around estuaries, create significant challenges for resourcing which are not felt by Fire and Rescue Services without coastline. In simple terms that is due to the fact that fire stations on the coast are only being able to cover half of the land area of an inland station. East Sussex and the City of Brighton and Hove has 75.6% of its population and 80.4% of incidents on its coastal strip including three major conurbations of Brighton & Hove, Eastbourne and Hastings and also towns such as Newhaven and Seaford. Eleven of our 24 fire stations, including all six of our wholetime shift stations, are located on the coastal strip. This is a model which is necessary to ensure our operational response matches risk in those communities and reflects the impact of poor transport links on response times. However it clearly drives a much higher level of cost than if we were a non-coastal service.

In addition as a coastal authority we experience a range of additional risks for example:

- The Birling Gap (Green Cloud omission) in August 2017 was a Major incident – it was actually the largest ever peace time NHS decontamination and resulted in COBR and a DEFRA enquiry. It is the third major release associated with the channel (the busiest shipping lane in world) in five years
- The South Coast has multiple cliff falls every year – and this last year we have seen an increase – the service supports other agencies in managing these incidents and providing specialist search and rescue capabilities where there are persons involved
- Beachy Head is the Number One suicide hot spot in the UK – on average around 25 people end their lives at the location each year – last year with the growing mental health issues that figure trebled and as a fire service we have been required to assist MCA at a number of those events
- In the summer we see around 25,000 people visit Camber sands on Saturdays in August – that is one venue along 76miles of coastline and tourism figures roughly indicate a doubling of population numbers in the peak six weeks of summer

In addition the Authority currently maintains an offshore capability for which separate grant funding (MIRG) was withdrawn a number of years ago.

Whilst we would support the Government's desire to establish a funding formula that is simple and transparent we are strongly of the view that this should not be at the expense of accuracy in reflecting local need. Our view is that the three factor model is too simplistic and does not reflect closely enough those risks that drive levels of cover and thus cost

2. Update the existing Fire funding formula as far as possible

There are some strengths to this option given the current formula does reflect a broad basket of factors that drive demand and risk in an area. Consideration should be given to alternative datasets to replace those no longer collected, which reflect the risk factors of high risk / COMAH, property and societal and community fire safety.

3. Develop a multi-level model using fire incident data as a proxy for relative risk

We are concerned that that whilst multi-level modelling provides a more granular approach with a great number of data-points, historic incident data is not necessarily a good proxy for local risk and need. It is our view that funding for fire services must be based on an assessment of risk not on an assessment of historic demand. Such an approach risks introducing perverse incentives into the funding system. Equally incidents are not a consistent unit of measurement. We are however content to explore the potential of this approach and will be attending a Government workshop on 7 February that seeks to explore the opportunities that multi-level modelling may present.

At this stage therefore our view is that the best way forward is to update the existing fire relative needs formula as that best reflects relative needs under a risk based resourcing model. We would also restate the sector's preference for the inclusion of factors reflecting over 75s and road traffic collisions.

Question 4: What are your views on the proposed approach to the Area Cost Adjustment?

The Authority supports the proposed approach to the Area Cost Adjustment including factors covering rates (including rents), labour (including accessibility) and remoteness. We would like to see further detail on the Government proposes to calculate these factors and exemplifications of their impact on each authority.

Question 5: Do you agree that the Government should continue to take account of non-discretionary council tax discounts and exemptions (e.g. single person discount and student exemptions) and the income forgone due to the pensioner age element of local council tax support, in the measure of the council tax base? If so, how should we do this?

The Authority supports this approach. Local authorities should not bear the costs of national Government policy decisions. This includes incidence of discounts such as single persons discount and the student exemption.

Question 6: Do you agree that an assumptions-based approach to measuring the impact of discretionary discounts and exemptions should be made when measuring the council tax base? If so, how should we do this?

Question 7: Do you agree that the Government should take account of the income foregone due to local council tax support for working age people? What are your views on how this should be determined?

The starting assumption should be that no discretionary discounts or premiums (with the exception of local council tax support for working age claimants) should be adjusted for, with local authorities bearing the full cost or receiving the full income from the use of these powers.

The Authority believes that the Government should use a formula-based approach to estimate the likely demand for local council tax support schemes for working-age households. As a result, the potential demand rather than actual policy decisions would be adjusted for, with individual councils covering the costs or retaining the savings from any deviation.

This is in line with the principle that financial costs and benefits of local decisions should be retained in full by local authorities.

Question 8: Do you agree that the Government should take a notional approach to council tax levels in the resource adjustment? What are your views on how this should be determined?

The Authority agrees that a notional council tax level should be used in order to ensure that local authorities are not rewarded or penalised as a result of historic political decisions.

Question 9: What are your views on how the Government should determine the measure of council tax collection rate in the resources adjustment?

The Authority agrees with this approach. The Government's methodology should not presuppose increases in council tax income in calculations of the resources adjustment or of the baseline for the transition mechanism, regardless of whether those assumed increases arise from expected taxbase growth, or from expected increases in council tax levels.

Question 12: Do you agree that surplus sales, fees and charges should not be taken into account when assessing local authorities' relative resource adjustment?

We agree that sales, fees and charges should not be taken into account in this way. There are significant variations in actual income from sales, fees and charges which result both from opportunity and local decision making. The level of data available is also insufficient to assess the capacity to generate such income and to assess where such income is a result of policy decisions, making reliable and objective adjustments on a 'notional' basis impossible.

Question 14: Do you agree with the proposed transition principles, and should any others be considered by the Government in designing of transitional arrangement?

The Authority supports the principles of stability, transparency and flexibility. The time limited nature of transitional protection will need to reflect the scale of the impact on individual authorities and their ability to make necessary savings without adversely impacting on their response to risk in the communities they serve.

Agenda Item No. 87

EAST SUSSEX FIRE AND RESCUE SERVICE

Meeting Fire Authority

Date 14 February 2019

Title of Report East Sussex Fire and Rescue Service Estates Strategy 2018-2025

By Assistant Chief Fire Officer and Assistant Director Resources / Treasurer

Lead Officer Maureen Cherry, Interim Estates Manager

Lead Member Councillor Peltzer Dunn

Background Papers None

Appendices Appendix A – Estates Strategy
 Appendix B - ESFRS Design Guide
 Appendix C – Estates Strategy Action Plan
 Appendix D – Financial Implications of the Estates Strategy
 Appendix E – ESFRS Revenue Budget Savings Plan

Implications

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

PURPOSE OF REPORT To present to the Authority the new Estates Strategy for final approval.

EXECUTIVE SUMMARY

1. East Sussex Fire and Rescue Service (ESFRS) is seeking to ensure that the provision of the physical estate supports the delivery of our Purpose and Commitments, meeting our operational requirements and our responsibilities to our staff in an efficient and effective manner.
2. This 2018 – 2025 Estates Strategy, describes the

current estate and ESFRS objectives for the future of the estate. It is a dynamic document & will be reviewed annually, reflecting changing influences both internal and external, for example those resulting from the IRMP or the review of the Fleet Strategy.

3. The strategy builds on work already completed over the last 12 months and has delivered the ESFRS Station Design Guide (see Appendix B) and ongoing collaborative work around the One Public Estate programme.
4. It sets out the general direction that the Estate will take through to 2025, the approach taken in getting there and the policies that will be applied to decision making, governance and audit requirements. It will also be the foundation for the effective management of the estate.
5. The financial implications of the strategy are attached in Appendix D.
6. The Estates Strategy has been endorsed by both SLT & the Estates Strategy Steering Group

RECOMMENDATION

The Authority is recommended to:

1. Approve the 2018-2025 East Sussex Fire & Rescue Service Estates Strategy;
2. Approve the required funding of £13.8m required to deliver the Strategy; and
3. Note that the financial implications of this investment are set out in the Medium Term Finance Plan reported elsewhere on this Agenda.

1 INTRODUCTION

1.1 Following approval from Senior Leadership Team to the approach & development of the new Estates Strategy the East Sussex Fire and Rescue Service Estates Strategy has been completed

1.2 The strategy has been informed by

- The current IRMP and the Service's Purpose and Commitments
- The ESFRS Design Guide which sets out the functional, health, safety and wellbeing drivers that will apply to all fire stations
- A full estate condition survey

- A facilities management & maintenance service review
- Meetings with key stakeholders
- Engagement with staff through workshops and consultation on the design guide
- Engagement with the FBU (through their membership of the Estates Strategy Steering Group)
- Consultation with the Health, Safety and Wellbeing Committee
- Best practice on building design and operation within the fire sector
- External input from Currie and Brown, a leading asset management and construction consultancy

1.3 The strategy provides the necessary agility and flexibility to adapt to changing influences and circumstances impacting on the Service's operations to ensure the delivery of the optimum estate to support the optimum estate for future needs

1.4 The works necessary to deliver the strategy have been costed and programmed over a the six year period but it should be noted that the cost profile over the six year period will be subject to change as the prioritisation of delivery of the projects is agreed by Estates Strategy Delivery Board

2 STRATEGIC CONTEXT

2.1 The direction of the strategy is driven by the Organisational Purpose of 'making our communities safer' and delivers on the four key commitments;

- Delivering high performing services
- Educating our communities
- Developing a multi-skilled, safe & valued workforce
- Making effective use of our resources

2.2 To ensure that the Estates Strategy is a comprehensive programme, business owners of other strategies both existing and emerging have been consulted and all estates related implications included and costed

2.3 There will, over the course of the strategy be other strategic estate projects that will need to be delivered. These will be subject to separate business case via the PMO project approval process

3 FINANCIAL

3.1 A breakdown of the financial implications is attached in appendix D

The spend has been categorised over four key budget lines

- General Schemes - to upgrade key station elements - £4.55m
- Investment Schemes – to deliver the station upgrades to meet the design guide - £4.25m
- Strategic Schemes – to deliver on wider initiatives - £0.83m

- Shared Investment Schemes - £4.55m

3.2 The total investment required over the six year period is £13.8m (£14.2m including 2018/19). This includes additional funding of £240,000 for the existing BA Chamber scheme which will be subject to a separate report to P&R Panel in January. When compared to the Estates Schemes in the current Capital Programme and taking account of the additional two years of General Scheme costs in 2023/24 and 2024/25 the additional cost of this investment is approximately £5.6m.

3.3 The strategy will be funded by a combination of existing one off resources (Capital Receipts and Capital Programme Reserve), revenue contributions from the base budget and new borrowing. Further work is needed to populate the Capital Asset Strategy 2019/20 to 2023/24 and confirm the revenue impact of new borrowing across the whole Capital Asset Strategy (currently assumed to be an additional £150,000 each year from 2020/21).

3.4 Further work is also required to assess the potential for the investment to reduce the net running cost of the Estate by:

- Challenging the cost of Business rates
- Reducing our footprint
- Generating income primarily from sharing accommodation with partners
- Energy saving measures including increased investment in renewables.
- Reducing Maintenance costs

The target as per the action plan in Appendix C is to achieve 15-25% reduction over the six year period

Current yearly revenue expenditure = £2.427m see appendix E

Target 15% reduction = £364k

Target 25% reduction = £606k

4 GOVERNANCE

4.1 Post approval of the Estates Strategy a new Estates Strategy Delivery Board will be set up. This Programme Board will meet monthly and will govern the overall programme of works. Separate governance arrangements will be required for partnership projects and it is proposed that a Partnership Programme board be established for this purpose.

4.2 Terms of reference for the Estates Strategy Delivery Board have been approved by SLT. We will continue to develop the model of separating accountabilities between the Senior User (drawn from the operational service) and the Senior Supplier (usually the AD Resources / Treasurer or the Estates Manager) both at Strategic level and at individual project level. It is proposed that the Assistant Chief Fire Officer will chair the Delivery Board.

4.3 Individual projects will be managed by the Estates team via the Royal Institute of British Architects (RIBA) Plan of Works linked to PMO processes and

procedures

- 4.4 A full integrated project management process will be developed and agreed at PMO Project Board in February 2019.

5 POLITICAL

- 5.1 Councillor Peltzer Dunn has agreed to be Lead Member for Estates. He has been a member of the Estates Strategy Steering Group and it is proposed that he attend the Estates Strategy Delivery Board. Members have been briefed on the development of the Estates Strategy through the Member's Seminar series.

6 PROGRAMME

- 6.1 The projects within the strategy have been programmed over the six year term. Work is ongoing, and will continue as a key action of the Estates Strategy Delivery Board, to assess the overall programme of works against the prioritisation matrix and agree project priority. The Delivery Programme will need to consider not just project resourcing and links / dependencies with other strategies e.g. IT and Fleet, but also the impact on operational service delivery.
- 6.2 This process will be reviewed annually in line with the strategy review and projects reprioritised as appropriate

7 INCLUSION & DIVERSITY

- 7.1 Each project will be subject to an equality impact analysis and the emerging recommendations included in the project brief for delivery. This approach has been agreed with the Inclusion and Diversity Adviser and endorsed by SLT.

8 CONCLUSION

- 8.1 The 2018/19 – 2024/25 Estates Strategy is a comprehensive programme of works that will modernise the ESFRS estate, will drive revenue savings and will seek to maximise revenue income
- 8.2 It is a dynamic strategy with the agility and flexibility to adapt to changing business needs including the next iteration of the Integrated Risk Management Plan
- 8.3 It is recommended that the Authority approve the strategy

ESFRS Estates Strategy 2018-2025



East Sussex
Fire & Rescue Service



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The Fire Authority is proud to continue its work to make our communities safer by:

- Delivering high performing services
- Educating our communities
- Developing a multi-skilled, safe & valued workforce
- Making effective use of our resources

This commitment is underpinned by delivery of the 2018-2025 Estates Strategy.

The Estates Strategy marks a new chapter in how we manage the Authority's estate. Our estate is at the heart of everything that we do, and delivery of the Strategy will transform how we use our portfolio. It is where we deliver our services from, where we work, where we engage with our community and increasingly where we collaborate with our partners.

The Strategy sets challenging targets for improving the condition and functional suitability of our buildings and for having a positive impact on the environment. With this Strategy, appropriate investment can be properly targeted and I look forward to seeing continued improvement and development of an estate which, for the Authority, is key to transforming the way we operate and collaborate to improve efficiency and deliver the best service we can to the community we serve.

John Barnes
Chairman



The 2018–2025 Estates Strategy outlines our vision and ambition for our estate, reflecting our commitment to provide effective, efficient and sustainable buildings that support the work of the Fire Authority at a local and county level and that help to keep our communities safe.

Despite times of economic uncertainty, it remains important to invest in our community buildings and we are committed to delivering this Strategy and to the implementation of best value and best practice. We will continue to seek opportunities to collaborate with partners to share buildings where improved effectiveness and efficiency can be achieved.

Our property assets are important to the Fire and Rescue Service's overall function as a base for support and operational staff, volunteers and partners, as well as being a fundamental and integral part of our community work. Our properties provide a hub for community integration and they also provide a base for our community outreach work. Along with advancements in security, technology and crucially fire safety, health and well-being, the Strategy will ensure that we have the best possible environment for our staff, our partners and our visitors well into the future.

Dawn Whittaker
Chief Fire Officer

Introduction

East Sussex Fire and Rescue Service (ESFRS) is seeking to ensure that the provision of the physical estate supports and improves the delivery of rescue services in a safe, affordable and cost effective way.

This 2018–2025 Estates Strategy, describes the current estate and ESFRS objectives for the future of the estate. It is an iterative document and will be reviewed annually.

The Strategy builds on work already completed over the last 12 months and has delivered the ESFRS Station Design Guide (see Appendix B) and ongoing collaborative work around the One Public Estate programme.

It sets out the general direction that the Estate will take through to 2025, the approach taken in getting there and the policies that will be applied to decision making, governance and audit requirements and it will also be the foundation for the effective management of the Estate.

It will provide the necessary agility and flexibility to adapt to changing influences and circumstances impacting on ESFRS operations.



Strategic Context

The direction of the Strategy is driven by the Organisational Purpose and its Commitments which are at the heart of everything ESFRS do.

Our purpose – We make our communities safer.

We will commit to doing this by:

- Delivering high performing services
- Educating our communities
- Developing a multi-skilled, safe and valued workforce
- Making effective use of our resources

Strategy Considerations

The Strategy is framed by a number of key considerations:

1. Approach to efficiency

The aim of the Strategy is to deliver efficiency and ensure value for money in a number of areas. It is planned that we will address the efficiency and operational effectiveness of our properties with regard to energy efficiency and space utilisation, but more importantly, by implementing the principles of the design guide through the capital investment programme, we will substantially increase day-to-day operational efficiency.

2. Equality and diversity

ESFRS are committed to proactively approaching everything we do with fairness and impartiality, engaging and supporting all aspects of diversity in our communities. The Strategy considers equality and diversity and ensures that each element of delivery will be subject to an Equality Impact Analysis.

3. Environmental impact

Environmental impact is a key consideration for ESFRS. The need to ensure that works contribute in a positive way to the environment is a guiding principle embedded in the core project briefing for each project that is taken forward.

4. Sustainability

It is important that the strategic programme of works is supported by a robust delivery model.

The delivery model will be informed by the Project Management Office with day to day delivery being managed by the core estates team and supported by the use of external consultant teams.

Further work will need to be carried out to ensure that sufficient capacity, resilience and expertise from within the estates team can be allocated for the delivery of the Strategy. We will work with partner organisations to achieve best value, both in terms of knowledge base and cost.

5. Collaboration

The Strategy is underpinned by the One Public Estate Programme, proactively seeking opportunities to partner with other blue light service providers and other public bodies where beneficial for all parties.

6. Measuring success

Delivering the Strategy will have an immediate and positive impact on the built estate. The success of the Strategy will be measured against the aims and objectives of the Strategy and associated KPIs, as set out in the action plan in Appendix C.

7. Performance measurement & review

Post approval of the Strategy, an Estates Strategy Delivery Board will be set up to manage and monitor the progress of the Strategy as per the action plan attached in Appendix C.

Scope

Aims & Objectives of the Strategy

The strategic long-term planning for the future ESFRS building stock is driven by the Integrated Risk Management Plan (IRMP) and is also determined by future operational need. It is therefore a dynamic strategy that underpins and supports operational and corporate strategy.

In line with the East Sussex Fire and Rescue Service Corporate Plan and the Smarter Working principles, the Estates Strategy will ensure improvements to the property portfolio, whilst also reducing estate costs and risk.

The Estates Strategy supports the strategic Estates Objectives to:

- Provide facilities that are fit for purpose and meet future business needs with the flexibility and agility to deliver on:
 - Impact of the Integrated Risk Management Plan (IRMP) including growth - ensure the estate supports operational delivery and effectiveness in line with IRMP taking account of long-term developments both housing and commercial
 - Fit for the future - provide a flexible and efficient workplace with consideration given to a safe working environment, delivering welfare requirements which support changing working practices
- Ensure effective use of our estate through
 - Collaboration with partners - support collaboration with other blue light service providers and the wider public estate, where this improves our operational performance or the services we provide

- Smarter working - reflecting the needs of supporting IT, Training and Fleet strategies
- Reducing revenue costs - address backlog maintenance issues and improve the condition of the property portfolio
- Income generation - achieve an overall reduction in estate costs by looking at ways to maximise rental income whilst also protecting and promoting future inherent property values
- Community use - be a sustainable, environmental, safe and accessible estate for all our occupants, visitors and members of the general public that supports equality and engages with the community
- Sustainability - ensure long term value for money promoting energy efficiency and ensuring minimal environmental impact.

The action plan outlining how each objective will be delivered is set out in Appendix C.



Our Estate

The East Sussex Fire and Rescue portfolio is located across the county of East Sussex and the city of Brighton & Hove. The estate comprises 26 individual sites plus shared facilities at HQ in Lewes and The Sussex Control Centre in Haywards Heath.

The majority of the portfolio are stand-alone fire stations either purpose built or properties adapted to suit, but there are some buildings shared with other blue light service providers.

The portfolio is broadly in the right locations across East Sussex and Brighton & Hove but specialisms provided at each station and ongoing strategic locational decisions will continue to be informed by the IRMP.

Current Estate Assessment

In consultation with stakeholders across the organisation, an ESFRS Station Design Guide (Appendix B) has been developed which sets out the parameters for design and alteration of all fire stations in the county.

External consultants have surveyed all properties, under a number of headings, with compliance to the design guide being a fundamental element of the review.

The survey results have been analysed and an overview is outlined below.

Detailed information can be provided if requested. This work has been further informed by the internal Estates Intelligent Client Function resulting in a refinement of financial planning.

1. Overall estate

In terms of the overall current estate ESFRS occupy some 19,811 sqm of floor area GIA valued in excess of £45 Million.

2. Functional Suitability

Each property has been analysed against the ESFRS Station Design Guide (Appendix B).

A station-by-station assessment in percentage terms is illustrated in Figure 1 below.

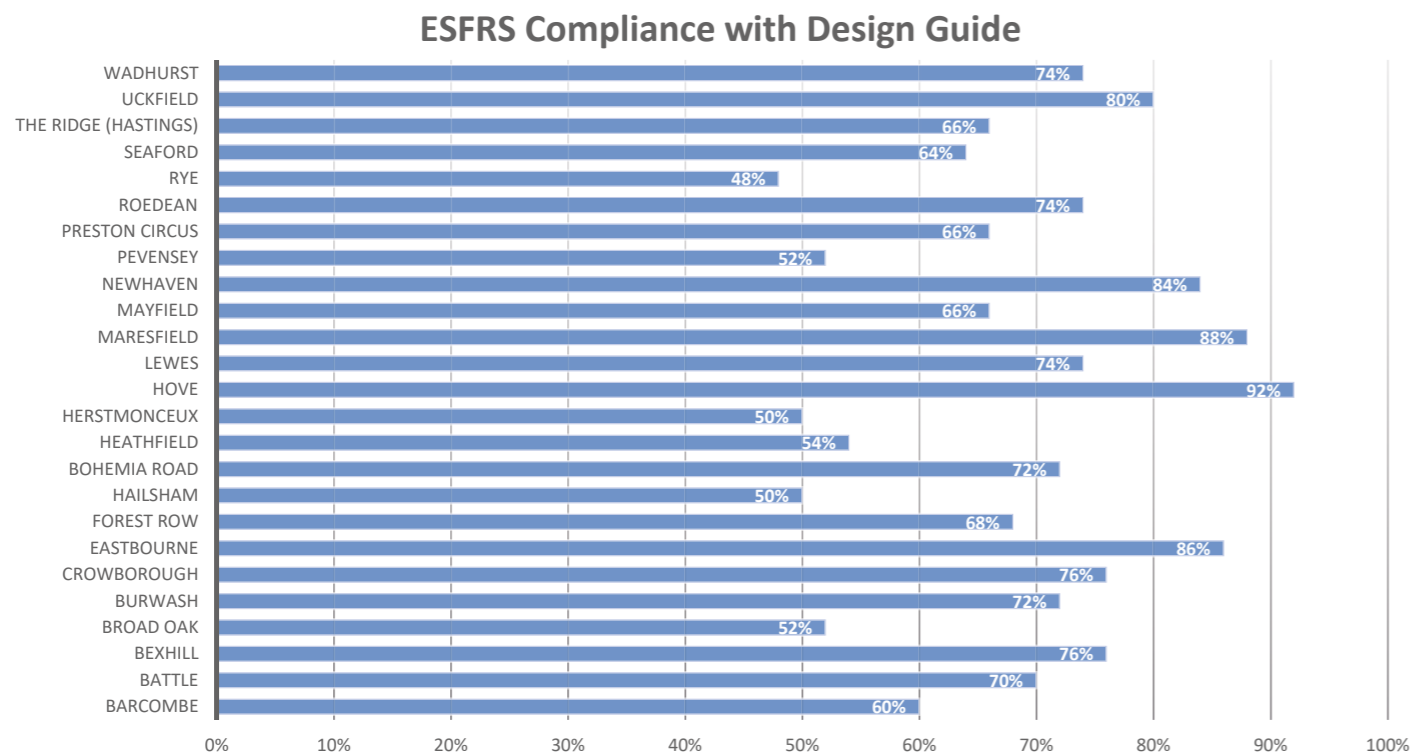


Figure 1 – % Station compliance with the ESFRS Station Design Guide December 2018.

3. Physical Condition

The physical condition profile of the estate is overall rated as Royal Institute of Chartered Surveyors condition B – sound, operationally safe and exhibiting only minor deterioration.

The planned to reactive maintenance spend % is currently 60% planned and 40% reactive which is positive and reflects both the condition of the estate and the proactive maintenance plans already in place.

4. Energy Consumption

Each station was measured in terms of energy consumption assessed against nation Building Energy Rating statistics.

Annual Energy Cost in £ per square metre is illustrated in Figure 2 below.

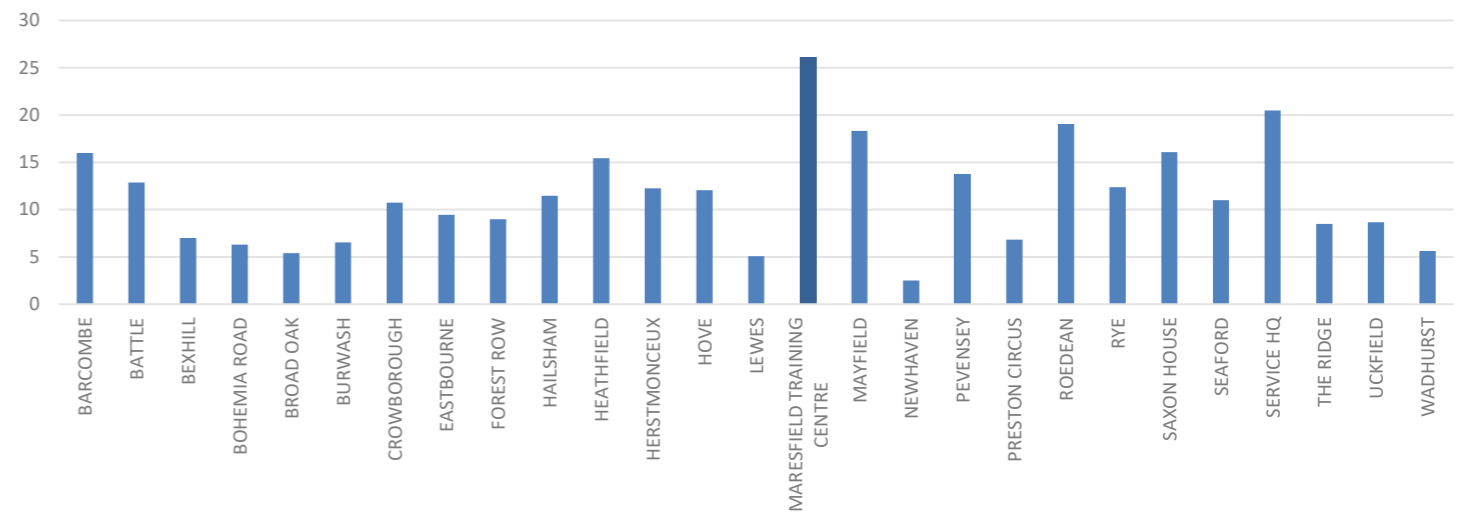


Figure 2 – Station energy consumption in £ per square metre December 2018.

Ensuring the Optimum Estate for Future Needs

The detailed survey work indicates that a spend of £4.55 million will be required over the next six years to deliver a planned preventative maintenance programme, ensure statutory compliance and improve key areas.

Over the same period £4.25 million will be required to fulfil the criteria of the Design Guide and leverage opportunities to reduce the estates cost base.

See detailed breakdown of financial implications in Appendix D.

To address this need proposed changes to the estate are generally categorised into 2 key areas.

Redevelop – Where we retain sites and no suitable alternative opportunities exist we will redevelop the sites to, where possible given physical constraints, and in consultation with end users and representative bodies, meet the parameters of the design guide and implement improvements as prescribed by the planned preventative maintenance schedule. This will ensure that we make efficient use of space and create a safe working environment, delivering welfare requirements which support changing working practices.

Sites currently in this category are: Rye, Broad Oak, Bexhill, Burwash, The Ridge, Hastings, Pevensey, Wadhurst, Herstmonceux, Hailsham, Mayfield, Crowborough, Forest Row, Seaford, Barcombe, Roedean, Preston Circus, Hove, Eastbourne and the STC at Maresfield

Re-provide – Where buildings are not in the right location, are costly to maintain and are incapable of being redeveloped to meet operational need, we will look to re-provide our services in a better location, ideally with partners. This will allow us to improve the services we provide, give opportunities to reduce the cost base and facilitate capital receipt.

We have already re-provided services in Newhaven and Headquarters with plans to investigate opportunities at Lewes, Battle, Uckfield, Heathfield and also a joint vehicle workshop. We currently have a vacant site in Newhaven.

Other opportunities will be assessed on a site-by-site basis as they arise.

Income Generation

The Strategy facilitates the site by site identification, in line with upgrades and partnership projects to assess opportunities for income generation for approval

Project Delivery Priority

The priority of the delivery of projects will be assessed against a weighted matrix with consideration to cost and current compliance with the ESFRS Station Design Guide, and agreed by Estates Strategy Delivery Board. The priority of delivery will also take account of build complexity and operational impact of construction activity across each Borough.

This will be a standing agenda item on the Estates Strategy Delivery Board for ongoing review.

Governance of the Strategy

The strategy will be managed, monitored and reviewed by the Estates Strategy Delivery Board. This Board will include the lead member for estates and will report to Senior Leadership Team on a monthly basis and periodically to Scrutiny & Audit Panel.



Financial Implications

The financial implications of the Strategy are outlined in Appendix D.

The spend has been categorised over four key budget lines:

- General Schemes - to upgrade key station elements - £4.55m
- Investment Schemes – to deliver the station upgrades to meet the design guide - £4.25m
- Strategic Schemes – to deliver on wider initiatives - £0.83m.

Shared Investment Schemes - £4.55m

The total investment required over the six year period is £13.8m. This includes additional funding of £240,000 for the existing BA Chamber scheme which will be subject to a separate report to P&R Panel in January. When compared to the Estates Schemes in the current Capital Programme and taking account of the additional two years of General Scheme costs in 2023/24 and 2024/25 the additional cost of this investment is approximately £5.6m.

The Strategy will be funded by a combination of existing one-off resources (Capital Receipts and Capital Programme Reserve), revenue contributions from the base budget and new borrowing. Further work is needed to populate the Capital Asset Strategy 2019/20 to 2023/24 and confirm the revenue impact of new borrowing (currently assumed to be an additional £150,000 each year from 2020/21).

Further work is also required to assess the potential for the investment to reduce the net running cost of the Estate by:

- Challenging the cost of Business rates
- Reducing our footprint
- Generating income primarily from sharing accommodation with partners
- Energy saving measures including increased investment in renewables
- Reducing Maintenance costs.

The target as per the action plan in Appendix C is to achieve 15-25% reduction over the five year period

Current yearly revenue expenditure = £2.427m
see Appendix E.

Target 15% reduction = £364k

Target 25% reduction = £606k





East Sussex Fire & Rescue Service



East Sussex
Fire & Rescue Service

Station Design Guide

www.esfrs.org

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Appendices

Appendix A - Glossary of Terms

Appendix B - Appliance Dimensions

Appendix C - Room Data

Sheets/Finishes Schedule

1. Introduction

This document details East Sussex Fire and Rescue Service's (ESFRS) needs for new build fire stations. As far as is practical, and where cost effective this guide should be used as guidance for refurbishment or alteration of existing fire stations.

The purpose of this document is to:

- establish and record the requirements of ESFRS for the layout of all fire stations
- establish the physical and operational constraints that must be considered in providing functioning and safe fire stations
- set out the design parameters which will apply to all fire stations in East Sussex
- set out the functionality drivers which will apply to all fire stations i.e. the suitability of purpose, the space relationships and the efficient and effective working environment
- ensure all fire stations give a positive effect and provide a statement to the local community and minimise any environmental impacts

Whilst the requirements stated here set out the design standards for the accommodation and facilities provided by ESFRS, they should not be a deterrent to the exploration of any innovative ideas that will provide the same functionality and any energy efficiency improvements that may be possible to include within the design of the fire station.

A design solution should be produced for all fire stations which meets the requirements outlined in this document in the most cost-effective manner possible, whilst adhering to all applicable legislative demands, good practice guidance, targets and requirements of statutory bodies, and the requirements specifically cited in this document. Health and Safety of firefighters is of paramount importance and no design should impair this in any way.

This design guide details the three types of fire station currently operated by the ESFRS those being Whole Time (WT), Day Crewed (DC) and Retained (R) staff. It also cross references for each time the differences should the station be 'Shared Use' in nature. The descriptions of these are included in the Glossary of Terms section in Appendix A.

Other guidance which should be considered as part of any design process includes: -

- ESFRS Training Strategy
- ESFRS IT Policy
- ESFRS Environmental Policy

- ESFRS Health & Wellbeing Strategy
- ESFRS Smarter Working Strategy
- ESFRS IRMP
- ESFRS Equal Opportunities Policy

2. Design Guide Ethos

Key Changes

This Design Guide sets out a number of new approaches and changes to the way we use space within our estate. Some of these include;

- Identification and application of Contamination Zones – to manage the risk of contamination from carcinogens between dirty and clean areas;
- Physical separation of in-use and clean (spare) kit, together with introduction of drop-off/pick-up point for PPE contractors;
- Open and flexible approach to office workspace that reflects our Smarter Working Strategy;
- Replacing personal offices with bookable more flexible office accommodation;
- Addition of a bookable Multi-function office that can support various uses such as a medical, occupational health, prayer, mother/ baby room, 1-2-1s and private/sensitive work;
- Flexible male/female facilities, with ability to easily and affordably respond and adapt to changes in male/female ratios;
- Individual sleeping rooms/pods with single bed, side table and locker;
- Standard approach to gym facilities and equipment that reflect the requirements of our Health and Wellbeing Strategy;
- Creating Breathing Apparatus Servicing areas that are clean and hygienic at every Station;
- Introduction of the 'Hot Briefing' Room on Wholetime stations for training and incident de-briefings (not hot);

The following ethos is central to the requirements of ESFRS:

- To control the risk of exposure to carcinogens by controlling the flow of staff through clean, transitional and dirty areas.
- To enhance and protect the health and wellbeing of staff
- A requirement for all designs to be “operationally led”, allowing the fastest possible response times in the event of a ‘call out’.
- To embrace a “see and be seen” culture to maximise community engagement and promote community safety messages. Fire stations should be signifiers, both accessible and live.
- To retain the history & heritage of ESFRS and its individual stations by design.
- To ensure any ancillary space is optimised for functional purposes, multi- functional purposes or income generation.
- To ensure provision is made for Firefighters to train and educate themselves adequately for their duties.
- Allow for future proofing to accommodate changing needs.
- Be functionally and operationally efficient throughout the lifespan of the building.
- A requirement for all designs to be sustainable with minimal environmental impact – e.g. achieve high BREEAM rating (‘good’ or ‘excellent’).
- Meet all statutory requirements and regulations such as Equality Act, BS 8300 etc.
- An ‘Inclusion & Equality Assessment’ is to be completed at project inception stage to assist brief development and ensure that each station refurbishment / project meets such standards on completion
- Be easy and cost effective to build, maintain and adapt.

3. Red, Yellow & Green Zones

There are three distinct areas operating within any station which should be adhered to as detailed in the following table:

| Zone | Hazard Level | Space function |
|-------------|-------------------|---|
| Red Zone | Dirty area | These are primarily operational areas. ESFRS has a decontamination at source policy, but the red area has a medium risk of cross contamination or exposure to carcinogens. If leaving a red area, staff should not be able to enter a green area without passing through a transitional zone with the opportunity to wash and change clothes. |
| Yellow Zone | Transitional area | A transitional space between red zones and green areas where firefighters and staff can wash. The risk of exposure to contamination or carcinogens is low. Firefighting kit can be worn in this area if suitably clean. |
| Green Zone | Clean area | Clean areas within a station where food is prepared or consumed and clean only tasks are carried out. I.e. office tasks. No firefighting kit is to be worn and there should be no risk of exposure to contamination from carcinogens. |

Spaces within a fire station should be allocated the following zones: -

| Dirty Zone | Transition Zone | Clean Zone |
|-------------------------------|-------------------------|------------------------------|
| Appliance Bay | WC>Showers | Public Main Entrance |
| Appliance Washdown | Lockers | Reception (where applicable) |
| Operational Washdown | Laundry | Community Room |
| Workshop | In Use Kit Room | Public WC |
| Operational Equipment Store | Drying /Room Cupboard | Personnel Main Entrance |
| Compressor Room | BA Servicing/Wash Area | Meeting Rooms and Offices |
| Dirty Kit Drop-off/Collection | General Equipment Store | Office Area |
| Hot Briefing Room | Drying Room | Quiet Room/Office |
| | Cleaners Store | Briefing/Training Room |
| | | Recreational Room |
| | | Kitchen |
| | | Dining |
| | | Bedrooms |
| | | Gym |
| | | Clean Kit Store* |
| | | IT Comms Room |

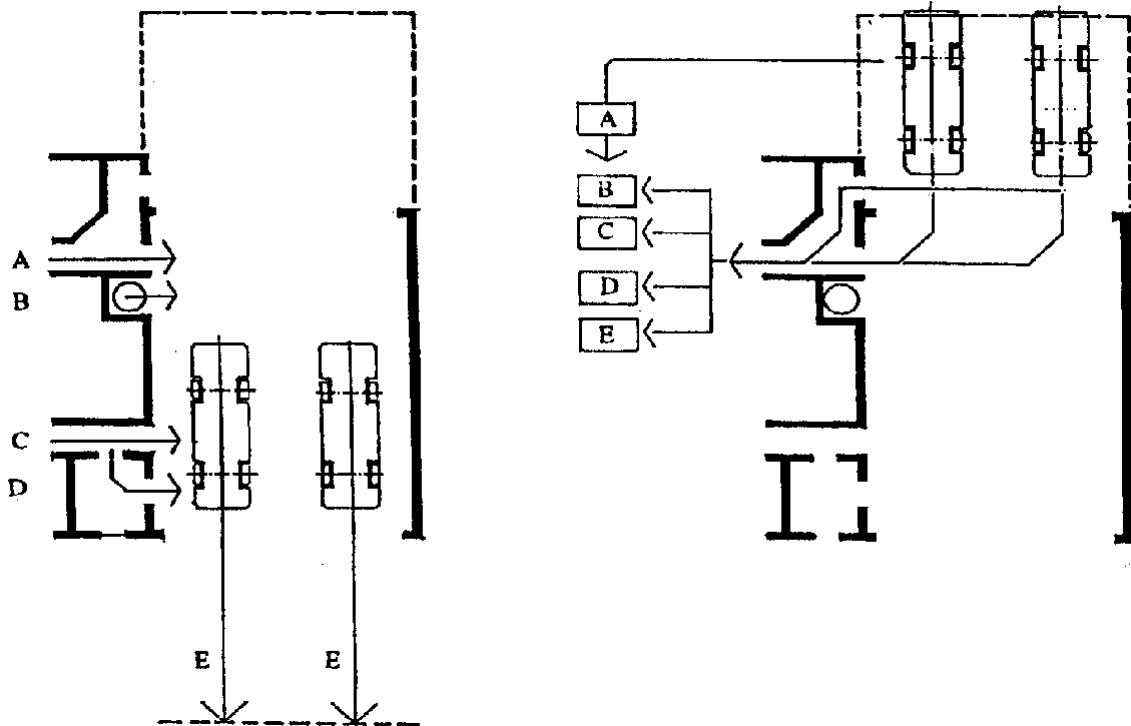
* Clean Kit - can be in transitional area but must be physically separated from in-use kit.

** Operational Room – on some larger Stations there will be an operations room used for briefing whilst wearing fire kit.

It is essential that the layout of fire stations permits movement at speed when answering to a “call out” but discourages the movement of staff from dirty to clean areas without passing through a transitional area with the opportunity to wash or change clothes. It is important that circulation routes are generously sized to permit this movement to be undertaken safely. Unnecessary junctions should be avoided as not to become collision points and travel distances should be minimised and well illuminated.

Direct and un-obstructed paths of travel into the Appliance Bay must be achievable under emergency response conditions. This ensures response times can be kept to a minimum.

The below optimum layout achieves the fastest and safest mobilization of resources.



Mobilisation

- A – Firefighters access the rear of the appliance
- B – Pole mobilisation if required
- C – Firefighters access the appliance
- D – Duty fire fighter enters appliance with print out
- E – Appliance leaves to attend to the emergency

Return

- A – Dirty and contaminated kit drop off
- B – Breathing apparatus room
- C – Wash-down operational equipment
- D – Store operational equipment and Kit
- E – Firefighters enter locker area, de-robe, and shower.
- F – Firefighters can enter clean areas.

Upon returning to the fire station, the appliance enters the rear of the station into the yard and remains in the yard to be washed down. The appliance is held in the Yard area until it has been adequately cleaned.

Once the wash-down is completed the appliance may return to the appliance bay. The firefighters will proceed to drop off any contaminated or dirty kit which has been bought back in zip lock bags on the appliance. They may then enter the transitional zone to wash before entering any green zones.

4. Space Standards and Adjacencies

The following table details ESFRS room uses and minimum space requirements for stations.

| Room Type | Colour Code | Shared Use Station | Whole-time Station | Day Crewed Station | Retained | Single Crew (M ²) | Double Crew (M ²) | Notes |
|---------------------------|-------------|--------------------|--------------------|--------------------|----------|-------------------------------|-------------------------------|---|
| Appliance Washdown | | Case by case basis | Yes | Yes | Yes | 30 | 30 | Wholetime Stations would generally have covered rear washdown areas. |
| Appliance Bay | | Case by case basis | Yes | Yes | Yes | 100 Per Appliance | 100 Per Appliance | Each bay 6.5m x 15m. Workshop area to be provided in this area also. Note - Subject to change dependent on specialist appliance sizes. |
| Hot Briefing Room | | Private to ESFRS | Yes | No | No | 15 | 20 | Used for briefing whilst wearing dirty fire kit. Near appliance bay. |
| Operational Washdown Area | | Private to ESFRS | Yes | Yes | Yes | 5 | 5 | An area to wash down dirty boots/kit on return from a "call out". Normally located in the appliance bay or just off the appliance bay. |
| Workshop | | Private to ESFRS | Yes | Yes | Yes | 8 | 8 | Should form part of appliance bay such as at Newhaven (Saxon Road). This area should contain a dirty sink and worktop area with storage. Must be constructed of robust materials such as stainless steel. Storage units must be lockable. |
| Equipment Store | | Private to ESFRS | Yes | Yes | Yes | 15 | 20 | Located close to the appliance bay. |

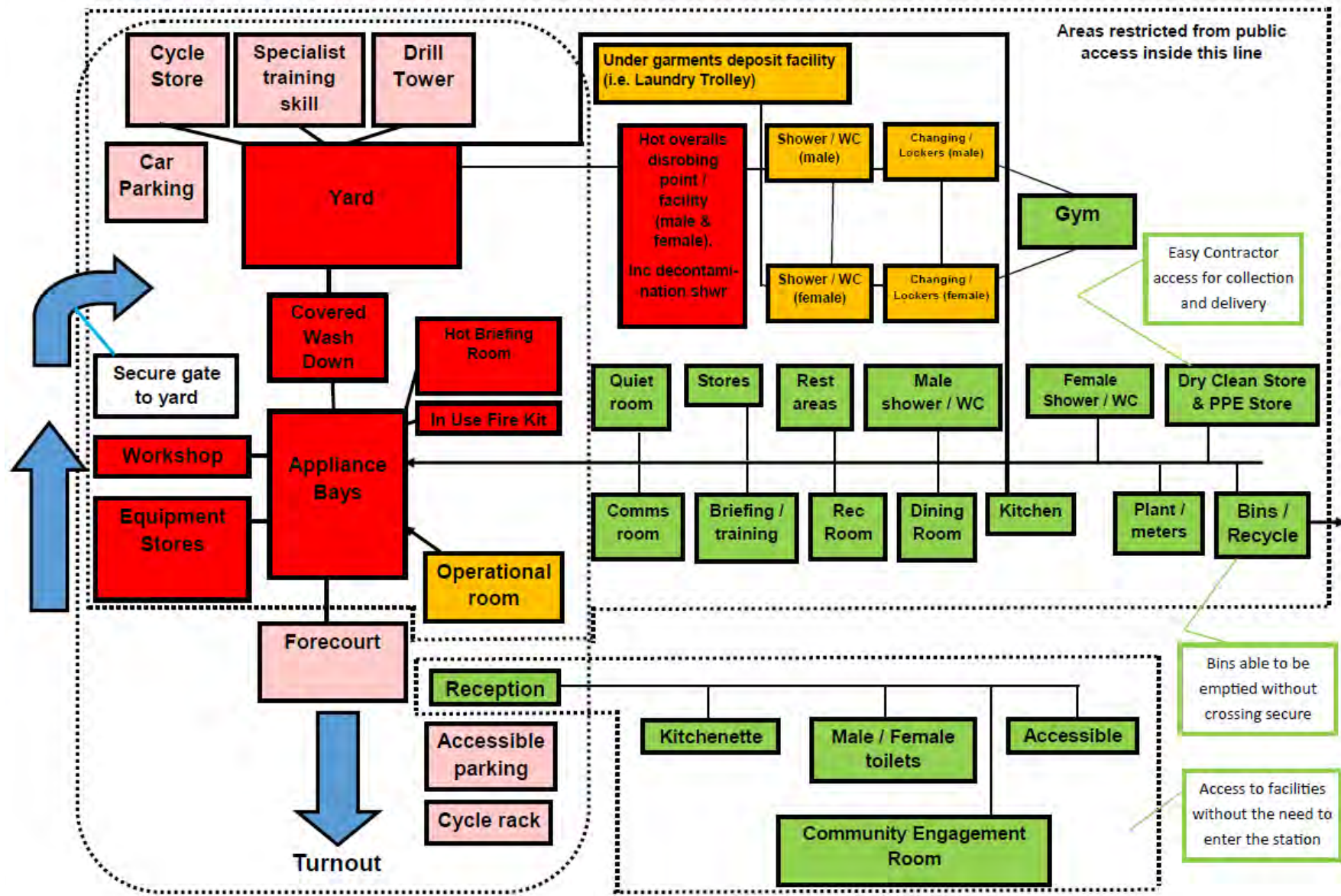
| Room Type | Colour Code | Shared Use Station | Whole-time Station | Day Crewed Station | Retained | Single Crew (M ²) | Double Crew (M ²) | Notes |
|--------------------------------|-------------|--------------------|--------------------|--------------------|------------------------|---|--|---|
| Compressor Room | | Case by case basis | Case by case basis | Case by case basis | Case by case basis | 10 | 10 | Some stations use external contractors to service BA equipment. Some will require compressors as directed by Engineering. |
| Operational Equipment Store | | Private to ESFRS | Yes | Yes | Yes 5sqm | 15 | 20 | Located close to the appliance bay. Could include the Operational Washdown Area |
| Parking | | Case by Case Basis | Yes | Yes | Yes | 5x Crew 2x Response 1x Visitor 1x Disabled Pool Car | 10x Crew 2x Response 2x Visitor 1x Disabled Pool Car | Pool Car spaces provided as per fleet strategy. |
| Bike Stores | | Shared | Yes | Yes | Yes | 10 | 10 | To be enclosed with D bars for locking bikes. |
| BA Servicing Area | | Private to ESFRS | Yes | Yes | Flexible space 5sqm | 15 | 15 | Can be combined with workshop where flexible but must have separate work areas. 5M ² is considered acceptable for retained stations. Space is required for battery charging. |
| Locker Rooms/ changing area | | Shared | Yes | Yes | Yes | 1m ² per person (based on establishment numbers) | 1m ² per person (based on establishment numbers) | Sloped tops to prevent bags being stored on top. Full height lockers with benching. Ability to clean underneath. One for each watch member. Separate area for female fire fighters. Only for operational staff use. |
| Showers | | Shared | Yes | Yes | Yes | 1 cubicle per 3 staff | 1 cubicle per 2 staff | All gender cubicles with flexible partitioning to provide adequate space for male & female firefighters both now and in the future. Dignity and privacy to be maintained by flexible design. |
| Staff WCs | | Shared | Yes | Yes | Yes | 1 cubicle or urinal per 3 staff | 1 cubicle or urinal per 2 staff | |

| Room Type | Colour Code | Shared Use Station | Whole-time Station | Day Crewed Station | Retained | Single Crew (M ²) | Double Crew (M ²) | Notes |
|----------------------------|-------------|--------------------|--------------------|--------------------|--------------------|-------------------------------|-------------------------------|--|
| Laundry | | Private to ESFRS | Yes | Yes | Yes | 4 | 4 | For gym wear etc. Not for cleaning firefighting kit. |
| Drying Room | | Private to ESFRS | Yes | Yes | Yes | 4 | 4 | Drying solution is recommended to maximise space and dry kit from inside out. Timer switch to be incorporated. |
| Cleaners/Consumables store | | Shared | Yes | Yes | Yes | 4 | 4 | Kitchen storage and cleaner's storage - two separate areas. |
| Plant Room | | Case by case basis | Yes | Yes | Yes | As required | As required | Electrical intake, standby generator, plant room, gas meter, bins etc. 20% space allowance for future proofing. |
| In-use Kit Room | | Private to ESFRS | Yes | Yes | Yes | 0.5 m ² per person | 0.5 m ² per person | For storage of "in use kit" often referred to as muster bay or gear room. Room may contain location of printer for call out information and will contain a digital screen detailing call out information and riding position etc. Located immediately next to appliance bay. Filtered mechanical extraction and ventilation is required. |
| Clean (Spare) Kit Storage | | Private to ESFRS | Yes | Yes | Yes | 10 | 15 | Must be separate and segregated from in use kit room. |
| Briefing/ Training room | | Private to ESFRS | Flexible | Flexible | Flexible | 35 | 45 | Also supports ad-hoc Community use. Will incorporate safety messaging. |
| Reception | | Case by case basis | Case by case basis | Case by case basis | Case by case basis | TBA | TBA | For sole purpose of greeting general public, situated away from operational areas. |

| Room Type | Colour Code | Shared Use Station | Whole-time Station | Day Crewed Station | Retained | Single Crew (M ²) | Double Crew (M ²) | Notes |
|--------------------------|-------------|--------------------|--------------------|--------------------|--------------|--|--|--|
| Office Space | | Case by case basis | Yes | Yes | Yes | 20 (4x Desks) Or 5m ² per workstation | 30 (6x Desks) Or 5m ² per workstation | Room does not necessarily need to be located next to the appliance bay. It is a general office area to meet the needs of all staff with hot desking capabilities and will provide suitable accommodation to enhance 'smarter working' throughout the station. Personal 450x450 lockers to be provided for non-operational staff. |
| Single Office | | Case by case basis | Yes | Yes | No | 1x Office 6m ² | 2x Offices 6m ² | Bookable office for all staff. Used for undertaking 1-2-1s and private working. |
| Multi-function Office | | Case by case basis | Yes | Yes | No | 1x Office 10m ² | 1x Office 10m ² | Bookable office for all staff. Able to support use as medical, occ health, prayer, mother/baby, undertaking 1-2-1s and private working. |
| Quiet Room/Flexible Room | | Private to ESFRS | Yes | Flexible | Flexible | 10 | 10 | For decompression after difficult incidents or private contemplation. Can be used for prayer, medical, occupational therapy. |
| IT/Comms Room | | Shared | Yes | Yes | Yes | 5m ² per organisation | 5m ² per organisation | Lockable racks or comms cabinets must be provided. |
| Kitchen | | Shared | Yes | Yes | Yes 5sqm. | 15 | 25 | Fridge freezers must be separated and lockable for each watch. 1x full height fridge/freezer 50:50 per watch. Ability to cook hot meals. Hard wearing Corian surfaces and robust units. Retained Stations will not require a cooker. |
| Dining area | | Shared | Yes | Yes | No | 15 | 30 | Benching makes for an economical use of space and encourages integration. |
| Recreational Room | | Shared | Flexible | Flexible | NO | 20 | 30 | Multi-use facility. |

| Room Type | Colour Code | Shared Use Station | Whole-time Station | Day Crewed Station | Retained | Single Crew (M ²) | Double Crew (M ²) | Notes |
|--------------------------------|-------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|---------------------------------|----------------------------------|--|
| Sleeping Accommodation/Pods | | Private to ESFRS | Yes | NO | NO | 5no. 6m ² per pod | 10no. 6m ² per pod | One pod per watch member. Additional 2x pods at Stn 91. Individual pods with a single bed, side table and locker |
| Gym | | Shared | Yes | Yes | Flexible | 30 | 50 | Refer to Health/ Wellbeing & Gym Strategy for minimum equipment expectations. |
| Dedicated Community Asset | | Case by case basis | Case by case basis | Case by case basis | Case by case basis | TBA | TBC | Community engagement needs to be determined on each station locally. Can be a flexible space or multi use space. |
| Community Asset: Accessible WC | | Yes where community asset provided. | Yes where community asset provided. | Yes where community asset provided. | Yes where community asset provided. | 4 | 4 | |

The following flow chart outlines the room adjacencies required within an ESFRS fire station: -



5. Community Areas

ESFRS want to actively engage with the communities that they serve and as such, fire stations should convey a welcoming and consistent message to the community.

The provision of community space within fire stations will be considered on a case by case basis and is only to be provided where community engagement has identified there is a need and demand.

Where community spaces are provided, the following considerations should be factored into the design:

- Community areas should be completely separated from operational areas by security and access controls.
- Design and access routes should prevent the public from crossing or congregating in front of appliance bay doors. Wayfinding signage must be clear and can be supported by directional markings or lines on the floor.
- Community spaces must support ESFRS in educating the community with safety messages through display screens or noticeboards.
- Community Spaces must encourage the community to engage or identify with the history of the service or fire station e.g. glazed memorabilia cabinets, historical pictures etc.
- Community Spaces must encourage the community to engage with their local firefighters. e.g. wall graphics with life size images of local staff and images of the variety of specialisms the Fire and Rescue Service undertake.
- If achievable, community spaces should have a separate entrance with key code access.
- Community spaces should have the capacity to be used without requiring a member of staff to provide access.
- If achievable, some outside congregation space should be provided near to the community entrance.
- Community rooms should be a flexible space that can have multiple uses and incorporate areas to store or stack furniture etc.
- Community areas should comply with all necessary welfare provisions in accordance with the Equality Act 2010. e.g. hearing loops, accessible toilet, tea point etc.
- Parking provision should be considered on a case by case basis providing that it does not interfere with operational matters.
- Privacy must be maintained with sound insulation provided between operational and community areas.

6. General Design Considerations

General Information

Generally, the design should, but is not limited to, taking the following into account:

- Operational effectiveness
- The heavy and continual use of the facilities on a 24/7 working basis
- Thermal and noise insulation
- Natural and artificial lighting
- Emergency escape lighting
- Ventilation (mechanical and natural)
- Heating
- Hot and cold water
- Electrical power
- Standby power
- Lightning protection in accordance with BS EN 62305
- Public health systems
- Fire safety
- The designated life span of the facilities
- Appropriate consideration of the "cost in use" of the building and the maintenance cycle of key building components
- A cost-effective maintenance regime, low energy construction and running costs, and minimal impact on the environment (value for money from the ESFRS property operating expenses)
- Flexibility for adaptation over the life span of the Fire Station and the ability to convert to alternative use
- Minimal disruption to the operational service
- Impact of any adjacent construction works and/or proposed development
- Security of the facilities
- Accessibility to the community
- Traffic requirements
- Equality requirements
- Applicable standards and regulations

- Environmental impact (an appropriate environmental solution, incorporating solar protection whilst maximising natural light and views, natural or forced ventilation, power, lighting, fire protection)
- Maintenance requirements
- Testing and Commissioning
- Information Technology
- Other factors specific to the site and/or the proposed fire station design
- Insulation (supporting biodiversity where possible e.g. green roofs/walls)
- Sustainable Urban Drainage Systems (SUDS)
- A soft landings approach and early engagement with maintenance managers

Gymnasium standards

The inclusion of a fully equipped gymnasium at each station provides firefighters with the means to achieve and maintain the high level of physical fitness that their job demands.

Gyms are to be located away from or not immediately above areas where quiet activities are normally undertaken.

Heavy duty impact matting is to be provided to the complete floor area of gyms.

Areas identified within Fire Stations suitable for 'Flexible Use' should be designed to facilitate Stretching and Aerobic Exercise use. Examples of such areas include:

- Recreational areas
- Briefing / community rooms
- Appliance bays etc.

Flexible areas should incorporate folding, wheeled and stackable tables / chairs. Attention should be given when designing storage to Flexible Areas to ensure use transitions can take place with minimal fuss.

When using appliance bays for exercise, all doors should be opened prior to facilitate adequate ventilation. Localised mechanical ventilation can also be provided subject to building location factors / suitability.

No freestanding / fixed fitness equipment is permitted to be used outside of the gym.

The following table outlines minimum gym expectations, it should be noted that this is a guide and individual design / layouts are required, these must be issued to ESFRS Fitness Advisor for their consultation and approval: -

| | Single Crew | Double Crew | Retained |
|-------------------|---|--|--|
| Equipment Details | <ul style="list-style-type: none"> • 1xTreadmill (70cm x 160cm) • 1xRowing machine (61cm x 244cm) • 1 x Exercise bike • Cross trainer (68cm x 160cm) • Strength conditioning equipment e.g. free weights, bench, kettle bells etc. (10m² clear floorspace required) • Stretching area to main gym or flex zone (10m²) | <ul style="list-style-type: none"> • 2 x Treadmill (70cm x 160cm) • 2 x Rowing machine (61cm x 244cm) • 2 x Exercise bike • 2 x Cross trainers (68cm x 160cm) • Strength conditioning equipment e.g. free weights, bench, kettle bells etc. (10m² clear floorspace required) • Stretching area to main gym or flex zone (10m²) | <ul style="list-style-type: none"> • 1 x Exercise bike • 1 x Treadmill (70cmx 160cm) • Rowing machine to be foldable so no extra space required • Multi- function or dual assisted pulley machine suitable for lone working operation. Strengthening area. • Stretching area to main gym or flex zone (10m²) |

A Fire Station is determined as a Single or Double Crew site by the numbers of crew members on watch at any one time.

Ceiling height to be taken into consideration when designing gym.

Each gym to be design according to space standards available on a site by site basis in consultation with Service Fitness Advisor.

Changing and shower facilities

All gender changing, and shower facilities are encouraged but must achieve the following principles through design: -

- The facilities maintain privacy and dignity between all staff and sexes.
- The all gender shower cubicles are large enough to de-robe, shower and redress within the same cubicle.
- There needs to be the ability to divide changing and shower facilities into different size ratios dependent on station needs now and in the future. e.g. 50/50 male to female or 80/20 Male to Female. This can be achieved by installing insulated floor to ceiling stud partitioning to provide a physical barrier with good acoustic attenuation.
- Benching is provided for changing.
- Wherever possible a decontamination shower is to be located close to the appliance bay.

Lockers

Firefighters' lockers must be full height and measure 450mm x 450mm, incorporating a hanging rail and hat shelf.

Benching must be provided and can be incorporated into the locker layout.

Lockers must have sloped tops and be set off the ground to permit cleaning underneath.

One locker should be provided for each member of the watch with an additional 10% allowance made for posted operational staff.

Security & access

CCTV should be provided to all entrances and exits, linked back to ESFRS central security systems.

It is the intention to use Salto access or similar across all sites with access cards linked to station controls, fuel usage and payroll etc.

Please refer to the ESFRS IT strategy for further information on access controls.

Parking & traffic movements

Fire stations must be designed to allow fire appliances and other vehicles to drive forward safely with a clear line of sight and unhindered access to the public street and to be able to return safely without the need to reverse the appliance into the fire station

Provision may need to be made to be able to control traffic lights from the station to permit easy access onto the street during call-outs.

Segregated circulation routes are required for each appliance leaving the station. The route should not be interrupted by other traffic or returning appliances, and maximum visibility will be required. Appliances must be able to turn out without crossing the crown of the road. If the road is narrow a forecourt is required in front of the appliance bays so that appliances can start to turn within the area of the forecourt upon exiting the appliance bay doors. A 9-metre-deep forecourt would be the ideal.

ESFRS car parking areas are to be in a secure, designated area, easily accessible to/from the fire station and not accessible by non-station personnel. Authorised car parking is to be contained on site to limit overspill car parking requirements.

On shared use stations parking bays are to be clearly marked in red to denote they are designated for the fire service. On retained stations provision needs to be made for on-call fire fighters to urgently park close to the appliance bay when a call out is received.

Use of colour

Colour should be used to identify which area of the station a person is in at any given time. e.g. operational, transitional or clean. This could be achieved by feature walls or flooring types.

Colour or lines should also be used to demarcate routes such as community entrances or operational turn out routes. Colour should also be used to forewarn of hazards such as the top of pole drops.

Brightly coloured resins should be used on the floor in the appliance bay to demarcate position of appliances.

Where privacy is required, Coloured panel or coloured glazing should be used. Colour contrasts between walls, floors, fixtures and fittings should be specified with the needs of visually impaired persons in mind.

Drainage

Underground drainage should be sized to allow an increase in normal design parameters of the '1 in 100 year' event for water run off to take into account the much-enhanced water flow that will be evident during water hose training.

Drainage should also be incorporated into the appliance bays to remove water runoff from appliances.

Appropriate Interceptors must be incorporated into surface water drainage.

Pole drops

Pole drops should be used on all buildings over two stories or where first floor operational areas spread over a long distance.

Kitchen & dining facilities

Firefighters should be able to prepare and eat meals either as individuals or altogether as a watch.

Facilities within the kitchen area should be provided so that hot meals are provided that are either ready-prepared, part prepared or that do not require a time-consuming or complex level of preparation or cooking.

A dining area should be provided that allows all the watch and staff to sit together to consume the food if they so wish.

Lockable cabinets and fridge freezers are required for each watch.

Kitchens should be constructed from robust materials with hard wearing tops such as Corian.

Environmental objectives

ESFRS is committed to exceeding minimal legislative requirements will follow best practice in regard to environmental management and sustainability.

In particular ESFRS wish to maximise the use of daylight and promote flexibility of use. A BREEAM "Excellent" rating achieved on new builds or major refurbishments.

Please refer to the ESFRS environmental policy for further information.

Environmental objectives

All stations have the requirement for a drill yard with a drill tower & a road traffic accident (RTA) training area.

It is essential that practical use of the drill tower is considered during the design period as jets of water or foam can travel significant distances and may disturb neighbouring roads or properties. The drill tower can serve a number of different training functions and should be designed with the input of local firefighting staff.

Training

Training activities undertaken within the yard should be accommodated to also not impact upon operational routines and maneuvers within the yard. Fire hydrants and the deep lift pit locations, should not be placed on the vehicle maneuver path

Some stations also need to accommodate training specialisms. Please refer to the ESFRS training strategy for further details of the training requirements for each station.

Quality of materials

High quality materials should be used in public or community areas. Hard wearing and robust materials should be used in operational areas.

**Front elevation and
appliance bay
doors**

Appliance bay doors are a major feature of the elevation and must be carefully considered. ESFRS require these to be coloured 'poppy' red. A maximum area of vision panels is required to allow light into the appliance bay and views into the appliance bays from the street outside. The ESFRS logo together with the name of the fire station should be displayed on a frieze directly above the appliance bay doors or main entrance on the front elevation.

The main entrance should be clearly visible, accessible and provide a welcoming environment which will assist ESFRS in strengthening its community links with members of the public and community groups. It must be clearly signed in accordance with the ESFRS standard signage requirements which can be provided on request.

Tannoy

The Tannoy system should sound throughout the station and preferably be operated by a human voice, only providing information that is acceptable for the public to hear.

Appendices

Appendix A - Glossary of Terms

Wholetime Station – refers to a station that is manned on a 24/7 basis, both day and night watch fire officers.

Day Crewed Station – refers to a station that is manned only during the day and staff are 'on call' during the evening hours.

Retained Station – refers to a station that is not manned unless there is an emergency call out. Staff are fully 'on call' and must be at the station within a certain time period following the call.

Support staff – refers to staff that have a support role in relation to ESFRS and not having a fire fighting role to play.

Community staff – refers to users of the fire station for a completely different purpose than that for which the station is primarily used for.

Fire station appliance – refers to the fire fighting vehicle being utilised by the fire station for the purpose of answering emergency 'call outs'.

Emergency call out – any assignment received by the station whereby firefighters leave the station and arrive at an external point. For this design guide, all call outs have the risk of subjecting firefighters to carcinogens or other substances hazardous to health.

Red Zone – operational areas which are considered part of the dirty zone. ESFRS have a decontamination at source policy, but the red area has medium risk of exposure to contamination or carcinogens. If leaving a red area, staff should not be able to enter a green area without passing through a transitional zone with the opportunity to wash and change.

Yellow Zone – a transitional space between Red Area and Green Area whereby firefighters have the opportunity to wash. The risk of exposure to contamination or carcinogens is low.

Green Zone – clean area within a station containing office, mess, kitchen, recreational, community spaces etc. There is no risk of exposure to contamination of carcinogens.

Appliance Bay – refers to the location that a fire station appliance is stationary and awaiting an emergency call out. A workshop can also be located within this area close to the location of the Appliance stationary position.

Appliance Washdown – an area used to wash down appliances upon return from a call out.

Operational Washdown – an area usually within the appliance bay to wash down dirty kit or boots. Should contain a deep trough sink and be close to the contaminated / dirty kit drop off point. Can be incorporated into the workshop.

Hot Briefing Room – an area off the appliance bay that can be used for 'hot' briefings during training sessions or debriefing (not hot or contaminated kit) following an incident.

Workshop – an area of benching and lockable storage, often within the appliance bay, dedicated to the upkeep and maintenance of appliances.

Bike Stores – an area for the storage of bicycles, containing D racks to allow bicycles to be locked to. Must also be enclosed to protect against weather whilst stored.

Equipment Stores – used as a space to store equipment separately to other areas.

BA Servicing Area – an area dedicated to the servicing of breathing apparatus. In Retained Stations, this area can be combined with a workshop. However, the working areas must be separately designated from each other.

Dirty Kit/ Equipment Drop Off – This is the starting point for firefighters returning from an emergency call out dirty with kit and equipment potentially contaminated by carcinogens or other materials hazardous to health and is a Red Area. This area contains a drop off area for potentially contaminated and dirty kit/equipment (separated), which is external to allow contractors to remove without entering the station.

In-use Kit Room – an area within the station used for roll call and storage of in use Personal Protective Equipment. Often referred to as the Muster Bay or Gear Room.

Clean (Spare) Kit Storage – An area designated for storage of clean kit, segregated from the dirty kit area.

Laundry – area used for cleaning of day clothing and gym kit. Not used for fire kit.

Laundry Drying Area – area used for drying day clothing once washed. Should have a time switch and energy saving devices for the control of heaters.

Locker Rooms/changing area – an area where firefighters can change and wash at the beginning, during and end of shifts.

Showers – an area containing shower facilities of an all gender capacity containing self-contained cubicles and flexible separation.

Briefing/Training Room – a shared area with IT facilities and Wi-Fi to allow for the connection of a laptop and to achieve training competencies as required.

Office Area – Open plan office area for the purpose of performing administrative duties and any work carried out at a workstation.

Single Office – Bookable office for carrying out 1-2-1s and private working.

IT/Communications – a room containing communications equipment. Lockable racks or comms cabinets must be provided.

Recreational Room – a multi-purpose area utilised by firefighters for recreation as appropriate.

Sleeping Accommodation/Pods – individual rooms containing a bed and some furniture for night shift firefighters to sleep.

Quiet Room – an area used for quiet contemplation and private use for firefighters.

Kitchen – used for cooking and serving hot foods with cold and ambient storage facilities.

Dining Area – an area designated for the purpose of communal eating of food whilst on watch.

Gym – an area for the purpose of keeping fit and building on strength which should be an enclosed space. For further information, see Health and Wellbeing and Gym Strategy for minimum expectations.

Multi-Function Office – Bookable office for all staff. Able to support use as medical, occupational health, prayer, mother/baby, undertaking 1-2-1s and private working. The room will have privacy screens, sink and medical bed.

Dedicated Community Asset – an area for the use of community personnel which should be separately accessed to the main station, having toilet facilities/accessible WC. The Multi-Function Office should be located adjacent to facilitate a prayer, mother/baby area and office/meeting space. There should be separation and security between this area and the main fire-fighting sections of the building and have separate parking.

Training – For further information, see the training strategy and SB Tap requirements for core training skills for each station.

Appendix B - Appliance Dimensions

Every appliance is approx. 2.5m wide, 3.25 height, 8.0m long and GVW is 15t.

The aerial appliances are 2.5m wide, 3.60m height, 10m long and GVW is 26t.

Aerial appliances are based at Brighton, Eastbourne and Hastings.

Appliance and Special's location



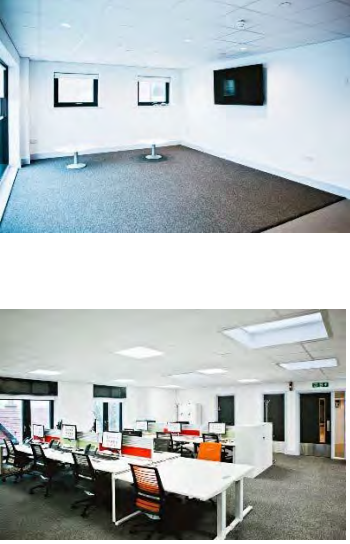
| | |
|--------------------|--|
| Stn70 Rye | GX56 NWP GX12 AHF |
| Stn71 Broad oak | GX61 EGJ |
| Stn72 Battle | GX15 JJO GX04 ABZ GX56 NWR (TRU) GX11 HRC (RR) |
| Stn73 Bexhill | GX09 HJC GX57 EUW GX17 JXA (RR) GX09HHY (ICU) |
| Stn74 Burwash | GX59 JXB |
| Stn75The Ridge | GX17 EBG GX03 AXM (L/R) |
| Stn76 Hastings | GX17 EBF GX04BMY (ALP) DG53 FYL (IRU) |
| Stn77 Pevensey | GX59 JWZ |
| Stn78 Wadhurst | GX09 HJA GX53 AZU (L/R) |
| Stn79 Herstmonceux | GX57 EUO |
| Stn80 Hailsham | GX12 AHE |
| Stn81 Mayfield | GX59 JXA |
| Stn82 Heathfield | GX57Euu GX53 AZW (L/R) |


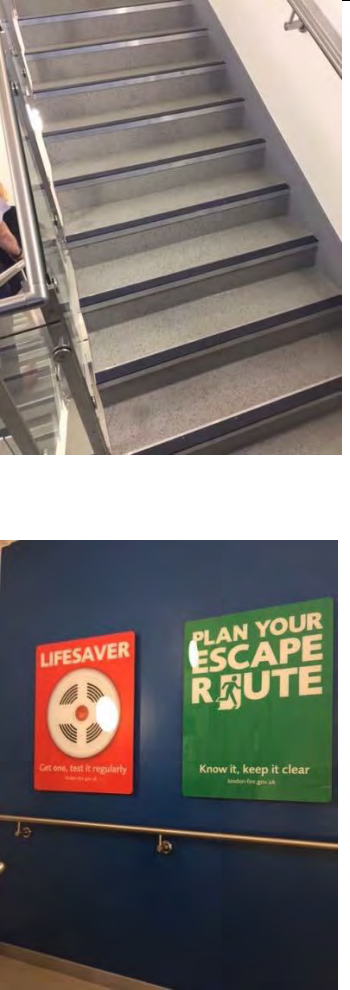
| | | |
|----------------------|----------|--|
| Stn83 Crowborough | GX57 EUR | GX57 EUM GX51 UBM (ARV) GX02 AZO (L/R) |
| Stn84 Uckfield | GX57 EUK | GX05 ABV GX57 EUV (WC) Y87 GNJ (GP) |
| Stn85 Forest Row | GX10 KCF | |
| Stn86 Seaford | GX04 ACF | GX53 AZV (L/R) |
| Stn87 Newhaven | GX09 HJD | GX57 EUH OU04 VNW (FT) |
| Stn88 Barcombe | GX61 EGF | |
| Stn89 Lewes | GX57 EUT | GX55 AAE MX08 SXS (ICU) GX56 NWS (TRU) |
| Stn90 Roedean | GV63 HKX | |
| Stn91 Preston Circus | GX10 KCE | GU16 LWZ GX08 JPF (ALP) |
| Stn92 Hove | GU16 LXA | WX54 VKM (PM) WX54 VVM (PM) |
| Stn93 Eastbourne | GV63 HKY | GX13 ECD (ARP) WX54 VJZ (PM) |
| STC | GX57 EUJ | GX57 EUN |

Appendix C - Room Data Sheets / Finishes Schedule



Finishes Schedule

| Area | Room | Spec Ref |
|--------------|--------------------------|----------|
| Clean Areas | Main Entrance | C.01 |
| | Public WC | C.01 |
| | Corridors | C.02 |
| | Bedrooms | C.02 |
| | Briefing/ Community Rm | C.03 |
| | Dining Area | C.04 |
| | Gym | |
| | Kitchen | C.05 |
| | Meeting Rooms | C.03 |
| | Offices | C.03 |
| | Rec Area/Lounge | C.03 |
| Transitional | BA Servicing | T.01 |
| | Corridors | C.02 |
| | Drying Room | T.02 |
| | Laundry | T.02 |
| | Lockers | T.03 |
| | Muster Bay/Kit Store | T.04 |
| | Watch Room | T.05 |
| | Watch Office | T.05 |
| | WC>Showers | T.03 |
| Dirty Areas | Appliance Bay | D.01 |
| | Compressor Room | D.02 |
| | Dirty Laundry | D.02 |
| | Workshop/Equipment Store | D.02 |

| Ref | Photo Example | Floors | Walls |
|---|---|--|---|
| Clean Areas | | | |
| <p>C.01</p> <p>Entrance Areas</p> <p>Public WC</p> |  | <p>Dark Grey Vinyl</p> <p>Inset Entrance Mat</p> | <p>Stone white Walls</p> <p>Medium Grey Woodwork</p> |
| <p>C.02</p> <p>Corridors & Feature Walls</p> |  | <p>Light Grey Vinyl</p> | <p>Light Grey Walls</p> <p>Mid Grey Woodwork</p> <p>Dark Grey Doors</p> |
| <p>C.03</p> <p>Rec Area</p> <p>Community/Briefing Room</p> <p>Offices</p> <p>Meeting Rooms</p> |  | <p>Dark Grey Carpet Tiles</p> | <p>Bright White Walls</p> <p>Medium Grey Woodwork</p> |

| Ref | Photo Example | Floors | Walls |
|--|--|--|---|
| <p>C.04</p> <p>Dining Area</p> <p>Kitchen</p> |  | <p>Light Grey Vinyl</p> | <p>Bright White Walls</p> <p>1x Feature Wall see C.02</p> <p>Medium Grey Woodwork</p> |
| <p>C.05</p> <p>Stairwells</p> |  | <p>Light Grey Vinyl</p> <p>Dark Blue Nosing Detail</p> | <p>Light Grey Upstand Border</p> <p>Stone White Walls</p> <p>Feature Wall in Dark Blue on any Landing</p> |

| Ref | Photo Example | Floors | Walls |
|--|---|---|---|
| Transitional Areas | | | |
| <p>T.01</p> <p>BA Servicing</p> |  | <p>Light Grey Vinyl</p> | <p>Bright White Walls</p> <p>Whiterock Upstand</p> <p>Medium Grey Woodwork</p> |
| <p>T.02</p> <p>Drying Room</p> <p>Laundry</p> |  | <p>Light Grey Vinyl</p> <p>With Coved Upstand</p> | <p>Bright White Walls</p> <p>White Rock up to 1.5m from Floor</p> <p>Medium Grey Woodwork</p> |
| <p>T.03</p> <p>Locker Room</p> <p>Shower / WC</p> |  | <p>Dark Blue Vinyl</p> <p>Upstand to Shower/ WC Areas</p> | <p>Light Grey Walls</p> <p>White Rock to Showers</p> <p>Medium Grey Woodwork</p> |
| <p>T.04</p> <p>Muster Bay/</p> <p>Kit Room</p> |  | <p>Dark Grey Vinyl</p> | <p>White Rock Walls</p> <p>Medium Grey Woodwork</p> |

| Ref | Photo Example | Floors | Walls |
|--|--|-------------------------------|--|
| <p>T.05</p> <p>Watch Room & Watch Office</p> |  | <p>Light Grey Vinyl</p> | <p>Light Blue Walls</p> <p>Medium Grey Woodwork</p> |
| <p>Dirty Areas</p> | | | |
| <p>D.01</p> |  | <p>Light Grey Degga Floor</p> | <p>Bottom Half Dark Blue Graffiti/ Wash</p> <p>Top Half Light Grey</p> |
| <p>D.02</p> <p>Compressor Room Workshop</p> | | <p>Dark Grey Vinyl</p> | <p>Light Grey Walls</p> <p>Medium Grey Woodwork</p> |

Generally

Radiators – White gloss

Low Level Pipework – Medium grey

Mid – High Level Pipework - Stone White

Action Plan to deliver the strategy

The action plan below outlines the actions that will be taken to deliver the strategy and outlines how success will be measured

| Objective | Action | Success Measures | Target Delivery |
|---|--|--|---|
| Provide facilities that are fit for purpose and meet future business needs with the flexibility and agility to deliver on; - Impact of the Integrated Risk Management Plan (IRMP) including growth - Ensure the estate supports operational delivery and effectiveness in line with IRMP | Review the triennial IRMP and other supporting strategies and ESFRS reviews | Update the estates strategy 3 months after IRMP outcome to reflect operational need | Ongoing |
| | Work with the Project Management Office to develop robust project management procedures and service delivery models to support major project implementation | Successful delivery of projects in line with PMO procedures 95% of all projects delivered - To approved budget - To approved programme | Per project |
| | Define membership, provide terms of reference for, and convene an Estates Strategy Delivery Board post approval of the Estates Strategy to ensure scrutiny and oversight of delivery of the Strategy throughout the period | Convene monthly Estates Strategy Delivery Board Provide monthly reports on all projects Deliver a consolidated project programme gantt chart for monthly review | January 2019 Monthly January 2019 |
| | Review internal Estates Department resource levels to ensure correct levels of expertise, agility and resilience to ensure the smooth delivery of the strategy | Deliver an options appraisal by end February 2019 outlining service delivery models for review and decision | February 2019 |
| Provide facilities that are fit for purpose and meet future business needs with the flexibility and agility to deliver on; - Fire station of the future - Provide a flexible and efficient workplace with consideration given to a safe working environment, delivering welfare requirements which support changing working practices. | Assess each station and propose alterations in line with Design Guide recommendations | Develop site specific plans and associated costings in line with the master programme | Per project |
| | Work with key stakeholders including the Fire Brigade Union to ensure the design of each fire station achieves the optimum design within the physical constraints | Prepare terms of reference for stakeholder engagement by end January 2019 Set up stakeholder groups for each project led by the ESRFS Project Manager to capture, minute, report on and escalate if necessary issues arising | January 2019 Per project |
| | Carry out post occupation reviews on completed projects ensuring lessons learnt are fed back into the Design Guide where appropriate | Capture and log all post occupancy positives and negatives, updating the Design Guide quarterly to reflect lessons learnt Post occupancy evaluations to capture and log improvements in health, safety and wellbeing arrangements for staff | Per project |
| | Develop, with Health & Safety, site by site manuals to ensure both staff and contractors are aware of EFSRS protocols | Deliver 6 manuals per quarter throughout 2019 | December 2019 |
| | Ensure each project addresses the specific inclusivity and diversity needs of the station with flexibility to adapt to future need | Carry out an Equality Impact Analysis on each project during RIBA stage 1 | Per project |
| Ensure effective use of our estate through; - Sustainability - Ensure long term value for money promoting energy efficiency and ensuring minimal environmental impact | Assess each station in terms of opportunity to improve energy efficiency | Deliver agreed, cost effective upgrades to stations to reduce heat loss Achieve, where possible, U-Value ratings as set out in Building Control Regulations | Per project |

| | | | |
|--|---|--|-----------------------------|
| | | Assess each project in terms of BREAM and achieve best rating – good at a minimum | |
| | Through the capital programme address shortfalls in terms of heat loss, LED lighting, PIR controls & BMS to reduce energy costs | <p>Target 15 - 25% energy cost reduction across the period of the strategy</p> <p>19/20 – 0% 20/21 – 0% 21/22 – 2.5 – 5% 22/23 – 2.5 – 5% 23/24 – 5 – 7.5% 24/25 – 5 – 7.5%</p> <p>Prepare 6 monthly reports on progress to target</p> | Per project 6 monthly |
| | Assess each project as to wider sustainability opportunities | <p>Develop a sustainability checklist for all projects</p> <p>Prepare a sustainability report to Estates Strategy Delivery Board at RIBA stage 2 on every project</p> | January 2019 Per project |
| | <p>Reducing the net running cost of the Estate by:</p> <ul style="list-style-type: none"> • Challenging the cost of Business rates • Reducing our footprint • Generating income primarily from sharing accommodation with partners • Energy saving measures including increased investment in renewables. • Reducing maintenance costs | <p>Target 15 - 25% revenue cost reduction across the period of the strategy</p> <p>19/20 – 0% 20/21 – 0% 21/22 – 2.5 – 5% 22/23 – 2.5 – 5% 23/24 – 5 – 7.5% 24/25 – 5 – 7.5%</p> <p>Prepare 6 monthly reports on progress to target</p> | Per project 6 monthly |
| Ensure effective use of our estate through; | Review current FM provision and provide recommendations on current contract arrangements and cost reduction opportunities by working with partners and consolidating activity | <p>Year on year reduction in cost and contract administration workload whilst delivering an enhanced service</p> <p>Explore greater use of small / medium local suppliers on low risk FM works through the FM service review</p> | Ongoing |
| - Income generation - Achieve an overall reduction in estate costs by looking at ways to maximise rental income whilst also protecting and promoting future inherent estate values | Review rateable values and associated rates liabilities | With Sussex Police prepare a joint rates challenge Target submissions April 2019 | April 2019 |
| | Assess each site to identify opportunities to increase revenue income | Prepare option appraisals on a site by site basis identifying opportunity to deliver rental income versus investment required to achieve it for approval | Per project |
| Ensure effective use of our estate through; | Focus on delivery of the planned preventative maintenance programme to increase the % of planned maintenance spend from the current 60% | By the end of 2019/2020 increase planned maintenance spend to 70% of the total maintenance budget | March 2020 |
| - Reducing revenue costs - Address backlog maintenance issues and improve the condition of the property portfolio | Deliver the capital investment programme ensuring that maintenance and improvements are addressed as part of the overall build leveraging cost reduction opportunities by virtue of economies of scale | Benchmark maintenance spend as part of a project against direct delivery to inform future project and maintenance planning | March 2020 |

| | | | |
|---|--|--|---|
| <p>Ensure effective use of our estate through;</p> <ul style="list-style-type: none"> - Collaboration with partners - Support collaboration with other blue light service providers and the wider public estate where this will improve our operational performance or the services we provide | <p>Develop opportunities with partners to share resources and together provide better and more accessible services to the public</p> | <p>Work with the One Public Estate Spaces Programme to identify opportunities across the estate</p> <p>Provide papers monthly to Estates Strategy Delivery Project Board</p> <p>Assess and report on accessibility of CIL / S106 funding specifically Hailsham</p> | <p>Ongoing</p> <p>Monthly</p> <p>In line with project timescale</p> |
| | <p>Review service delivery models across the estate and within the Estates Department to identify optimum service delivery models providing expertise, resilience, agility and reduced cost base</p> | <p>Deliver an options appraisal by end February 2019 outlining service delivery models for review and decision</p> <p>Monitor and review provision quarterly providing update reports to Estates Strategy Delivery Board</p> | <p>February 2019</p> <p>Quarterly</p> |
| <p>Ensure effective use of our estate through;</p> <ul style="list-style-type: none"> - Community use - Be a sustainable, environmental & safe estate for all our occupants, visitors and members of the general public that supports equality and engages with the community | <p>Work with local communities on a project by project basis to determine community needs</p> | <p>Prepare options appraisals and associated costings to deliver on community needs on a project by project basis for approval</p> <p>Positive community feedback on facilities and services provided across the estate</p> | <p>Per project</p> |
| | <p>Ensure the Estates Strategy Delivery Board includes an elected member of the FRA</p> | <p>Member representation as defined by SLT</p> | <p>March 2019</p> |
| | <p>Ensure each project addresses the specific inclusivity and diversity needs of the station with flexibility to adapt to future need</p> | <p>Carry out an Equality Impact Analysis on each project during RIBA stage 1</p> | <p>Per project</p> |
| <p>Ensure effective use of our estate through;</p> <ul style="list-style-type: none"> - Smarter working - Reflect the needs of supporting IT and other supporting strategies | <p>Input to, and take feeds from, the IT & other supporting strategies to ensure a joined up approach to long term estates planning</p> | <p>Identify key stakeholders and ensure representation at both Estates Strategy Delivery Board and at project team level</p> | <p>Per project</p> |
| | <p>Ensure the principles of the design guide and the smarter working policy are core to the project briefing process for all projects</p> | <p>Prepare a standard project briefing pack to be circulated to the consultant team at the start of each project</p> | <p>Per project</p> |

Financial Implications of Delivering the Strategy

| General Schemes | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 | Grand Total |
|--------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-------------------|
| Bay Door Replacements | £105,000 | £100,000 | £110,000 | £60,000 | £51,000 | £61,000 | £152,000 | £639,000 |
| Bay Floor Resurfacing | | £40,000 | £40,000 | £40,000 | £40,000 | £40,000 | £40,000 | £240,000 |
| Electrical Upgrades | | £200,000 | £120,000 | £84,000 | £66,000 | £83,000 | £117,000 | £670,000 |
| FTU Multi-Rig Replacement | | | | £240,000 | £240,000 | | | £480,000 |
| FTU Replacements | £58,000 | £12,000 | £89,000 | £24,000 | £28,000 | £170,000 | £50,000 | £431,000 |
| FTU Smoke Extraction | | | | £50,000 | £50,000 | | | £100,000 |
| Heating Distribution Upgrade | | | | | £23,000 | £36,000 | £21,000 | £80,000 |
| IT Station End - Estates Works | | £105,000 | £145,000 | | | | | £250,000 |
| Major Plant Replacements | | £16,000 | £60,000 | £35,000 | £99,000 | £70,000 | £60,000 | £340,000 |
| Roof Covering Renewals | £31,000 | £33,000 | £30,000 | £38,000 | £43,000 | £111,000 | £94,000 | £380,000 |
| Rooflight Replacements | | | | £3,000 | £8,000 | £3,000 | £21,000 | £35,000 |
| Training Tower Refurbishments | | £95,000 | £100,000 | £90,000 | | | | £285,000 |
| Window Replacements | | | | £65,000 | £20,000 | £20,000 | | £105,000 |
| Yard Resurfacing | | £45,000 | £90,000 | £40,000 | £40,000 | £40,000 | £20,000 | £275,000 |
| BA Chamber Upgrades | £50,000 | | | | | | | £50,000 |
| BA Chamber Remedial Works | £50,000 | £140,000 | | | | | | £190,000 |
| Grand Total | £294,000 | £786,000 | £784,000 | £769,000 | £708,000 | £634,000 | £575,000 | £4,550,000 |

| Investment Schemes | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 | Grand Total |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-------------------|
| Design Guide Improvements | £632,000 | £784,000 | £482,000 | £637,000 | £736,000 | £229,000 | £3,500,000 |
| Barcombe | | | | £179,000 | | | £179,000 |
| Battle | | | | | £259,000 | | £259,000 |
| Bexhill | | £104,000 | | | | | £104,000 |
| Bohemia Road | £214,000 | | | | | | £214,000 |
| Broad Oak | | £54,000 | | | | | £54,000 |
| Burwash | | £64,000 | | | | | £64,000 |
| Crowborough | | £80,000 | | | | | £80,000 |
| Eastbourne | | £214,000 | | | | | £214,000 |
| Forest Row | | | | | £169,000 | | £169,000 |
| Hailsham | | | | | £139,000 | | £139,000 |
| Heathfield | | | | | | £229,000 | £229,000 |
| Herstmonceux | | | £194,000 | | | | £194,000 |
| Hove | £159,000 | | | | | | £159,000 |
| Mayfield | | | | | £169,000 | | £169,000 |
| Newhaven | £115,000 | | | | | | £115,000 |
| Pevensy | | | £134,000 | | | | £134,000 |
| Roedean | | £149,000 | | | | | £149,000 |
| Rye | | | | £189,000 | | | £189,000 |
| Seaford | | | £154,000 | | | | £154,000 |
| The Ridge | £144,000 | | | | | | £144,000 |
| Training Centre | | £119,000 | | | | | £119,000 |
| Wadhurst | | | | £269,000 | | | £269,000 |
| Design Guide Project Contingency | £95,000 | £115,000 | £75,000 | £105,000 | £130,000 | | £520,000 |
| All Station Projects | £95,000 | £115,000 | £75,000 | £105,000 | £130,000 | | £520,000 |
| Design Guide Project Inflation | £0 | £0 | £30,000 | £70,000 | £130,000 | | £230,000 |
| All Station Projects | £0 | £0 | £30,000 | £70,000 | £130,000 | | £230,000 |
| Grand Total | £727,000 | £899,000 | £587,000 | £812,000 | £996,000 | £229,000 | £4,250,000 |

| Strategic Schemes | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 | Grand Total |
|-------------------------------|-----------------|-----------------|----------------|----------------|----------------|----------------|-----------------|
| Fuel Tank & Pump Replacements | £220,000 | | | | | | £220,000 |
| Renewables - Energy Saving | £180,000 | £174,000 | £21,000 | £21,000 | £28,000 | £7,000 | £431,000 |
| Security Improvements | £42,000 | £56,000 | £18,000 | £18,000 | £26,000 | £14,000 | £174,000 |
| Grand Total | £442,000 | £230,000 | £39,000 | £39,000 | £54,000 | £21,000 | £825,000 |

| Shared Investment Schemes | 2018-19 | 2019-20 | 2020-21 | 2021-22 | Grand Total |
|-------------------------------------|-----------------|-------------------|-------------------|-----------------|-------------------|
| Integrated Transport Project | | £100,000 | £800,000 | £100,000 | £1,000,000 |
| #Bexhill | | £100,000 | £800,000 | £100,000 | £1,000,000 |
| One Public Estate | £110,000 | £1,320,000 | £1,920,000 | £188,000 | £3,538,000 |
| #Heathfield | | £50,000 | | | £50,000 |
| #Lewes | £50,000 | £200,000 | | | £250,000 |
| #Preston Circus | £50,000 | £1,000,000 | £1,900,000 | £188,000 | £3,138,000 |
| #Uckfield | £10,000 | £70,000 | £20,000 | | £100,000 |
| Grand Total | £110,000 | £1,420,000 | £2,720,000 | £288,000 | £4,538,000 |

ESFRS REVENUE BUDGET SAVINGS PLAN

| Cost elements | Curr Budget |
|-----------------------------|------------------|
| 10368 FS Support (Basic) | 161,800 |
| 11868 FS Support (Nat Ins) | 15,400 |
| 12368 FS Support (LG Pen) | 26,900 |
| 13000 Agency Staff | |
| 14005 Apprenticeship Levy | 600 |
| 15000 Relocation Ongoing | 2,900 |
| 15210 External Training | |
| 20000 Planned Maintenance | 227,800 |
| 20010 Term Contracts | 190,600 |
| 20020 Reactive Maintenance | 302,100 |
| 20030 Improvement Works | 64,400 |
| 20200 Fuel Oil | 13,700 |
| 20210 Electricity | 124,200 |
| 20220 Gas | 73,100 |
| 20300 Rents & Lettings | 152,700 |
| 20400 Rates | 881,900 |
| 20500 Water Services | 14,900 |
| 20510 Sewerage Services | 29,300 |
| 20900 Grounds Maintenance | 135,700 |
| 21001 Premises In under ex | 7,600 |
| 28080 Licences | 33,600 |
| 28200 Contract Hire | 26,500 |
| 28235 Emp Reimb Lease Cars | |
| 28300 Travelling Expenses | 300 |
| 28600 Car Allow - Emp | 1,100 |
| 30000 Equipment | |
| 30020 Furniture | |
| 32010 Subscription (Servs) | |
| 32020 Legal Fees | |
| 32080 Consultants Fees | 23,700 |
| 32210 Accommodation | |
| 32280 Med & Dom Supplies | 100 |
| 36200 Officers' Subsistence | |
| 36600 Other Expenses | 14,800 |
| 55010 Rentals | -70,100 |
| 55300 Other Income | -7,000 |
| 55320 Insurance Income | -21,200 |
| * Total | 2,427,400 |

Delivery Plan

Target 25% reduction across the term of the strategy through

- Revised FM service delivery model
- Reactive maintenance reductions through programme of capital improvements
- Reduced utility costs through environmental & sustainability improvements
- Reduced utility costs through increased partner sharing of existing ESFRS portfolio
- Increased revenue income from partners
- Planned maintenance reductions through programme of capital improvements
- Revised EFM operating model
- Challenge to ongoing rates liability

Year on year targets

- 19/20 - 0%
 20/21 - 0%
 21/22 - 2.5 - 5%
 22/23 - 2.5 - 5%
 23/25 - 5 - 7.5%
 24/25 - 5 - 7.5%

TOTAL across the strategy 15 - 25%

Total Saving @ 15% = £364,110.00

Total Saving @ 25% = £606,850.00